



Questions and Answers

Transit Capital Assistance Grant Program

First round deadline for questions: Friday, August 3, 2018

First round Q and A published: Wednesday, August 15, 2018

Second round deadline for questions: Thursday, August 30, 2018

Second round Q and A questions published: Friday, September 7, 2018

More information and this document available at:

<https://doa.wi.gov/Pages/vwsettlementwisconsin.aspx>

*Questions below were posed to DOA in writing and may have been edited for clarity or combined with other questions of similar nature. Please note that questions limited to the application process may be posed to the Grant Administrator until the grant application deadline. Second round questions are labeled ****NEW**** and a prior answer is labeled ****UPDATED****.*

1. When will shared revenue reductions begin under this program?

A shared revenue reduction shall commence in the state fiscal year (SFY) following the first grant payment made to a grantee subject to the reduction. Example: If a grantee receives the first grant payment on June 15, 2020, the shared revenue reduction would commence in SFY 21 (July 1, 2020 to June 30, 2021).

2. Are Transit Commissions, Transportation Commissions, Transportation Authorities, or Public Corporations subject to the shared revenue reductions of the program?

No.

3. Are municipalities or counties that support an entity listed in Question 2 subject to the shared revenue reduction?

No. Counties, towns, villages and cities are subject to the shared revenue reduction provision of the program only when they receive grant funds directly.

4. Will the grant agreement specify the years in which shared revenues will be reduced?

No. The grant agreement and shared revenue reductions will conform to §79.035(7)(b), Wis. Stats. which states that reductions will occur for a period of ten (10) consecutive annual payments. The grant agreement will specify when shared revenue reductions will begin.



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5. What assurances will grantees have that shared revenues will be fully restored in year 11?

§79.035(7)(b), Wis. Stats. specifies that shared revenue payments shall be reduced for ten (10) consecutive annual payments. Current law does not provide for additional reductions.

6. What is the shared revenue reduction impact on a per-bus basis?

The shared revenue reduction is not calculated on a “per-bus” basis. Rather, the reduction is calculated based on grants received (i.e., payments) by the grantee under the grant agreement. Any impact of the shared revenue reduction on a per bus basis is a local financial decision determined by the grantee.

7. Is the reduction in shared revenues for a participating community 1/10th of the award amount for 10 years?

No. The total shared revenue reduction shall be a percentage of the total payments received under the program based on population (see table below). The annual reduction shall be ten equal amounts commencing in the fiscal year following each grant payment. See Examples 1-3 at the end of the document.

TIER	POPULATION	SHARED REVENUE REDUCTION (as a percent of grant payments)
A	> 200,000	75 percent
B	50,000 to 200,000	20 percent
C	< 50,000	10 percent

8. Under this program, can an eligible applicant replace buses that it operates but does not own?

No, an eligible vehicle must be owned by an eligible applicant. Leased or contracted buses are not eligible for replacement.

9. What are the scrapping requirements?

As defined in the Environmental Mitigation Trust Agreement for State Beneficiaries, Appendix D-2, page 13, scrapping “shall mean to render inoperable and available for recycle by, at a minimum, cutting a 3-inch hole in the engine block for all engines and disabling of the chassis by cutting the vehicle’s frame rails completely in half.”

Further, the VW Transit Capital Assistance Grant Program Announcement includes additional requirements in Section 7.1 (Reimbursement Requirements). DOA will provide further detailed scrapping requirements at a later date. Applicants should estimate scrapping costs based on requirements provided in the Announcement. However, please note DOA will reimburse based on actual expenses and only up to the amount estimated in the application.



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10. When must vehicles be scrapped?

Scrapping shall occur within 90 calendar days of the grantee accepting delivery of the replacement bus(es) or before June 30, 2025, whichever occurs earlier. DOA must be able to certify, through physical inspection (if required by DOA) and documentation, that all scrapping requirements were met within the 90-day timeframe. An extension of the 90-day scrapping requirement may be granted by DOA for good cause. If scrapping requirements are not completed per the grant agreement, the grantee may forfeit funds dedicated to that specific project.

11. ****UPDATED**** Can components of replaced vehicles, other than the chassis and engine, be retained or sold?

Yes. However, replaced vehicles must be scrapped in strict accordance with program terms. Components that are not scrapped may be salvaged. Examples of items that may be salvaged include tires, seats, communications equipment or fareboxes. The Transit Capital Assistance Grant program will not pay for any expenses related to the removal, transfer, storage, refurbishment, reinstallation or disposal of components that are salvaged. If salvaged components are sold, income requirements for other funding programs may apply.

12. Can large trucks, medium trucks, buses be interchangeably replaced?

No. Replacement buses must be of similar kind, but do not have to be of the same engine propulsion, make, model or manufacturer. Example: a heavy-duty transit bus must be replaced with another heavy-duty transit bus. However, the replacement bus may be from a different manufacturer.

13. What is the grantee's liability if a replacement bus crashes?

The grantee, and not the State, is fully liable for the total asset management (including insurance and liability) of a replacement bus. No additional grant funds are available to defray the cost of repair, replacement, maintenance or administrative costs incurred as a result of a crash or damage to a bus purchased with grant funds. The shared revenue reduction component of the program continues to apply even if a vehicle supported with grant funds is not in operation due to a crash.

14. Recent planned all-electric battery bus deployments in neighboring states (ex. Duluth MN, Chicago IL) will utilize fossil-fuel auxiliary engines to provide heat for passengers. These buses are not zero emission buses. They have two distinct power sources onboard just like hybrid electric transit buses in the market today. How will their tailpipe emissions be accounted for?

Applicants shall calculate emissions reductions of proposed projects by utilizing the US Environmental Protection (US EPA) Agency Diesel Emissions Quantifier (DEQ) tool. Applicants must include the NOx benefit of the proposed project in the application. Applications should follow the US EPA instructions for completing calculations using the DEQ tool. The tool and instructions are available at <https://cfpub.epa.gov/quantifier/index.cfm?action=main.home>



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15. Wisconsin's electric grid is one of dirtiest in the U.S. How will electric grid emissions be addressed when calculating the NOx impact of all-electric buses?

Applicants shall calculate emissions reductions of proposed projects by utilizing the US Environmental Protection (US EPA) Agency Diesel Emissions Quantifier (DEQ) tool. Applicants must include the NOx benefit of the proposed project. Applications should follow the US EPA instructions for completing calculations using the DEQ tool. According to US EPA DEQ release notes dated May 31, 2018 "Running emission factors for onroad vehicles are now generated at the national level. The selection of a state no longer affects the calculations. (v. 6.1)". The tool and instructions are available at <https://cfpub.epa.gov/quantifier/index.cfm?action=main.home>

16. What vehicles and propulsion systems qualify for funding under the Transit Capital Assistance Program?

New diesel, alternate fuel and all-electric are eligible propulsion systems under this program. Please see Section 1.4 (Definitions) of the Announcement.

17. Are non-profits able to utilize the VW Settlement to apply for a grant to purchase an electric bus?

Eligible applicants are defined in Section 1.4 (Definitions) of the Announcement and eligibility requirements are further discussed in Section 4.0 (Eligibility Requirements) of the Announcement.

18. Are school buses an eligible vehicle under the Transit Capital Assistance Grant Program?

Vehicles eligible for replacement are defined in Section 1.4 (Definitions) of the Announcement.

19. Can alternative energy vehicles be purchased with grant funds?

New diesel, alternate fuel and all-electric are eligible propulsion systems under this program. Please see Section 1.4 (Definitions) of the Announcement.

20. I see that "connecting employees with employers" is one of the DOA's objectives. Will consideration be made re: Wisconsin content on a transit bus?

No.

21. If applications score relatively equal, will there be consideration given to an equitable distribution of the funds? In other words, will there be partial awards or is it all or nothing?

Per Section 3.4 (Right to Reject Applications and Negotiate Grant Agreement Terms) of the Announcement, DOA reserves the right to negotiate grant agreement terms with potential grantees.



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This includes the right to make partial awards. Applicants should follow instructions to prioritize buses it submits for replacement.

22. ****NEW**** If we already have a federal grant approved to buy buses can we use VW money to pay for the 20% local share of those vehicles? In other words if our local share on that grant is \$450,000 will the VW ground cover 80% of that leaving us with only paying for 20% essentially leaving us with \$90,000 or \$9,000 per year.

No. DOA intends that 100% of eligible project costs be funded with awards from the Transit Capital Assistance Grant Program. Transit Capital Assistance Grant funds cannot be used as match funds for other grants and cannot be combined with funds from other grant programs to fund the same project. Due to conflicting program requirements (VW, DERA, federal, local, etc.), combining grant funds may jeopardize multiple sources of grant funding.

23. ****NEW**** What bus options, accessories or additional equipment can be paid for with grant funds? (e.g. can VW funds pay for a new farebox, communications equipment or safety equipment for the new bus?)

Project costs are limited by Sections 6.1 (Eligible Expenses) and 6.2 (Ineligible Expenses) of the Grant Announcement. DOA anticipates allowing project expenses that include base vehicle costs only. The VW Environmental Mitigation Trust Agreement for State Beneficiaries limits expenses to replacement vehicles and cannot pay for additional components, upgrades or add-ons. DOA considers base vehicle costs those that are customary and reasonable, as determined by DOA. DOA intends to review grantee applications, procurements, purchase orders, expenses and vehicles closely to ensure costs are eligible. DOA intends to issue further guidance on eligible project costs in future Grant agreements. Grant agreements will also list eligible project costs. DOA reserves the right to restrict project expenses to comply with the VW Environmental Mitigation Trust for State Beneficiaries Agreement and the Grant Announcement. DOA will not reimburse for ineligible project expenses.

24. ****NEW**** Is there a minimum or maximum a single agency could apply for?

Agencies may apply for any amount. Award amounts are limited by the available funding of \$32 million.

25. ****NEW**** Is there an award limit by agency?

There is no limit to the number of awards DOA may issue. Award amounts are limited by the available funding of \$32 million.

26. ****NEW**** On award are these funds subject to all the Federal procurement guidelines, like Buy America?



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No. However, project activities are subject to all applicable state and local public procurement and contracting laws.

27. **NEW**** Could there be multiple years of bus procurements in the project plan?**

Yes. However, according to Section (5.5 Project Timeline) of the Grant Announcement “[a]ll work must be completed by June 30, 2025.”

28. **NEW**** By “all work must be completed by June 30, 2025”, does that include not only receipt of the buses but the scrapping process as well?**

Yes. In addition, Section 4.5 (Scrapping) of the Grant Announcement requires that “[s]crapping of any vehicle(s) shall occur within 90 days of the applicant accepting delivery of the replacement bus(es).”

29. **NEW**** Is there consideration for award if FTA grant funds are used to match the percentage of VW mitigation funds in the application? I know the project budget isn’t scored, but thought there might be a benefit since VW mitigation funds could help fund more buses. Or is it the expectation that VW mitigation funds awarded will be used to cover the entire cost of new replacement buses?**

No. See answer 22 above.

30. **NEW**** Since the largest scored section is “Transportation to Employment”, is there a need to create new routes or is this a way to describe how the current route structure services the employment sector?**

Grantees are not required to create new bus routes in the event of an award. Section 5.3 (Transportation to Employment) of the Grant Announcement asks applicants to “... explain how the new bus(es) will connect employees with employers.” Applicants may choose how to provide this information and may provide supporting documentation.

31. **NEW**** Can the grant be used alongside other financing mechanisms, like the Pay As You Save (PAYS) model for electric buses? When purchasing an electric bus, PAYS allows utilities to invest in the charging stations and batteries. The utility then puts a fixed charge on the transit authority's monthly bill, capped below the cost to operate their previous diesel bus. In this way the utility makes their investment back over time and the transit operator saves on operating expenses. The same amount of grant money funds more electric buses when using PAYS because the upfront cost to the transit authority is the same for purchasing an electric bus as a diesel bus.**

Except as stated in the Grant Announcement, the Transit Capital Assistance Grant program does not limit or otherwise govern future operational activities, financing mechanisms or partnership



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agreements related to buses purchased with grant funds. Please see answer 22 above for information on funding sources relative to acquisition and scrapping expenses.

- 32. ****NEW**** Does DOA have a scoring rubric or system for applications that extends beyond the high-level evaluation criteria provided in the grant announcement? If so, can you share it? Will DOA use its scoring system to determine which applicants receive awards? Is there a minimum score necessary to qualify for an award?**

DOA will establish an internal scoring methodology prior to the application deadline. The methodology will be released after the application deadline. Application scores will be tabulated and ranked based on the scoring. There is no minimum score necessary to qualify for an award. However, applicants must meet all requirements as identified in Section 4.0 (Eligibility Requirements) of the Grant Announcement and must respond to all required application questions.

- 33. ****NEW**** What data and criteria will DOA use to assess the absolute and relative values of different applicant's transit service employment-related connections? In other words, how will DOA determine which "communities or routes" are "critical for connecting employees with employers?" Will DOA make any attempts to verify an applicant's stated employee/employment/ridership figures?**

30% of the overall score will be based on information demonstrating how the new bus(es) will connect employees with employers. Applicants are encouraged to provide supporting documentation such as route maps, ridership statistics, letters of support or other materials deemed appropriate by the applicant. Applicants will certify to the accuracy of their application (including employment data) by signature of the Applicant's authorized representative. However, DOA may request additional information from applicants, including employment inputs, after the application deadline.

- 34. ****NEW**** Presumably, DOA's application scores related to NOx emission reductions will reflect (i.e., be directly proportional to) NOx reduction estimates produced by EPA's DEQ algorithm. DEQ emission reduction estimates, in turn, are directly proportional to the input number of vehicles being replaced by an applicant. So will applications requesting more vehicles have an inherent advantage over those requesting fewer, or will DOA score each applicant's emission reduction estimate on a unit (i.e., per-vehicle) basis?**

DOA will consider each bus replacement an individual project based on bus-specific or averaged data per bus.

- 35. ****NEW**** Will DOA review applicants' inputs to the DEQ for reasonableness/accuracy?**

The Grant Announcement does not require applicants to submit DEQ inputs. Applicants will certify to the accuracy of their application (including DEQ data) by signature of the Applicant's authorized



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representative. However, DOA may request additional information from applicants, including DEQ inputs, after the application deadline.

36. **NEW**** Will scores on NOx emission reductions account for the locations of these reductions and their varying impacts on regional air quality? If so, how will DOA assign relative values?**

DOA will consider project locations in determining awards. As identified in Section 1.2.3 (Objectives) of the Grant Announcement and in Wisconsin's Beneficiary Mitigation Plan, a primary objective of the Program is to improve air quality in areas that bear a disproportionate share of the air pollution burden within its jurisdiction.

37. **NEW**** Will DOA have future rounds of applications if award funding levels fall short of expectations?**

DOA anticipates awarding all available Transit Capital Assistance funds under the current Grant Announcement.

38. **NEW**** Is the purchase and installation of electric vehicle charging infrastructure for new all-electric buses an eligible project?**

Yes. Part 2(e)(4) of Appendix D-2 (Eligible Mitigation Actions and Mitigation Action Expenditures) of the VW Environmental Trust for State Beneficiaries Agreement and Section 6.1.1.1 of the Grant Announcement states that if diesel buses are replaced with all-electric buses, charging infrastructure associated with the new all-electric buses is an eligible project cost. The VW Environmental Mitigation Trust for State Beneficiaries Agreement and the Grant Announcement provides limitations for such projects. DOA reserves the right to limit, amend or deny funding requests of associated electric vehicle charging infrastructure to comply with the Grant Announcement and the VW Environmental Trust for State Beneficiaries Agreement.

39. **NEW**** Can VW Program Transit Capital Assistance Grantees buy off the State of Wisconsin Department of Transportation (WisDOT) Heavy Duty (HD) Bus Contract Schedule?**

Yes. DOA and the VW program will not create contracts for the purchase of vehicles by grantees. Should a grantee choose to conduct its own procurement activity, it must adhere to all applicable state and local public procurement and contracting laws.

**SHARED REVENUE REDUCTION
EXAMPLE 1: TIER A POPULATION**

Population	945,416
Reduction % (based on population)	75%
Number of Payments	5
Total Payments	\$5,875,000
Total Shared Revenue Reduction	\$4,406,250

FY	Payment #	Grant Payment Received	SHARED REVENUE REDUCTION					Total
			Payment 1	Payment 2	Payment 3	Payment 4	Payment 5	
19								-
20	1	\$1,500,000						\$0
21	2	\$500,000	\$112,500					\$112,500
22	3	\$1,400,000	\$112,500	\$37,500				\$150,000
23	4	\$1,000,000	\$112,500	\$37,500	\$105,000			\$255,000
24	5	\$1,475,000	\$112,500	\$37,500	\$105,000	\$75,000		\$330,000
25			\$112,500	\$37,500	\$105,000	\$75,000	\$110,625	\$440,625
26			\$112,500	\$37,500	\$105,000	\$75,000	\$110,625	\$440,625
27			\$112,500	\$37,500	\$105,000	\$75,000	\$110,625	\$440,625
28			\$112,500	\$37,500	\$105,000	\$75,000	\$110,625	\$440,625
29			\$112,500	\$37,500	\$105,000	\$75,000	\$110,625	\$440,625
30			\$112,500	\$37,500	\$105,000	\$75,000	\$110,625	\$440,625
31				\$37,500	\$105,000	\$75,000	\$110,625	\$328,125
32					\$105,000	\$75,000	\$110,625	\$290,625
33						\$75,000	\$110,625	\$185,625
34							\$110,625	\$110,625
Total		\$5,875,000	\$1,125,000	\$375,000	\$1,050,000	\$750,000	\$1,106,250	\$4,406,250

**SHARED REVENUE REDUCTION
EXAMPLE 2: TIER B POPULATION**

Population	100,000
Reduction % (based on population)	20%
Number of Payments	2
Total Payments	\$950,000
Total Shared Revenue Reduction	\$190,000

FY	Payment #	Grant Payment Received	SHARED REVENUE REDUCTION		
			Payment 1	Payment 2	Total
19					-
20	1	\$500,000			\$0
21			\$10,000		\$10,000
22	2	\$450,000	\$10,000		\$10,000
23			\$10,000	\$9,000	\$19,000
24			\$10,000	\$9,000	\$19,000
25			\$10,000	\$9,000	\$19,000
26			\$10,000	\$9,000	\$19,000
27			\$10,000	\$9,000	\$19,000
28			\$10,000	\$9,000	\$19,000
29			\$10,000	\$9,000	\$19,000
30			\$10,000	\$9,000	\$19,000
31				\$9,000	\$9,000
32				\$9,000	\$9,000
Total		\$950,000	\$100,000	\$90,000	\$190,000

**SHARED REVENUE REDUCTION
EXAMPLE 3: TIER C POPULATION**

Population	30,000
Reduction % (based on population)	10%
Number of Payments	1
Total Payments	\$500,000
Total Shared Revenue Reduction	\$50,000

FY	Payment #	Grant Payment Received	SHARED REVENUE REDUCTION	
			Payment 1	Total
19				-
20	1	\$500,000		\$0
21			\$5,000	\$5,000
22			\$5,000	\$5,000
23			\$5,000	\$5,000
24			\$5,000	\$5,000
25			\$5,000	\$5,000
26			\$5,000	\$5,000
27			\$5,000	\$5,000
28			\$5,000	\$5,000
29			\$5,000	\$5,000
30			\$5,000	\$5,000
Total		\$500,000	\$50,000	\$50,000