# ELECTRIC SCHOOLBUS GRANT PROGRAM

# **Electric School Bus Grant Solicitation**

## version 2.0

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Applications Due: May 17th, 2024, 5:00 p.m. ET

Questions should be submitted to stopthesoot@dep.nj.gov

Subject line: Electric School Bus Grant Program

Questions and Answers will be posted weekly on the

NJ's Electric School Bus Grant Program webpage



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## 1. Introduction

Of the 21,700 school buses registered in New Jersey, over 99% run on fossil fuels. While providing vital transportation services, these buses negatively impact the health of students and residents of the communities in which they operate. To address this issue, the New Jersey Department of Environmental Protection's (NJDEP) Electric School Bus Grant program (Program) provides up to \$15,000,000 per year for three years to replace diesel school buses with battery-electric school buses per P.L. 2022, c.86 (<u>86 .PDF (state.nj.us)</u>). The Program will also include funding for bi-directional buses and charging infrastructure as part of a bi-directional charging pilot. This solicitation outlines the terms for the first year. The terms and funding amounts for years two and three of the Program will be announced at a later date, depending on funding availability.

## 2. Applicant Eligibility

Under this solicitation, two types of entities are eligible to apply: school districts that own their buses and school bus contractors that provide busing services to schools. School bus contractors **must apply in conjunction with a specified school or school district**. A single school bus contractor may apply in conjunction with multiple schools or school districts, although they must submit a separate application for each individual school or school district they are applying with.

## 3. Funding Amounts

The Program will provide up to \$320,000 per school bus and associated charging infrastructure for applications where buses will be used to serve overburdened school districts. For applicants not serving an overburdened school district, up to \$290,000 is available per school bus and associated charging infrastructure. The amounts are designed to reflect the approximate incremental cost between a new electric bus and a new diesel bus plus the cost of a charging station. Additional funding will be provided for bi-directional charging infrastructure, which allows electricity to flow from vehicles to buildings to offset building energy demand.

Each eligible applicant can apply for funding for a minimum of two electric school buses and a maximum of 16 electric school buses. Additionally, under the Bi-directional Charging Pilot, a minimum of two and a maximum of 8 electric school buses may be applied for.

Table	1: N	Maximum	program	funding	amounts*
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Version	Standard per bus Grant Amount	Overburdened School District per bus Grant Amount
Bus + Level 2 Charging Station	Up to \$270,000	Up to \$300,000
Bus + DC Fast Charging (DCFC) Station	Up to \$290,000	Up to \$320,000
Bus + Bi-directional charging option	Up to \$320,000	Up to \$350,000

\*Up to \$40,000 in <u>tax credits</u> are offered by the federal government for applicants acquiring qualified clean vehicles. These tax credits can be combined with the funding amounts shown here. See *Section 5d* for details.

## a. Overburdened School District Criteria

Vehicles serving an overburdened school district are eligible for an increased award amount of up to \$300,000 per bus. Overburdened school districts include school districts located in municipalities categorized as overburdened communities. Overburdened communities are defined as block groups in which:

- 1. At least 35 percent of households are low-income; or
- 2. At least 40 percent of residents identify as minority or as members of a State recognized tribal community; or
- 3. At least 40 percent of the households have limited English proficiency.

A list of overburdened communities can be found at: <u>https://dep.nj.gov/ej/communities/</u>

# 4. Eligible Costs

This is a reimbursement program. Funds will only be disbursed after the vehicles/equipment and electric charging station(s) have been paid for by the grantee, although partial payments at various milestones during the procurement process may be allowed on a case-by-case basis.

Total grant disbursements may not exceed the total cost of the electric school bus and charging station, as defined in this grant solicitation. Grant amounts have been calibrated to account for the incremental cost of the bus and charging station and should generally be expected to exceed the *incremental* cost of the vehicle after accounting for federal tax credits.

## a. Vehicle Eligibility

To be eligible for funding under this Program, the electric school buses must meet all of the following criteria:

- 1. Have an all-electric drivetrain;
- 2. Be purchased or leased new (repowers are <u>not</u> an eligible expense);
- 3. Have the greater of:
  - a. At least 90 miles of all-electric range on a full charge, or
  - b. 30 percent more range on a full charge than the expected daily maximum miles to be used.
- 4. Be new and <u>EPA certified</u> vehicle model year 2022 or newer;
- 5. Be classified as school bus Type C or D;
  - a. Type C: Electric school buses must have at least a 44-student capacity or reduced seat count as appropriate for wheelchair capacity.
  - b. Type D: Electric school buses must have at least a 70-student seating capacity or reduced seat count as appropriate for wheelchair capacity.
- 6. Not be ordered prior to receiving official notification of project selection and grant execution;
- 7. Operate in New Jersey for at least five years from the date of delivery and at least 75% of vehicle miles traveled (VMT) in the State;
- 8. Meet federal safety standards and be maintained, operated, insured, registered, and charged according to manufacturer recommendations and State requirements;

- 9. Not be purchased or otherwise subsidized with other State or federal funds (see *Section 5d* for additional details). The total funding received under the Program and other eligible external funds for the bus replacement cannot exceed the total cost of the new bus;
- 10. Upon request, be made available for inspection by NJDEP or its authorized representatives for 5 years from the date of delivery;
- 11. Be accompanied by appropriate training from the dealer or manufacturer for bus maintenance personnel, bus drivers, and other relevant personnel; and
- 12. Be capable of supporting an on-board telematics device.

Vehicle warranties, onboard vehicle equipment (e.g., wheelchair lifts), and other options provided by the bus manufacturer are eligible expenses. Note that decommissioning an existing bus is <u>not</u> a requirement under this Program, however, applicants choosing to decommission buses will be awarded additional points during scoring. See *Section 5a* for additional details.

## b. Electric Vehicle Charging Stations

Applicants are not required to apply for funding for a charging station but will need to indicate a charging plan (to ensure the usability of the vehicle) if they do not plan to apply for grant funding for a charging station. The maximum incentive amount will remain the same regardless of the applicant's intention of purchasing a charging station under this Program. If the applicant is awarded funds without a charging station, proof of an existing charger or a detailed charging plan will be required prior to drafting of a grant agreement.

To be eligible for funding under this Program, charging stations must meet all of the following criteria:

- 1. Be certified by an Occupational Safety and Health Administration Nationally Recognized Testing Laboratory.
- 2. All AC Level 2 charging stations must be Energy Star certified. DCFC are not required to be Energy Star certified.
- 3. All charging stations are strongly encouraged to be certified to the appropriate Underwriters Laboratories (UL) standards for electric vehicle charging system equipment.
- 4. Not be ordered prior to receiving official notification of project selection for funding and grant execution.
- 5. Remain operational in New Jersey for at least five years from the date of delivery.
- 6. Not be purchased or otherwise subsidized with other State or federal funds (see *Section 5d* for additional details). If an applicant has previously received funding from other State or federal funding programs (e.g., Clean Fleet EV Incentive Program, It Pay\$ to Plug-In Program, etc.), documentation showing that the charging equipment detailed in this application is different than the equipment that received funding from these programs will be required when submitting the Grant Expenditure Report.
- 7. Upon request, be made available for inspection by NJDEP or its authorized representatives for 5 years from the date of delivery.
- 8. As with all electric vehicle charging station funding programs that are managed by New Jersey state agencies, grantees are required to utilize a Network Service Provider that can satisfy certain

requirements. These requirements and a list of compliant Network Service Providers can be found at: <u>https://dep.nj.gov/drivegreen/network-service-providers/</u>

#### c. Ineligible Expenses

The following technologies are ineligible for funding under this Program: repowered school buses, used school buses, school buses classified as Type A or Type B (i.e., buses with less than a 44-student capacity or reduced seat count as appropriate for wheelchair capacity), and buses with a fuel type other than battery electric. Costs for technologies beyond what is indicated in this solicitation are ineligible for funding. Program funds cannot be utilized for a vehicle or infrastructure which is funded under another active State or federally funded project, as described in *Section 5d*.

## d. Bi-directional Charging Pilot

In addition to the base grant funding amounts, applicants under this solicitation are eligible to apply for funding for a bi-directional charging pilot. Compared to the grant amount for a bus and Level 2 charging station, the pilot will provide \$50,000 of additional compensation for each bi-directional capable bus, associated charging infrastructure, and uptime incentives. Participation in this bi-directional charging pilot is optional and will not impact the applicant's chances of being selected for the basic electric school bus Program. Each eligible applicant can apply for funding for a minimum of two bi-directional electric school buses and a maximum of 8 bi-directional electric school buses. Additional details about this pilot and its requirements can be found in *Section 6: Bi-directional Charging Pilot* at the bottom of this solicitation.

## 5. Other Requirements and Conditions

#### a. Vehicle Decommissioning

This Program does <u>not</u> require applicants to decommission an existing school bus to be awarded funding. If an applicant does choose to decommission an existing school bus, they will be awarded higher points in the scoring process. Applicants will be awarded full points for decommissioning a model year 2010 or older diesel-powered school bus and half points for decommissioning a 2011 or newer diesel-powered school bus.

The decommissioned vehicle must meet all of the following requirements:

- 1. Be of a similar type, weight, and horsepower as the new electric bus being purchased to replace it;
- 2. Must not be older than model year 2003;
- 3. Be operational at the time of application submission. Operational is defined as being able to start, move in all directions, and have all operational parts;
- 4. Be registered, inspected, and used at least 75% of its operating life within New Jersey.

The bus must be decommissioned within 6 months of receiving the new bus and visual proof must be provided to NJDEP upon request prior to final funding reimbursement. Appropriate decommissioning methods include cutting a three-inch-by-three-inch hole in the engine block (the part of the engine containing the cylinders) and disabling the chassis by cutting completely through the frame/frame rails on each side of the vehicle at a point located between the front and rear axles.

#### b. Data Collection

Under this Program, NJDEP will provide telematics devices to grantees to install on funded buses. This device will be supplied by NJDEP to the awarded applicant at no cost. These devices shall remain on the vehicle and operational for up to three years from the date of delivery and will report data including, but not limited to, the vehicle's location, energy use, and charging behavior. This data will be used to assess the Program's impacts on air quality and understand where the vehicles are used (e.g., whether the bus is operating in an overburdened community or non-overburdened community), how frequently they're charged, and whether there are any operational issues related to the battery.

#### c. Reporting

In January and July of each year after the grantee takes delivery of its first grant-funded bus, and continuing for five years, grantees shall submit a report to NJDEP or its designated contractor. This report must be submitted in a format specified by NJDEP, detailing the cost to operate, the maintenance records, and any reliability issues related to the operation, delivery, and/or procurement of the electric school buses. Each report should contain the buses funded, the mileage driven, maintenance costs, updates on subrecipients, contractors and/or vendors, expenditures and purchases, updated timelines (if any), and progress of implementation and maintenance. Grantees participating in the bi-directional charging pilot will also be required to report standardized data using IEEE 2030.5 for communication protocols of bi-directional devices in addition to the telematics data required for the electric school buse.

## d. Other Funding Sources

When possible, applicants are encouraged to utilize federal tax credits available under the federal Inflation Reduction Act (IRA) to reduce the cost of the electric school bus and charging station. The <u>Commercial Clean Vehicle Credit</u> provides up to \$40,000 for qualified commercial clean vehicles and the <u>Alternative Fuel Vehicle Refueling Property Credit</u> provides up to \$100,000 for qualified electric vehicle charging and refueling infrastructure. Please see the Internal Revenue Service (IRS) website for more information on these credits: <u>https://www.irs.gov/credits-anddeductions-under-the-inflation-reduction-act-of-2022</u>

Grantees can stack this Program with funding from New Jersey utility companies that have electric vehicle infrastructure incentive programs which partially cover the make-ready costs of a project. A summary of these incentives can be found on the It Pay\$ to Plug In program <u>page</u>.

Applicants are not permitted to use other federal or state funding sources for buses or charging stations funded under this Program. This includes grant and rebate programs funded under the EPA's <u>Clean</u> <u>School Bus Program</u> and <u>NJDEP</u> or the <u>New Jersey Bureau of Public Utilities (NJBPU)</u> programs for charging equipment and infrastructure. Applicants are encouraged to apply to both the EPA's Clean School Bus Program and this grant Program, however, both programs cannot be used to fund the same bus. Applicants to this Program must indicate if they have applied for EPA's 2023 Clean School Bus Program. If the applicant is awarded funding under the EPA's Clean School Bus Program must be used to acquire additional buses or the applicant must withdraw from one program.

#### e. Leasing Option

Grantees will have the option of purchasing or leasing the buses. A minimum five-year lease term is required. Grantees may opt to assign all or a portion of their grant payment directly to their chosen leasing company.

## 6. Bi-directional Charging Pilot

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Term	Use	Definition
Bi-directional	Generalized term for technology such as V2B	The ability for electric vehicle charging infrastructure to allow power to flow from both ends of the electricity line.
Charging	and V2G.	The "two-way street" of power cables.
Vehicle-to- building (V2B)	This is the technology being piloted under this program.	A bi-directional electric vehicle charging system that allows power to be taken from a vehicle and supplied to a specific building circuit.
Vehicle-to-grid (V2G)	Upcoming program technology.	A bi-directional electric vehicle charging system that allows power to be taken from a vehicle and supplied to the electric grid.

#### a. Definitions:

#### b. Purpose:

Additional funding will be provided for electric school buses and associated charging infrastructure capable of engaging in bi-directional charging to a building. This is intended to both encourage projects which increase electric grid resilience and to add value to electric school bus investments. Projects receiving this additional funding will serve as pilots for this technology, helping create an integrated energy system with bi-directional charging. While these technologies are still nascent, programs which demonstrate the capacity of these grid integrations to reduce peak electrical demand and reduce emissions are needed. To incentivize the use of these technologies, applicants who choose to participate in the bi-directional pilot will first demonstrate the feasibility of a vehicle-to-building (V2B) pilot by utilizing the battery onboard the bus to power a building. Upon successful demonstration of V2B capabilities, and pending regulatory approval, participants may be encouraged to participate in a second phase of the program which would demonstrate the feasibility of selling electricity from the bus back to the grid during peak demand, creating a fully integrated bi-directional system.

#### c. Project Requirements:

*Location:* The project will require bi-directional charging to be installed at a school bus depot or other overnight vehicle-housing location for school buses. Both the bus and charging station must be capable of providing power to the building through the battery on the bus. The amount of power will be decided by the type and size of equipment the grantee chooses to use, with a minimum of two buses per project. Additionally, the grantee must provide NJDEP with electricity bills for the location during the pilot period and an electricity bill for the same location and the same time of year for the prior year to provide a baseline for comparison. See "Reporting Requirements" below for more information.

*Uptime days:* Uptime days are defined as days in which the electric vehicle was plugged into the charging station by, at latest, 5:00 p.m. with bi-directional functionality enabled until midnight of that calendar day. Charging must be recorded, and power delivered to the building successfully for a day to be considered an uptime day. Uptime days must be reported during the next quarterly reporting period to satisfy the subsidy requirements below.

*Timeline:* Applications must include a project timeline which includes delivery dates for vehicles and equipment along with estimated construction times and anticipated delivery and powering of vehicles.

*Utility Requirements:* A submeter will need to be installed at the site to measure the energy exchanged between the bus and the building, as well as to report to state agencies and utility companies the amount of electricity savings. The cost of this meter and any associated infrastructure are intended to be covered by the funding provided to applicants choosing this option as well as utility make-ready incentives.

Although the project will not require a dedicated rate structure to run the bi-directional system, utility engagement will be vital to managing capacity on the grid, an integral goal of this project. A submitted load change form from the utility will suffice. *The applicant* must inform the utility of expected project capacity, timelines, and regular updates on the project. Additionally, a submeter will need to be installed at the site to measure the amount of energy exchanged between the bus and the building. Projects must remain in operation for a minimum of three years from the date the vehicles are delivered and operational. NOTE: To qualify for this program, selected buildings must be phase-compatible with the charging stations. In this pilot, three-phase buildings will be required as DCFC chargers are exclusively three-phase powered. The utility and an electrician can verify that a building has three-phase power and will qualify under this program. Other types of buildings may be eligible for future funding of bidirectional technology and can be noted by the grantee as part of the application.

*Project Partners:* Each applicant will need to submit a letter of commitment from (1) a school bus manufacturer indicating that the buses are bi-directional capable (as defined by UL Certification or California's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) approved additional funding V2G list, links provided in the *"Eligible Equipment" section*), (2) a charging station vendor whose technology is compatible with the selected electric school bus for bi-directional charging (either approved on the California Energy Commission's V2G list or UL certification 9741, links provided in the *"Eligible Equipment" section*), and (3) a software company who can monitor and report bi-directional charging uptime and usage on the selected charging station. Please note that some vendors may be able to cover more than one of these three items in which case one letter with a listing of included scopes is admissible (e.g., a charging station hardware vendor who also runs the bi-directional power management software). Please see the *"Additional Equipment Requirements" section* for further detail.

Each application must include a timeline for procurement and the commitment letters from the three vendors (manufacturer, charging station provider, software company) to ensure the project will be compatible when the technology is delivered. This should include proof that a load change form has been submitted to the utility which at minimum indicates the applicant's understanding of the requirements, commitment to the project, and the current building capacity for the project.

*Eligible Equipment:* Buses must be plated identifying it as bi-directional capable, Vehicle-to-Grid capable, or otherwise "V2G" marked, and all charging equipment must be bi-directional capable DCFCs. In general, if a bi-directional school bus is found in California's HVIP approved <u>V2G School bus list</u> and the charging station infrastructure has qualified for <u>California's Energy Infrastructure Incentives for Zero-Emission Commercial Vehicles (EnergIIZE)</u> or is found on <u>the CEC Approved V2G equipment List</u>, it will qualify under this pilot. Equipment must be listed as bi-directional or V2G capable and must be certified or in process of approval for <u>UL 9741</u>. Each eligible applicant can apply for funding for a minimum of two bi-directional electric school buses and a maximum of 8 bi-directional electric school buses.

*Reporting Requirements:* Grantees will be required to submit quarterly reports beginning at delivery and ending one year later. The reporting timeline switches to bi-annual thereafter. Reports must include three monthly vehicle telematics data summaries showing all battery cycles, battery status, charging data from a New Jersey authorized <u>network provide</u>r, IEEE 2030.5 for communication protocols of bi-directional charging devices, and full submeter or energy reports for each uptime day bi-directional charging was activated. For the first year, each project partner will meet with relevant State agencies quarterly to discuss this documentation, request any project adjustments, and give progress reports on the technology, best practices, and any issues that may arise during the project. All telematics data will be anonymized and published in aggregate in publicly available locations and will be used to support the final report submitted to the Legislature by NJDEP.

*V2B Purchase Reimbursement*: In comparison to the funding amounts for the purchase of a bus and Level 2 charging station, NJDEP will provide up to \$50,000 in additional compensation. These costs include DCFC equipment, associated charging equipment for bi-directional powered technologies, and bonus incentives for additional uptime days. Grantees must submit a detailed budget of funding needed compared to non-bi-directional technologies.

By opting to participate in the Bi-directional Charging Pilot, the grantee agrees to utilize the bi-directional technology per bus at least <u>6 days per year</u> and share the results, data, and analysis with NJDEP as part of the quarterly reports. If the bi-directional technology is used more than 6 days per year, additional compensation is awarded per bus utilized during the indicated year as shown in the following table:

Year	Required Days of Bidirectional Uptime per Year	Additional Uptime Days Needed to Earn Bonus	Bonus Incentive Per Bus Utilized During this Time Period
Year 1	6	2	\$5,000
Year 2	6	4	\$5,000
Year 3	6	6	\$10,000

If the grantee elects to utilize the bi-directional technology more than six days per year, the grantee will be compensated at the end of each year after demonstrating additional days of uptime beyond the minimum of 6. Year 1 for the six-day uptime requirement will start upon delivery of the vehicle and extend to the end of the calendar year. The bonus incentive for Year 1 will be prorated based on the number of required days and bonus days based on delivery of vehicles. Year 2 and 3 will begin with the start of the next calendar year. The bonus incentives will be disbursed within approximately 30 days after all the necessary documentation is submitted.

# 7. Evaluation Criteria

Applications will be competitively selected using the following criteria. Applicants not applying for the bidirectional charging pilot are required to submit information for criteria listed in Table 2 only. Applicants applying to the bi-directional charging pilot are required to submit information for criteria listed in Table 2 and Table 3.

Criteria	Criteria Description	Possible Points	Maximum Points
Project readiness	Applicants must submit a route plan that demonstrates feasible routes and activity uses for electric buses. This should include the address of the charging stations, details of when and how the buses will be charged to ensure they are able to meet their operational requirements, the distance of the routes to be served, charging station power level requirements, and should factor in energy demand required to serve these routes (e.g., heating and cooling demands).	0, 10, 20, 30	30
Utility engagement	Applicants are required to submit proof that a load change form was submitted to their utility company. This includes a notice to the utility of the applicant's intent to acquire electric school buses. If the applicant can provide proof that utility upgrades are not required for the proposed charging stations to be installed, this proof can be submitted in place of the load change form. While evidence of community engagement is not required, applicants are encouraged to communicate their electrification plans with the community, bus operations staff, school administration, students, parents, and other stakeholders.	0, 10	10
Vehicle decommissioning	Applicants must indicate whether they intend to decommission an existing bus from their fleet if they are selected to receive this grant. Applications will be awarded full points for decommissioning a 2010 or older diesel bus and will be awarded half points for decommissioning a 2011 or newer diesel bus. No points will be awarded for applications where no buses will be decommissioned.	Points will be awarded based on number and age of vehicles decommissioned	20
Overburdened school district	Applicants will be awarded the full 20 points if they meet the criteria outlined in <i>Section 3a</i> and 0 points if not.	0, 20	20
Timeline	The application must contain an estimated timeline of the project dates. At minimum, this should include	0, 5, 10	10

#### Table 2: Requirements for all Program applicants

	the following: estimated dates for ordering the buses, receiving the buses, beginning charging station acquisitions, upgrading electric grid infrastructure at the site (if needed), installing charging stations, and decommissioning existing buses (optional).		
Budget	The application will be evaluated based on the proposed approach to procuring the buses and controls in place to ensure that awarded grant funds will be expended in a timely and efficient manner. Applicants must demonstrate that sufficient funding is secured to cover the grantee's portion of project costs (if applicable).	0, 10	10

#### Table 3: Additional requirements for bi-directional charging applicants

Criteria	Criteria Criteria Description		Maximum Points
Bi-directional partner engagement	Applicants are required to submit documents demonstrating their engagement with manufacturers, charging station vendors, and software providers.	0, 5	5
Utility load form and maximum building capacity	A copy of the utility load change form should be submitted (as outlined in the Utility Coordination section of the Bi-directional Charging Pilot). This form should also include the maximum building capacity that the bi-directional load would offset, which should be included in the project readiness plan.	0, 15	15
Bi-directional project readiness	A comprehensive bidirectional charging pilot project readiness plan and timeline is required. The technical narrative must include existing building power, number of buses and charging stations to be connected as part of this pilot, approximate power generation, and proof of compatibility with bi- directional charging technology. This should include a timeline for the delivery date of vehicles and charging equipment.	0, 15	15
Bi-directional budget	Applicants will be awarded the full 10 points if they demonstrate the incremental costs of the bi- directional charging equipment and manufacturer quotes. Applicants must submit direct vendor quotes and a consolidated excel budget with the quotes included.	0, 10	10

#### a. Additional Considerations

In addition to the evaluation criteria in the preceding tables, NJDEP will select the highest scoring applicants that meet the following criteria:

#### Geography

When feasible, NJDEP will seek to select an equal number of grantees from the northern, central, and southern regions of the State. The actual allocation of awards between the three regions may vary depending on the composition of the applicant pool. For the purposes of this Program, these regions are defined as follows:

- "Northern," means the counties of Bergen, Essex, Hudson, Morris, Passaic, Union, Sussex, and Warren;
- "Central," means the counties of Hunterdon, Mercer, Middlesex, Monmouth, and Somerset;
- "Southern," means the counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem.

#### **Overburdened School Districts**

At least half of the awards and half of the total awarded funds will be distributed to school districts who serve overburdened communities. These districts will be given priority in the evaluation process. <u>https://sonj.sharepoint.com/sites/DEPOfficeofTransportationClimateStrategies/layouts/15/doc.aspx?sourced</u> <u>oc={53db75a4-0cab-4315-86bc-48f61ce2e220}&action=edit</u>

#### Mix of School Districts and Contractors

NJDEP anticipates awarding grants to a mix of school district owned buses and contractor owned buses, however, no more than 50 percent of the grants will be awarded to school bus contractors.