Alternative Fuel Transportation Program

FY 2017 Program Guidelines and Loan Application Procedures

- NOFA Released – February 2, 2017
- Written Questions Accepted Through – May 15, 2017
- Letters of Intent (LOI) Accepted Through – May 15, 2017
- Loan Applications Accepted Through – June 1, 2017 (subject to funding availability)
- FY 2017 Funding Available $2,925,000
I. OVERVIEW

In accordance with the Ohio Revised Code (ORC) 122.075 – the Ohio Development Services Agency (ODSA) accepts Loan Applications for the Alternative Fuel Transportation Program (AFT) within the State of Ohio. For the purposes of this Notice of Funding Availability (NOFA), a project is defined as all the materials submitted as part of a Loan Application as well as any additional information within the approved loan documents. It is anticipated that loan recipients will have 12 months to complete their project. A total of $2.925 million in loan funding is available in state Fiscal Year 2017.

Through the AFT program, the ODSA seeks to encourage and promote the deployment of alternative fuel infrastructure and use of alternative fuels throughout Ohio. ODSA will accomplish this mission by offering low-interest financing on the installation of alternative fuel refueling or distribution facilities and associated educational and promotional materials. In addition to loan financing, grants of up to $10,000 in forgivable loan principal are available for the costs of educational and promotional materials for selected loan projects. Alternative fuels are defined in O.R.C 125.831 and include E85 blend fuel, blended biodiesel, natural gas, liquefied petroleum gas, hydrogen, compressed air, or any power source including electricity. Natural gas, more specifically and for the sake of eligibility, will be further defined as compressed natural gas (CNG) and/or liquefied natural gas (LNG). The ODSA has determined, due to fund availability, both CNG and LNG refueling stations will be afforded preference in the evaluation of Loan Applications. All technology must be commercially available, defined as being available for purchase by the general public or target audience within the state, and loan funds may not be used to conduct research, development, or demonstration of alternative fuel technology. All selected projects must be in compliance with all local, state, and federal regulations.

The goals of the Alternative Fuel Transportation Program are to:

- Increase the use and availability of alternative fuels;
- Improve alternative fueling infrastructure throughout Ohio;
- Increase the resilience of Ohio’s alternative fuels supply chain;
- Educate the public on the use of alternative fuels; and
- Improve Ohio’s air quality.

Interested entities should review the program guidelines to determine the eligibility of their proposed projects.

Beginning with the release of this NOFA, eligible applicants may submit a Letter of Intent (LOI), which is the required first step of the Loan Application process. All LOIs will be reviewed and evaluated to determine their eligibility according to the requirements of the AFT. **No proprietary or confidential information can be included in the LOI as all LOIs will be posted to the Ohio Development Services Agency website.** After submission of the LOI, any feedback from the ODSA will be provided through written correspondence as well as instructions on where and how to submit the formal Loan Application. Financial assistance will be awarded to proposals that meet or exceed the program goals and are most meritorious relative to other pending proposals. Applications are accepted on a first-come, first-served basis depending on availability of funds. Applicants must apply online at [https://development.ohio.gov/AFTApp](https://development.ohio.gov/AFTApp).
The ODSA reserves the right to fund any Loan Application in full or in part, to request additional information to assist in the review process, to reject any or all Loan Applications responding to this NOFA and to re-issue the NOFA and accept new Loan Applications if the ODSA determines that doing so is in the best interests of the State of Ohio. Issuing this NOFA does not bind the state to make an award. Any award of funds in respect to this NOFA will be subject to availability of funds. This NOFA is not a contract or commitment of any kind on behalf of the ODSA. The ODSA administers this NOFA and reserves the right to adjust the dates for this NOFA for whatever reason it deems appropriate.

Funding Available:
Funding is made available through the Alternative Fuel Transportation Fund established through Ohio Revised Code (ORC) 122.075. All projects awarded loan funds must comply with the associated requirements.

This NOFA shall be made available based on the dates published on the cover page and will remain active until all allocated funds have been exhausted or June 1, 2017, whichever comes first. The ODSA, at its discretion, may amend this NOFA, the timetable for awarding funds, the award amount, the funding availability amount, or criteria for awarding funds.

Eligible Entities:
The following entities are eligible for this program:

- Businesses
- 501(c)(3) nonprofit organizations
- Public School Systems
- Local Governments

Minimum Project Requirements for all Eligible Projects are:

- Businesses and 501(c)(3)s must be registered with the Ohio Secretary of State and remain in good standing to conduct activities in the State of Ohio for the duration of the loan.
- The applicant must be the property owner or hold a long-term secured lease agreement with the property owner. The property owner must be an eligible entity.
- Program activities must occur in Ohio.
- Applicants must notify the ODSA of any and all local, state or federal funds for which they are planning to apply, or which they have received, for the project in question.
- All project components must be new or remanufactured parts with a minimum of a one-year warranty.
- Expenses incurred prior to the term of the loan agreement are not eligible for funding or as cost share unless otherwise approved by the ODSA as defined in a term sheet issued to qualified projects.
- Project equipment must NOT be ordered, purchased, or installed prior to having an executed agreement with the ODSA or unless otherwise approved by the ODSA.
• All projects must include quotes from non-affiliated third party vendors and subcontractors (on their own letterhead). Submitted quotes may not be older than 6 months from the program release date to be considered valid.

• All applicants must provide documentation of projected demand and proof of a corresponding adequate supply of fuel.

• The project must allow for some level of public access to the fueling station.

• The applicant must provide a minimum cash match of 25 percent of the total eligible costs of the project outlined in the approved budget. The following terms and conditions will apply to the programmatic match requirement:
  o State and federal incentives are not allowable for purposes of meeting this minimum match requirement but may be used as match above and beyond the required 25 percent;
  o A commitment to cash matching by amount, use, and source will be required at the time of the Loan Application; and
  o The cash match requirement must be secured and in place at the time of closing.

• All projects will have expected energy, economic, and environmental impacts that include:
  o The project must provide compelling evidence of demand in the market in which the facility or station will be located. Compelling evidence could be a site-specific market study, signed contracts, letters of commitment, memorandums of understanding or other documented evidence of a potential customer base;
  o An economic payback of no more, and preferably less, than 15 years as determined by the submitted Loan Application. This allows the loan to be paid back within a reasonable time period;
  o The creation or retention of jobs, new or retained payroll for jobs, new capital investment, return on investment, or other economic impacts will be considered through this program; and
  o Improvement in environmental quality must be achieved as a benefit of completing the projects and must be calculated in the Loan Application.

• Each applicant must meet all applicable state and federal rules, regulations, codes, and permitting requirements. For any project selected, the applicant will be responsible for obtaining the appropriate permits and providing copies of the permits to the ODSA as a required benchmark in the project timeline.

• All applicants must execute all documents reasonably required by the ODSA as evidence of the loan.

• All applicants must adhere to regular reporting requirements on their project, including:
  o Monthly progress reports during installation that describe the activities and work completed during the reporting period, work remaining to be completed, actual project costs, project variances, project successes, and/or project changes, which would result in a change of project scope of work or would affect the energy output of the project, and publicity;
  o Financial data reports that back up prior draw down requests that have support documentation such as invoices, financial statements, bills, receipts and proof of payments of the actual project expenses incurred;
o Alternative fuel transportation reports for three years after the completion of the project that describe the gallon or gallon equivalent amounts of alternative fuel the applicant sells at retail, the emissions avoided, approximate cost savings versus traditional fossil fuels, downtime and/or maintenance issues with the installed equipment, and any publicity;

o Annual financial statements and an annual certificate of non-default for the term of the loan; and

o Each applicant must make public all non-proprietary information about the project and participate in at least two outreach activities, and provide two facility tours for interested parties as requested by the ODSA, during the term of the agreement and for one year after the loan agreement end date.
Specific activities eligible for support with the loan portion of the AFT program include:

- **Alternative Fuel Infrastructure:** Eligible activities include engineering, construction and equipment costs related to installation of fully operational alternative fuel refueling stations or distribution facilities. This scope would include but is not limited to compressors, storage tanks, pumps, pipes, fuel lines, refueling equipment, monitoring equipment, required safety equipment, and electronic payment equipment. Additional requirements are:
  
  o Installed technology must be commercially available, defined as being available for purchase by the general public or target audience within the state;
  
  o All projects must include quotes from non-affiliated third party vendors and subcontractors (on their own letterhead). Submitted quotes may not be older than 6 months from the program release date to be considered valid;
  
  o Projects may be given priority if they are located farther than 50 miles from similar alternative fuel infrastructure technology, are available for public use along major transportation corridors, or located in strategically identified areas of need;
  
  o Project must allow for some level of public access to the fueling station (i.e. retail sales, servicing of municipal fleets, etc.); and,
  
  o CNG/LNG stations must be “Fast Fill Stations.”

Specific activities eligible for support with the forgivable loan portion of the AFT program include:

- **Alternative Fuel Infrastructure Educational and Promotional Materials:** Eligible activities include educational, marketing and promotional materials to assist in the activities of a fully operational alternative fueling station. The scope may include but is not limited to educational pamphlets, advertising, videos, and signage.
**Project Limitations:**
Ineligible costs include, but may not be limited to:

- The purchase of alternative fuel;
- The purchase of alternative fuel vehicles or vehicle conversions;
- Any work related to the construction of a new building, an addition, or an expansion project not directly related to the use and dispersal of alternative fuels;
- Non-alternative fuel-related alteration or upgrades or repair of a building or structure;
- To conduct or purchase equipment for research, development, or demonstration of alternative fuel equipment and technologies not commercially available;
- The purchase/rental of real property (land or buildings);
- Normal operating/administrative expenses (not directly related to an eligible project), equipment/machinery lease payments, purchases of consumable/disposable items unrelated to an eligible project, personnel expenses, including travel, and feasibility studies and planning will all be deemed operating/administrative expenses;
- Work done or expenses incurred prior to official notice of project funding approval;
- Costs incurred for work not included in the approved project scope; and
- Work completed by an affiliated entity without receiving prior approval from the ODSA.
II. LOAN APPLICATION PROCESS

The ODSA will receive and process eligible Loan Applications on a first-come, first-served basis and depending upon the availability of funding.

- A Letter of Intent (LOI) and formal Loan Application must be completed for each eligible project. The Loan Application must identify the eligible applicant and be signed by an authorized representative. The authorized representative of the eligible project will be in charge of all matters related to any funds awarded through the Alternative Fuel Transportation (AFT) Program and will be solely responsible for all loan management responsibilities with respect to the project.

1. Letter of Intent

   a. All prospective applicants must submit an LOI prior to submitting a formal Loan Application. In the LOI, the potential applicant must provide an overview of the proposed project, the applicant’s qualifications, budget, and project timeline. This LOI is a REQUIRED step in the Loan Application process. Its purpose is:

      i. To facilitate a process by which the ODSA can determine the quality and scope of projects likely to be proposed;

      ii. To assist the ODSA in understanding market demand for the AFT program and the range of potential projects for which funding may be requested; and

      iii. To assist the ODSA in staff and stakeholder resource allocation.

   b. The LOI must be submitted at https://development.ohio.gov/AFTApp to be eligible for the AFT program.

   c. Any feedback from the ODSA during the Loan Application process does not constitute a determination, either favorable or unfavorable, of the applicant’s proposed project or a formal evaluation of the strength or weakness of any such Loan Application materials.

   d. Any feedback by the ODSA will be provided through written correspondence.

   e. No proprietary or confidential information can be included in the LOI, as all LOIs will be posted to the ODSA website.

2. Loan Application Procedures

   a. For applicants submitting a formal Loan Application under this NOFA, a non-refundable Loan Application fee of $250 is required at the time of application submission. The fee should be made payable to State of Ohio, Ohio Development Services Agency and mailed to the attention of Tiffany Lafitte at the following mailing address:

      Ohio Development Services Agency
      Office of Community Assistance
      77 South High Street, 26th Floor
      Columbus, Ohio 43216-1001

   b. Consideration will only be given to applicants who complete and submit both their LOI and an eligible Loan Application by June 1, 2017, or until available funds are committed, whichever occurs first. All submitted Loan Applications will undergo a review process. The ODSA reserves the right to select projects that are determined to support the goals of the AFT program and best serve the interest of the State of Ohio.
c. Prior to the selection of an eligible project for approval, each applicant must adhere to regulatory compliance with the Ohio Secretary of State, the Ohio Bureau of Workers’ Compensation, the Ohio Department of Taxation, the Ohio Environmental Protection Agency, and other state agencies. Each applicant is responsible for ensuring there are no significant outstanding issues or liabilities with the State of Ohio. Any determinations of noncompliance may result in a Loan Application not being recommended for an award.

d. The ODSA reserves the right to request supplemental or clarifying information from an applicant at any time during the review process. If a loan is awarded to the applicant, the ODSA may also request additional information as may be necessary or useful to complete the credit review and loan documentation process.

3. Required Loan Application Content

a. Contact information, a sources and uses budget, and a budget narrative of a minimum of one page and no more than three pages is required explaining the cost detail and use of the requested loan funds as well as the cost detail, source, and use of the required cash match.

b. A Loan Application narrative consisting of the following sections clearly labeled as such:

   i. **Background:** Concise information about the applicant’s background and experience relevant to the proposed project. If the applicant is not the property owner, provide background narratives for both the applicant and property owner and the nature of the partnership to include details about any lease terms and duration. Cover relevant business history as well as current operations and the length of time the applicant has been operating in Ohio.

   ii. **Scope of Work:** A thorough discussion of the proposed project to minimally include the justification for the fuel type selected, infrastructure technologies employed, rationale for the project’s size and location, proximity to heavily traveled routes and other alternative refueling stations of the same type, projected volume of the project both in terms of fuel as well as internal/external customers, public access measures, the statement of commitment to an amount of time the project will be run by the applicant, business plan, key personnel, and the objectives, tasks, and outcomes of the project.

   iii. **Readiness and Timeline:** Ability and readiness to begin construction and complete construction within a 12-month time frame. List of major tasks with completion dates. Status of environmental, safety, regulatory, or permitting issues related to the proposed project.

   iv. **Financial Need and Payback:** Justification for the need for financial assistance and/or what this assistance makes possible that otherwise wouldn’t be. Proposed payback period and a discussion of the ability to payback, and the revenue source.

   v. **Impacts and Savings:** Any positive environmental as well as economic impacts that, as projections, can be quantified and also proven to directly relate back to the project once in operation such as Ohio-sourced fuels or technologies, reduction of CO₂ emissions, or more efficient fleet operations that will result in a business expanding or creating new positions. If applicable, any cost savings that can be realized and how those savings can be utilized in other ways to enhance overall sustainability or expansion of the applicant in Ohio. An estimate of traditional fuel amounts saved.
c. The following documents and forms, some of which are included as blank in Appendix A: Supplier Information Form, W-9 Form, Direct Deposit Form, EPA Form, Financial Liability and Certification Form, Ohio Bureau of Workers’ Compensation (BWC) Certificate, Ohio Secretary of State Registration.

d. Three years historical financial statements (balance sheet, profit and loss); Interim financial statement; Projected financial statements for the current and next three years; Personal financial statements; Debt schedule.

e. A market/feasibility study for the proposed project and site conducted by a source with subject knowledge of and expertise and experience with the Ohio alternative fuels market and existing infrastructure. An applicant can provide this market/feasibility study, no more than two years old, from any qualified source of their choosing.

f. Any additional documentation such as: signed contracts or letters of commitment that speak to the market demand and viability of the proposed project; and quotes from non-affiliated third party vendors and subcontractors.

4. Award Selection

a. Loan Applications will be evaluated based on the following: Loan Application completeness; applicant’s experience and capabilities; reasonableness and achievability of the objectives, construction/permitting schedule, scope of work/business plan; project readiness; applicant’s level of need for the loan; the project’s financials to include the extent, type and quality of the project’s cost share; the applicant’s overall financial strength; and the ability of the applicant to pay back the loan in preferably fewer than 15 years.

The ODSA has determined that with the current funds available and in support of Energy Pillar 6/CNG of Governor Kasich’s Energy Plan, both CNG and LNG refueling stations will be afforded preference in the evaluation of Loan Applications. The evaluation will additionally consider the following:

- Promise and viability of the project as documented by a credible market/feasibility study showing compelling evidence of demand in the market in which the facility or station will be located;
- Publicly accessible refueling stations that make their alternative fuel available to the greatest number and volume of users and doing so in areas that are underserved by current stations per the following map: http://www.afdc.energy.gov/locator/stations/results?utf8=%E2%9C%93&location=ohio&fuel=all&private=false&planned=false&owner=all&payment=all&radius=false&radius_miles=5;
- Loan Applications that have committed to utilizing purchased or installed facilities or stations for any type of alternative fuel for the greatest number of years;
- Loan Applications that have secured funding from other sources for the project;
- Projects that provide the best opportunity for economic advancement to the state;
- Projects that leverage fuel sources that perform more efficiently than other transportation fuels;
- Projects that use the most advanced technology;
- Projects that can demonstrate past success; and
- Projects that respond to a current market need.
b. If the applicant satisfies all program requirements and financial criteria, and if selected for financial assistance based on an evaluation of merit, the applicant will be notified of the award in writing and pending availability of funds.

c. The ODSA reserves the right to reduce the requested loan amount for ineligible costs, cost redundancies, or any other cost inefficiencies evident in the Loan Application materials or for reasons related to funding availability and fundable projects availability.

d. The decision of the ODSA in selecting Loan Applications for approval is final and not appealable.

e. Written notification will be provided to all applicants as to the ODSA’s final determination.

III. INQUIRIES

Prospective Applicants may make inquiries or seek clarifications regarding this NOFA in writing until May 15, 2017 via email at Energy@development.ohio.gov.

Communication during Loan Application Period

After Loan Applications are submitted for this AFT program NOFA, the ODSA reserves the right to request additional information from any or all Applicants to assist in its evaluation process. However, no Applicant, Client or others acting on their behalf may contact any ODSA staff member regarding this NOFA, other than through the method described above. The Project Loan Application Period is considered to be the date of an Applicant’s Letter of Intent submission for this NOFA through the date of the award determination. Applicants responding to this NOFA are expected to limit their contact to ODSA staff with whom they ordinarily interact regarding the administration of ODSA programs and grants. Applicants, Clients and others acting on their behalf are to avoid direct contact with ODSA staff, besides the designated project point person during the Loan Application Period, other than that which might occur at regularly scheduled meetings. Applicants shall only discuss the current project with their designated project person. Discussing future Loan Applications or any lobbying is strictly prohibited.

If an Applicant, Client and/or others acting on their behalf makes prohibited contact, the ODSA in its discretion may subject the Project to elimination from the NOFA process.
IV. LOAN AGREEMENT

- Projects selected for loan funding will automatically be awarded support for the educational and promotion materials. Overall principle owed will be reduced up to $10,000 for such eligible activities.
- The program funds will be disbursed as loans at or below market rates of interest and serviced in-house by the ODSA.
- The loan term will be determined based on the project activities, project payback period, and the useful life of the allowable project costs/uses financed.
  - Up to 15 years for projects with refueling stations, distributions facilities and stations;
- The applicant must provide a minimum 25 percent of matching funds of the total project costs. Additional state and federal funds or tax credits are ineligible to be used by an applicant for meeting this match requirement.
- Maximum eligible loan amount is $750,000.
- Minimum eligible loan amount is $250,000.
- Maximum eligible amount of forgivable principal is $10,000 and is only available in conjunction with and as a part of a low interest loan of $250,000 to $750,000.
- Loan amounts will not exceed 75 percent of total eligible project costs.
- The loan will carry 0 percent interest for six months after the close of the loan.
- The first loan payment is due 12-months from the close of the loan.
- Repayment of the loan may carry annual fixed interest rates that are set below current market rate. Interest rate is determined solely by the ODSA.
- Each applicant must provide a documented cash cost share for a proposed project. Cost share must be secured to close a loan.
- Loans will be made subject to customary loan documentation in form and substance acceptable to the ODSA.
- Loan program funds may be used to finance engineering, construction, and equipment purchase. The maximum term of the construction and procurement period will be 12-months.
- Security is determined on a case-by-case basis and can include corporate guarantees, cash reserves, or other collateral. Where practicable, the ODSA may require a first priority mortgage and/or security position on assets. The ODSA may require additional security in the form of one or more of the following: (1) personal guarantees from owners, major stockholders, members, partners or other persons with similar interests; (2) corporate guarantees from affiliate companies; (3) life insurance on key business owners, partners and/or managers; and (4) other comparable credit enhancement.
- The ODSA will not require any pre-payment penalties.
- The applicant will be responsible for entering into all agreements as required under the Alternative Fuel Transportation Fund and as necessary to complete the eligible project, including binding agreements with third party project partners. The applicant is responsible for complying with all applicable federal and state requirements, reporting procedures, and monitoring.
• All conditions to disbursement must be met before an eligible project may close a loan with the ODSA.

V. PROGRAM FEES

The following program fees are required of applicants selected for financial assistance.

A $250 non-refundable Loan Application fee is required upon submission of a formal Loan Application and must be made payable to State of Ohio, Ohio Development Services Agency and mailed to the attention of Tiffany Lafitte at the following mailing address:

Ohio Development Services Agency
Office of Community Assistance
77 South High Street, 26th Floor
Columbus, Ohio 43216-1001

1. A non-refundable processing and commitment fee, equivalent to 1 percent of the loan amount, is due to the ODSA upon receipt of the signed term sheet. The minimum amount of the commitment fee will be $2,000.

2. An annual servicing fee equal to a quarter of 1 percent (.25 percent) of the outstanding principal amount of the loan will be assessed.