



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

August 25, 2021

Jim Macy, Director
Nebraska Department of Environment and Energy
P.O. Box 98922
Lincoln, NE 68509-8922

Dear Mr. Macy:

As you know, the Nebraska Auditor of Public Accounts (APA) has received allegations that the Department of Environment and Energy (Department) had received misleading and incomplete diesel reduction emission rebate applications under the Nebraska Clean Diesel Rebate Program (Program). As a result, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. Pursuant thereto, the APA requested specific financial records and other relevant documentation from the Department. Based on the outcome of this preliminary planning work, including a review of the information obtained, the APA has determined that a separate financial audit or attestation is unnecessary at this time.

Nevertheless, during the course of the preliminary planning work, the APA noted a certain issue that merits corrective action.

Background Information – Nebraska Clean Diesel Rebate Program

The Program was established in 2008 to distribute funding received from the U.S. Environmental Protection Agency (EPA) for the purpose of reducing diesel emissions. Such funding was authorized by Congress in the Diesel Emissions Reduction Act (DERA), which was created as part of the Energy Policy Act of 2005. The DERA program provides funding for the establishment of grant, rebate, and loan programs that reduce diesel emissions. The Department supplements the Federal DERA grant with matching funds from the Volkswagen Diesel Emissions Environmental Mitigation Trust for State Beneficiaries. The Program offers rebates to eligible applicants for projects, including the replacement of older diesel trucks and medium to heavy-duty local diesel freight, delivery, and maintenance trucks with newer diesel or low-nitrogen oxide compressed natural gas-powered trucks.

To qualify for a Program rebate, an application form and required supporting documentation must be submitted. The Department evaluates applications on the basis of the public health benefit of the vehicle replacement and the cost-effectiveness of the emissions reduction, which is determined from the annual hours of operation, fuel use, and estimated remaining years of service of the replaced truck. Applicants are required to submit the following documentation to the Department when applying for the Program:

1. *A completed and signed application form.*
2. *An organizational Dun and Bradstreet Data Universal Number System number must be included on the rebate form.*
3. *A completed IRS Form W-9, Request for Taxpayer Identification Number and Certification.*
4. *A photocopy of the Nebraska vehicle registration for the truck(s) being replaced.*
5. *A photocopy of the title of the truck(s) being replaced.*
6. *A photograph of the side profile of the truck(s) being replaced showing the vehicle unit identifying number.*
7. *One bid or price quote for the replacement truck(s), including estimated delivery dates.*

8. *A photograph of the diesel engine emissions label showing the EPA Engine Family. The EPA Engine Family is a 12-character identifier assigned when a diesel engine model is certified in compliance with EPA emission standards. If the engine emissions label is missing or illegible, applicants should provide the engine serial number to the engine manufacturer to obtain written confirmation of the engine model year, and submit that manufacturer's confirmation with the application.*

By the Program reimbursement deadline, the applicant must have completed the following: 1) accepted delivery of the new truck; 2) scrapped the old truck in accordance with the Program scrappage requirements; and 3) submitted the Request for Reimbursement Form, the Final Report Form, Certificate of Destruction, and all required supporting documentation after the new truck(s) have been purchased and received. Upon receiving the reimbursement application documents, the Department may perform an inspection. The Department will issue the rebate funds after reviewing and approving the documents.

The following comment and recommendation, which has been discussed with the appropriate members of the Department and its management, is intended to improve internal control or result in other operating efficiencies.

Comment and Recommendation

Misleading and Incomplete Program Rebate Applications

The APA noted that the Department did not follow policies and procedures put in place to prevent the possible misallocation of Program funds. Specifically, the APA received allegations that S2 Roll Offs, LLC (S2), a residential trash refuse and recycling material removal company based in Fremont, Nebraska, provided inaccurate information on Program rebate applications submitted to the Department in both 2019 and 2020. Copies of those applications are included as **Attachment A** and **Attachment B** herein.

For the 2019 application, truck #16 is alleged to have had an ineligible engine installed, and the engine plate picture was never provided to the Department. According to the complaint, the other vehicle listed on the application, truck #23, was apparently “pulled out of the weeds” and had no dump records according to the City of Fremont. For the 2020 application, both of the old trucks listed, #54 and #55, were purchased not long before the rebate was sought, and the reported mileage for each appears to have been inflated.

From 2017 through 2020, the following Program rebate amounts were awarded to S2:

S2 Roll Offs, LLC, Refuse Truck Replacement Rebates				
Year	Location	Replacement Technology	Initial Rebate Amount Awarded	Final Payment Amount
2017	Fremont	2 Diesel Refuse Trucks	\$ 128,718	\$ 128,000
2018	Fremont	2 Diesel Refuse Trucks	\$ 121,692	\$ 123,087
2019	Fremont	2 Diesel Refuse Trucks	\$ 140,000	-
2020	Fremont	2 Diesel Trucks	\$ 54,312	-
Total			\$ 444,722	\$ 251,087

Per discussions with the Department and other documentation received, the APA developed the following timeline for concerns relating to the 2019 and 2020 Program rebate applications submitted by S2:

- On February 6, 2020, the Department signed an agreement with S2 authorizing Program rebates of \$70,000 per truck based on the 2019 application submitted by that company.
- In February 2021, the Nebraska State Patrol notified the Department of concerns, similar to those provided to the APA, regarding the veracity of the rebate applications submitted by S2.
- On April 9, 2021, the Department performed an on-site inspection at S2 in response to the allegations received.

- On June 1, 2021, the Department received an email from the owner of S2 requesting the formal withdrawal of the company's 2020 Program application.
- On June 4, 2021, the Department issued a formal letter to S2 denying the company's 2019 application. The letter has been included as **Attachment C** herein. As explained in that letter, the application for trucks #23 and #16 was denied due to the inaccuracy of the information provided, resulting in the termination of the Program rebate agreement with S2. Additionally, as requested by S2, the 2020 Program application was withdrawn.
- On June 14, 2021, the APA met with staff from the Department to express concerns with the 2019 and 2020 applications. The APA noted that S2 submitted its 2020 application to the Department on January 1, 2021, for trucks that were purchased on August 27, 2020, for \$42,000 and November 2, 2020, for \$1,000. The APA questioned whether it was the intention of S2 to purchase these vehicles solely for the purpose of applying for and receiving the rebate from the Program. If true, this would constitute impermissible "fleet expansion," which is prohibited under Federal guidelines.

The Department's policies for carrying out the Program incorporate Federal guidelines issued by the EPA. Chief among those at the time of the S2 rebate applications at issue was the 2019-2020 Diesel Emissions Reduction Act (DERA) State Grants Program Guide. Section IX, "Funding Restrictions," subsection G, "Fleet Expansion," of that document provided, in relevant part, the following:

Funding under this program cannot be used for the purchase of vehicles, engines, or equipment to expand a fleet. Engine, vehicle, and equipment replacement projects are eligible for funding on the condition that the following criteria are satisfied:

1. *To be eligible for replacement, the vehicle, engine, or equipment must be fully operational and in current, regular service.*
2. *The replacement vehicle, engine, or equipment will continue to perform similar function and operation as the vehicle, engine, or equipment that is being replaced.*

Furthermore, in addition to including similar prohibitory "fleet expansion" provisions, the EPA's 2021 Diesel Emissions Reduction Act (DERA) State Grants Program Guide, under section VIII, "Scope of Work," subsection F, "Ownership, Usage and Remaining Life Requirements," now states the following:

2. *The participating fleet owner must currently own and operate the existing vehicle or equipment and have owned and operated the vehicle during the two years prior to upgrade.*

Good internal control and sound accounting practices require procedures to ensure that only Program rebate applications compliant with controlling Federal guidelines are deemed eligible for approval by the Department.

Without such procedures, there is an increased risk for not only the failure to comply with applicable Program requirements but also the loss or misuse of Federal or State funds.

During the APA's June 14, 2021, meeting with Department staff, the implementation of additional Program controls was discussed. The Department's planned control enhancements include requiring for all application vehicles: 1) copies of up-to-date maintenance records; 2) proof of Nebraska Department of Transportation inspections; and 3) documentation showing current usage. Those supplementary procedures were not in place when S2 submitted its 2019 and 2020 applications, though. Consequently, the inaccuracies in those applications were not identified until the Department was made aware of them in February 2021.

The Department has met with an Inspector General from the EPA regarding the possibility of S2 being made ineligible to apply for any further Program monies; however, no such decision had been rendered prior to the date of this letter.

We recommend the Department implement procedures to ensure that all Program rebate applications are complete, accurate, and compliant with Federal and internal guidelines.

Department Response: The Nebraska Department of Environment and Energy (NDEE) thanks you for the audit. The NDEE Clean Diesel Rebate Program distributes funds to Nebraska businesses, school districts, and farmers to replace older diesel vehicles and equipment with newer, cleaner equivalents in order to reduce harmful diesel emissions. From 2008 through the conclusion of the current project cycle, our Clean Diesel projects have replaced 27 school buses and 26 diesel refuse and maintenance trucks, reducing the exposure of school children and nearby residents to diesel emissions. Clean Diesel funding is also allowing 100 farmers to completely eliminate diesel emissions by replacing diesel irrigation engines with all-electric equipment that is not only cleaner, but less expensive to operate. Early stages of the program funded installation of pollution controls on 334 state and local government trucks. Together these projects have reduced lifetime emissions of nitrogen oxides by an estimated 1,042 tons and fine particulate matter by 50 tons. The Department will have distributed almost \$5 million in rebates for these emission reduction projects, and rebate recipients have expended over \$8.7 million in matching funds.

*We would like to comment on the conclusion drawn by the APA in the draft letter received on August 18, 2021 that the Department's acceptance of the 2020 program application from S2 violated EPA's prohibition of projects that result in fleet expansion. The Department has always closely followed the annual Clean Diesel program guidance provided by the U.S. Environmental Protection Agency (EPA). As defined in EPA's guidance for 2020 and previous program years, new vehicles purchased with program funding were required to replace vehicles that were "fully operational and in current, regular service", and the replaced vehicle must be scrapped. S2's application for the 2020 grant year represented the vehicles as in service for at least several months, and the Department had discretion to determine whether this constituted "regular service". Although the 2021 EPA guidance incorporated a minimum two-year ownership requirement for eligibility, **no such requirement was included in the 2020 guidance.***

Nonetheless, in accordance with EPA's updated program guidance and to ensure that applicants meet all program requirements, NDEE developed a specific SOP effective March 18, 2021 and revised August 18th, 2021 that includes the following modifications to program procedures.

- 1) Applicants will be required to provide documentation of ownership and usage of the vehicles and equipment for the previous two years. For vehicle replacements, such documentation will include maintenance records and documentation of the most recent U.S. DOT inspection.*
- 2) Applicants for refuse truck replacements will also be required to provide landfill or transfer station tickets for the previous two years to demonstrate usage.*
- 3) Vehicle replacement applicants will be required to provide documentation (such as maintenance records with odometer readings) that the vehicle traveled at least 7,000 miles each year for the two-year period. Per EPA guidance related to COVID pandemic effects, applicants for school bus replacements will be eligible if the bus traveled at least 7,000 miles in calendar year 2019.*
- 4) Applicants for irrigation engine replacements will be required to provide documentation that the engine operated at least 250 hours each year for the prior two years.*
- 5) The Department has a goal to conduct random, unannounced inspections of at least 10% of rebate applicants prior to reimbursement to verify eligibility and compliance with program requirements.*

* * * * *

Our audit procedures are designed primarily on a test basis and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use our knowledge of the Department and its interaction with other State agencies and administrative departments gained during our work to make comments and suggestions that we hope will be useful to the Department.

Draft copies of this letter were furnished to the Department to provide its management with an opportunity to review and to respond to the comment and recommendation contained herein. Any formal response received has been incorporated into this letter. Such response has been objectively evaluated and recognized, as appropriate, in the letter. A response that indicates corrective action has been taken was not verified at this time.

This communication is intended solely for the information and use of the Department, the Governor and State Legislature, others within the Department, Federal awarding agencies, pass-through entities, and management of the State of Nebraska, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this communication is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

Audit Staff Working on this Examination:

Craig Kubicek, CPA, CFE – Deputy Auditor

Lucas Post, CPA – Auditor II

Mason Culver – Auditor II

Sincerely,

A handwritten signature in cursive script that reads "Mary Avery".

Mary Avery
Special Audits and Finance Manager
Phone (402) 471-3686
mary.avery@nebraska.gov

S2 Roll Offs, LLC
2019 Clean Diesel Rebate Program Application

Attachment A



**2019 Clean Diesel Rebate Program
Diesel Truck Rebate Application**

Section 1 – Applicant Information

Organization/Company Name: S2 Rolloffs, LLC

Project Manager (if different from authorized signatory): _____

Address: 550 N. Main St. Fremont NE 68025
City State Zip Code

Email address: cfo@s2rolloffs.com Phone: _____

DUNS Number: 078797302

County in which trucks operate: Dodge, Douglas, Washington, Saunders, Cuming

Section 2 – Original Vehicle Information	Truck 1	Truck 2
Vehicle Identification Number (VIN)	1FVHCFC446RW43846	1HTSDAARS5H274746
Truck Unit Number	16	23
Vehicle make	Freightliner	International
Vehicle model	COE Condor Dump	Harvester 4000 Series 4900
Vehicle year	2006	2000
Engine model	ISL-350	DT 466E /C250
Engine model year	2005	2000
Engine manufacturer	Cummins	International
Engine EPA Family	SCEXHO540LA-I	YNWXH0466ANE
Engine horsepower	350	250
Gross Vehicle Weight Rating	25,500	25,500
Fuel Type	Diesel	Diesel
Annual Fuel Consumption*	10,000	9,500
Annual Hours Idling*	460	450
Annual number of miles traveled*	25,000	23,000
Percentage of miles in residential areas*	75%	75%
Remaining years of service (estimate)*	5yrs	3yrs

* Please provide values that are as accurate as possible to provide a basis for scoring your application.

S2 Roll Offs, LLC
2019 Clean Diesel Rebate Program Application

Attachment A



**2019 Clean Diesel Rebate Program
 Diesel Truck Rebate Application**

Section 3 – Bid Information: Provide summary information from the dealer's quote or bid in the fields below. Please attach bid/quote to the application.

Vendor: <i>Custom Truck One Source</i>	Engine Manufacturer: <i>Peterbilt</i>
Truck Manufacturer: <i>Peterbilt</i>	Engine Model: <i>ISX12</i>
Truck Model: <i>520 / 18ACFL Hercules</i>	Fuel: <input type="checkbox"/> CNG <input checked="" type="checkbox"/> Diesel
Truck Gross Vehicle Weight: <i>92,000</i>	Engine Horsepower: <i>350</i>
Purchase Price: <i>313,212</i>	
Other details:	

Section 4 – Rebate Amount Requested

Vehicle Cost: <i>313,212</i>	Rebate Amount Requested: CNG: 35% of base cost, maximum \$120,000 per truck; DIESEL: 25% of base cost, maximum \$70,000 per truck. <i>70,000</i>	Cost-Share Amount: (Vehicle Cost – Rebate Amount) <i>243,212</i>
-------------------------------------	---	---

S2 Roll Offs, LLC
2019 Clean Diesel Rebate Program Application

Attachment A



2019 Clean Diesel Rebate Program
Diesel Truck Rebate Application

Section 3 – Bid Information: Provide summary information from the dealer's quote or bid in the fields below. Please attach bid/quote to the application.		
Vendor: RDO Truck Centers	Engine Manufacturer: Mack	
Truck Manufacturer: Mack	Engine Model: MP7-355A	
Truck Model: LR64R	Fuel: <input type="checkbox"/> CNG <input checked="" type="checkbox"/> Diesel	
Truck Gross Vehicle Weight: 92,000	Engine Horsepower: 355 hp	
Purchase Price: \$280,182		
Other details:		
Section 4 – Rebate Amount Requested		
Vehicle Cost: \$280,182	Rebate Amount Requested: CNG: 35% of base cost, maximum \$120,000 per truck; DIESEL: 25% of base cost, maximum \$70,000 per truck. \$70,000	Cost-Share Amount: (Vehicle Cost – Rebate Amount) \$210,182

S2 Roll Offs, LLC
2019 Clean Diesel Rebate Program Application

Attachment A



2019 Clean Diesel Rebate Program
Diesel Truck Rebate Application

Section 6 – Applicant Certification

Owner or Authorized Representative: I certify to the best of my knowledge that:

- The information contained herein is true and correct.
- The truck(s) would not be replaced without financial assistance from NDEE.
- The truck(s) being replaced is/are currently in use, in proper working condition, and currently used to haul refuse or for local delivery, construction, or maintenance activities. If selected for an award, the new truck will perform this same function.
- If selected for an award, the organization/company will maintain ownership of the replacement vehicle for at least five years from the date of purchase. I understand that if the replacement vehicle is sold before the end of the five-year period or used for purposes other than specified in the conditions of this rebate program, the organization/company may be required to return up to the full amount of the rebate to NDEE. The amount required to be returned is at the discretion of NDEE, and will be determined on a case-by-case basis.
- The new truck(s) will not be used for fleet expansion.
- The applicant is either headquartered or has an operational base in Nebraska and the new truck(s) will continue to operate in Nebraska.
- The truck(s) to be replaced will be properly disposed of in accordance with the requirements of this agreement.
- I understand that any costs that are incurred before the project period begins and after the project period ends will not be eligible for reimbursement.
- I am not currently debarred or suspended from receiving federal funding.
- I have the legal authority to sign this agreement.
- I acknowledge that failure to provide all applicable information and supporting documentation may result in the denial of my application.

Cady Horrocks, Chief Financial Officer

Printed Name and Title of Authorized Representative

Cady Horrocks

Signature

11/2/20

Date

Mail, e-mail, or hand-deliver application to:

Nebraska Clean Diesel Rebate Program
Nebraska Department of Environment and Energy
P.O. Box 98922
Lincoln NE 68509-8922
NDEQ.AirQuality@nebraska.gov

S2 Roll Offs, LLC
2020 Clean Diesel Rebate Program Application

Attachment B

NEBRASKA
DEPT. OF ENVIRONMENT AND ENERGY

Received by e-mail 1/21/2021
2020 Clean Diesel Rebate Program
Diesel Truck Rebate Application

Section 1 – Applicant Information

Organization/Company Name: S2 Rolloffs LLC
Project Manager (if different from authorized signatory): _____
Address: 550 N Main St Fremont NE 68025
City State Zip Code
Email address: bd@s2rolloffs.com Phone: 402-727-6806
DUNS Number: 126275201
County in which trucks operate: Dodge, Douglas, Washington, Saunders, Cum. 19

Section 2 – Original Vehicle Information	Truck 1	Truck 2
Vehicle Identification Number (VIN)	1HTSCAAM6XH215260	1HTSDAANSYH223549
Truck Unit Number	54	55
Vehicle make	International	International
Vehicle model	4700	2000 4900
Vehicle year	1999	2000
Engine model	DT 466E	International
Engine model year	1999	1999
Engine manufacturer	International	International
Engine EPA Family	XNVXMO466ANA	See supporting docs
Engine horsepower	190	250
Gross Vehicle Weight Rating	24,000	25,500
Fuel Type	Diesel	Diesel
Annual Fuel Consumption*	10,000	7,500
Annual Hours Idling*	475	400
Annual number of miles traveled*	24,000	18,000
Percentage of miles in residential areas*	75%	75%
Remaining years of service (estimate)*	5	4
* Please provide values that are as accurate as possible to provide a basis for scoring your application.		

20-030

1

NDEE 2020-09-22



S2 Roll Offs, LLC
2020 Clean Diesel Rebate Program Application

Attachment B



2020 Clean Diesel Rebate Program
Diesel Truck Rebate Application

Section 3 – Bid Information: Provide summary information from the dealer's quote or bid in the fields below. Please attach bid/quote to the application.

Vendor: Elliott Equipment	Engine Manufacturer: Cummins
Truck Manufacturer: Western Star	Engine Model: ISL
Truck Model: 4700SB	Fuel: <input type="checkbox"/> CNG <input checked="" type="checkbox"/> Diesel
Truck Gross Vehicle Weight: 33,000	Engine Horsepower: 300
Purchase Price: 109,375.00	
Other details: To replace 54	

Section 4 – Rebate Amount Requested

Vehicle Cost: 109,375.00	Rebate Amount Requested: CNG: 35% of base cost, maximum \$120,000 per truck; DIESEL: 25% of base cost, maximum \$70,000 per truck. \$27,343.75	Cost-Share Amount: (Vehicle Cost – Rebate Amount) \$82,031.25
------------------------------------	---	--

S2 Roll Offs, LLC
2020 Clean Diesel Rebate Program Application

Attachment B

NEBRASKA
DEPT. OF ENVIRONMENT AND ENERGY

**2020 Clean Diesel Rebate Program
Diesel Truck Rebate Application**

Section 3 – Bid Information: Provide summary information from the dealer's quote or bid in the fields below. Please attach bid/quote to the application.

Vendor: Satellite	Engine Manufacturer: Cummins
Truck Manufacturer: Freightliner	Engine Model: B6 7
Truck Model: M2 106	Fuel: <input type="checkbox"/> CNG <input checked="" type="checkbox"/> Diesel
Truck Gross Vehicle Weight: 26,000	Engine Horsepower: 240
Purchase Price: 107,873.00	
Other details: To replace SS	

Section 4 – Rebate Amount Requested

Vehicle Cost: \$107,873.00	Rebate Amount Requested: CNG: 35% of base cost, maximum \$120,000 per truck; DIESEL: 25% of base cost, maximum \$70,000 per truck. \$26,968.25	Cost-Share Amount: (Vehicle Cost – Rebate Amount) \$80,904.75
--------------------------------------	---	--

S2 Roll Offs, LLC
2020 Clean Diesel Rebate Program Application

Attachment B



2020 Clean Diesel Rebate Program
Diesel Truck Rebate Application

Section 6 – Applicant Certification

Owner or Authorized Representative: I certify to the best of my knowledge that:

- The information contained herein is true and correct.
- The truck(s) would not be replaced without financial assistance from NDEE.
- The truck(s) being replaced is/are currently in use, in proper working condition, and currently used to haul refuse or for local delivery, construction, or maintenance activities. If selected for an award, the new truck will perform this same function.
- If selected for an award, the organization/company will maintain ownership of the replacement vehicle for at least five years from the date of purchase. I understand that if the replacement vehicle is sold before the end of the five-year period or used for purposes other than specified in the conditions of this rebate program, the organization/company may be required to return up to the full amount of the rebate to NDEE. The amount required to be returned is at the discretion of NDEE, and will be determined on a case-by-case basis.
- The new truck(s) will not be used for fleet expansion.
- The applicant is either headquartered or has an operational base in Nebraska and the new truck(s) will continue to operate in Nebraska.
- The truck(s) to be replaced will be properly disposed of in accordance with the requirements of this agreement.
- I understand that any costs that are incurred before the project period begins and after the project period ends will not be eligible for reimbursement.
- I am not currently debarred or suspended from receiving federal funding.
- I have the legal authority to sign this agreement.
- I acknowledge that failure to provide all applicable information and supporting documentation may result in the denial of my application.

BEN HUTTON - BUSINESS DEVELOPMENT

Printed Name and Title of Authorized Representative

Signature

1/21/2021

Date

Mail, e-mail, or hand-deliver application to:

Nebraska Clean Diesel Rebate Program
Nebraska Department of Environment and Energy
P.O. Box 98922
Lincoln NE 68509-8922
NDEE.AirQuality@nebraska.gov

Nebraska Department of Environment and Energy
2019 Clean Diesel Rebate Program Denial Letter

Attachment C

NEBRASKA

Good Life. Great Resources.

DEPT. OF ENVIRONMENT AND ENERGY



Pete Ricketts, Governor

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

JUN - 4 2021

Mr. Mitch Sawyer
S2 Roll Offs, LLC
550 North Main Street
Fremont, NE 68025

Re: 2019 Clean Diesel Rebate Project, Reference #2020-98966890

Dear Mr. Sawyer,

The Department conducted an inspection of vehicles and records at the S2 Roll Offs maintenance facility and main office on April 9, 2021 to verify compliance with the Clean Diesel Rebate Program agreement in the above-referenced project. Your company's application sought funding to replace two diesel refuse trucks with packer-loaders, trucks #16 and #23. The program guidelines require that trucks to be replaced must be operational and in service at the time of the application, and that replacement trucks must be similar in form and function to the replaced trucks. The findings are summarized below.

Truck #23:

- Truck #23 was not in service at the time of the application.
 - The 2019 S2 Clean Diesel Rebate application listed 23,000 annual miles for truck #23. However, the most recent inspection indicated on the sticker on the truck cab was dated March 7, 2017, and Fremont Transfer Station records obtained from the City of Fremont show no deliveries by truck #23 after July 19, 2017.
 - Your company could not produce maintenance records demonstrating that the truck was in operation in 2018 or 2019.
- Truck #23 was not replaced with a truck similar in form or function.

The above-referenced application described truck #23 as a refuse truck with a packer-loader. However, Fremont Transfer Station records show that this truck operated as a roll-off truck from 2013 through July 19, 2017, and there is no evidence to indicate that it ever operated as a refuse truck.

Truck # 16:

Inaccurate information was provided in the above-referenced project application.

The 2019 S2 rebate application listed 25,000 annual miles for truck #16. Maintenance records provided during the inspection show that between 12/31/2018 and 12/28/2019 truck #16 traveled 6,546 miles.

Upon review of the documentation gathered during the inspection, we conclude that the 2019 Clean Diesel Rebate application from S2 Roll Offs provided inaccurate information; that truck #23 was not eligible for replacement under the program requirements; and that the proposed replacement for truck #23 did not match its actual form and function. S2 Roll Offs is therefore in violation of the terms of

Department of Environment and Energy
P.O. Box 98922
Lincoln, Nebraska 68509-8922

Jim Macy, Director
OFFICE 402-471-2186 FAX 402-471-2909
ndee.moreinfo@nebraska.gov



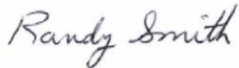
Nebraska Department of Environment and Energy
2019 Clean Diesel Rebate Program Denial Letter

Attachment C

agreement 2020-98966890. In accordance with Section IV.E.2 of said agreement, the Department is hereby denying the Request for Reimbursement submitted by S2 Roll Offs on March 31, 2021 for this 2019 Clean Diesel project. This letter will serve as written notice to terminate agreement 2020-98966890 as required by Section IV.E.13 of said agreement.

On February 2, 2021, the Department notified S2 Roll Offs that its application for replacement of two diesel trucks under the 2020 Nebraska Clean Diesel Rebate Program had been selected for funding. In your e-mail dated June 1, 2021, you requested to formally withdraw all S2 Roll Offs truck rebate applications. As a result, the Department now considers your application to the 2020 Nebraska Clean Diesel Rebate Program withdrawn.

Sincerely,



Randy Smith
Clean Diesel Program Coordinator
Waste and Air Grants Section, Planning & Aid Division