

	U.S. ENVIRONMENTAL PROTECTION AGENCY Cooperative Agreement	GRANT NUMBER (FAIN): 96185101 MODIFICATION NUMBER: 0 PROGRAM CODE: DS	DATE OF AWARD 09/12/2014
		TYPE OF ACTION New	MAILING DATE 09/19/2014
		PAYMENT METHOD: ASAP	ACH# 10109
RECIPIENT TYPE: State		Send Payment Request to: US EPA LVFC 4220 S. Maryland Pkwy Bldg C, Ste 503 Las Vegas, NV 89119 Tel: 702-798-2471 Fax: 702-798-2423	
RECIPIENT: Connecticut DEEP 79 Elm Street Hartford, CT 06106-5127 EIN: 86-1154163		PAYEE: Connecticut DEEP 79 Elm Street Hartford, CT 06106-5127	
PROJECT MANAGER Anne Gobin 79 Elm Street Hartford, CT 06106-5127 E-Mail: anne.gobin@ct.gov Phone: 860-424-4152		EPA PROJECT OFFICER John Rogan 5 Post Office Square, Suite 100, OEO05-2 Boston, MA 02109-3912 E-Mail: Rogan.John@epamail.epa.gov Phone: 617-918-1645	
EPA GRANT SPECIALIST MaryEllen Stanis Grants Management Office, OARM16-2 E-Mail: Stanis.Maryellen@epa.gov Phone: 617-918-1173			
PROJECT TITLE AND DESCRIPTION FY 2014 State Clean Diesel Program Connecticut's priorities for FY 2014 State Diesel Emissions Reduction Act (DERA) funds would be for grants or rebates to municipalities for early replacement, repowering, or retrofitting of diesel vehicles or equipment in their fleets. Another goal that could be met by this funding is shore power systems for Truck Refrigeration Units (TRU) at food distribution centers. The Connecticut Department of Energy and Environmental Protection is also looking for opportunities to help fund early replacement, repower or retrofits of agricultural equipment in the state. Grant funds could also be used for: <ul style="list-style-type: none"> · Repower or idle reduction technology for locomotives, trucks or other engines used in freight movement; · Replacement, repower or retrofit of construction equipment; · A port equipment, shore-power or marine engine diesel project at Connecticut ports; · Idle reduction technologies, including auxiliary power units; · Retrofit technologies for diesel vehicles or equipment; · Compartment/block heaters for buses in the Connecticut fleet; or · Replacement or repowering of transport refrigeration units, or other diesel projects consistent with agency needs and requirements. 			
BUDGET PERIOD 10/01/2014 - 09/30/2015	PROJECT PERIOD 10/01/2014 - 09/30/2015	TOTAL BUDGET PERIOD COST \$83,525.00	TOTAL PROJECT PERIOD COST \$83,525.00
NOTICE OF AWARD			
Based on your Application dated 06/05/2014 including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA) hereby awards \$83,525. EPA agrees to cost-share 100.00% of all approved budget period costs incurred, up to and not exceeding total federal funding of \$83,525. Recipient's signature is not required on this agreement. The recipient demonstrates its commitment to carry out this award by either: 1) drawing down funds within 21 days after the EPA award or amendment mailing date; or 2) not filing a notice of disagreement with the award terms and conditions within 21 days after the EPA award or amendment mailing date. If the recipient disagrees with the terms and conditions specified in this award, the authorized representative of the recipient must furnish a notice of disagreement to the EPA Award Official within 21 days after the EPA award or amendment mailing date. In case of disagreement, and until the disagreement is resolved, the recipient should not draw down on the funds provided by this award/amendment, and any costs incurred by the recipient are at its own risk. This agreement is subject to applicable EPA statutory provisions. The applicable regulatory provisions are 40 CFR Chapter 1, Subchapter B, and all terms and conditions of this agreement and any attachments.			
ISSUING OFFICE (GRANTS MANAGEMENT OFFICE)		AWARD APPROVAL OFFICE	
ORGANIZATION / ADDRESS EPA New England 5 Post Office Square, Suite 100 Boston, MA 02109-3912		ORGANIZATION / ADDRESS U.S. EPA, Region 1 5 Post Office Square, Suite 100 Boston, MA 02109-3912	
THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY			
Digital signature applied by EPA Award Official for Michael Kenyon - Director Office of Administration & Resource Management Fred Weeks - Award Official delegate			DATE 09/12/2014

EPA Funding Information

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
EPA Amount This Action	\$	\$ 83,525	\$ 83,525
EPA In-Kind Amount	\$	\$	\$ 0
Unexpended Prior Year Balance	\$	\$	\$ 0
Other Federal Funds	\$	\$	\$ 0
Recipient Contribution	\$	\$	\$ 0
State Contribution	\$	\$	\$ 0
Local Contribution	\$	\$	\$ 0
Other Contribution	\$	\$	\$ 0
Allowable Project Cost	\$ 0	\$ 83,525	\$ 83,525

Assistance Program (CFDA)	Statutory Authority	Regulatory Authority
66.040 - State Clean Diesel Grant Program (B)	Diesel Emissions Reduction Act of 2010 codified at 42 U.S.C. 16131 et seq	40 CFR PART 31

Fiscal									
Site Name	Req No	FY	Approp. Code	Budget Organization	PRC	Object Class	Site/Project	Cost Organization	Obligation / Deobligation
-	14010CG032	13	E4D	011	102AH4	4123			83,525
									83,525

Budget Summary Page

Table A - Object Class Category (Non-construction)	Total Approved Allowable Budget Period Cost
1. Personnel	\$0
2. Fringe Benefits	\$0
3. Travel	\$0
4. Equipment	\$0
5. Supplies	\$0
6. Contractual	\$0
7. Construction	\$0
8. Other	\$83,525
9. Total Direct Charges	\$83,525
10. Indirect Costs: % Base	\$0
11. Total (Share: Recipient <u>0.00</u> % Federal <u>100.00</u> %.)	\$83,525
12. Total Approved Assistance Amount	\$83,525
13. Program Income	\$0
14. Total EPA Amount Awarded This Action	\$83,525
15. Total EPA Amount Awarded To Date	\$83,525

Administrative Conditions

1. UTILIZATION OF SMALL, MINORITY AND WOMEN'S BUSINESS ENTERPRISES

GENERAL COMPLIANCE, 40 CFR, Part 33

The recipient agrees to comply with the requirements of EPA's Disadvantaged Business Enterprise (DBE) Program for procurement activities under assistance agreements, contained in 40 CFR, Part 33.

FAIR SHARE OBJECTIVES, 40 CFR, Part 33, Subpart D

A recipient must negotiate with the appropriate EPA award official, or his/her designee, fair share objectives for MBE and WBE participation in procurement under the financial assistance agreements.

In accordance with 40 CFR, Section 33.411 some recipients may be exempt from the fair share objectives requirements described in 40 CFR, Part 33, Subpart D. Recipients should work with their DBE coordinator, if they think their organization may qualify for an exemption.

Current Fair Share Objective/Goal

The dollar amount of this assistance agreement or the total dollar amount of all of the recipient's financial assistance agreements in the current federal fiscal year from EPA is \$250,000, or more. The **CT DEEP** has negotiated the following, applicable MBE/WBE fair share objectives/goals with EPA as follows:

MBE: COMBINED 3%

WBE: COMBINED 5%

Negotiating Fair Share Objectives/Goals

In accordance with 40 CFR, Part 33, Subpart D, established goals/objectives remain in effect for three fiscal years unless there are significant changes to the data supporting the fair share objectives. The recipient is required to follow requirements as outlined in 40 CFR Part 33, Subpart D when renegotiating the fair share objectives/goals.

SIX GOOD FAITH EFFORTS, 40 CFR, Part 33, Subpart C

Pursuant to 40 CFR, Section 33.301, the recipient agrees to make the following good faith efforts whenever procuring construction, equipment, services and supplies under an EPA financial assistance agreement, and to require that sub-recipients, loan recipients, and prime contractors also comply. Records documenting compliance with the six good faith efforts shall be retained:

- (a) Ensure DBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local and Government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
- (b) Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
- (c) Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
- (d) Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
- (e) Use the services and assistance of the SBA and the Minority Business Development Agency

of the Department of Commerce.

(f) If the prime contractor awards subcontracts, require the prime contractor to take the steps in paragraphs (a) through (e) of this section.

MBE/WBE REPORTING, 40 CFR, Part 33, Subpart E

MBE/WBE reporting is limited to annual reports and only required for assistance agreements where one or more the following conditions are met:

- (a) there are any funds budgeted in the contractual, equipment or construction lines of the award;
- (b) \$3,000 or more is included for supplies; or
- (c) there are funds budgeted for subawards or loans in which the expected budget(s) meet the conditions as described in items (a) and (b).

Based on EPA's review of the proposed budget, this award likely meets one or more of the conditions as described above, therefore, the recipient agrees to complete and submit a "MBE/WBE Utilization Under Federal Grants, Cooperative Agreements and Interagency Agreements" report (EPA Form 5700-52A) on an annual basis.

However, if this award does not meet the conditions as described above, the recipient should provide *[insert Regional or Headquarters point of contact]* with a justification and budget details indicating that based on the planned budget, this award is **not** subject to the DBE reporting requirements.

When completing the annual report, recipients are instructed to check the box titled "annual" in section 1B of the form. For the last report, recipients are instructed to check the box indicated for the "last report" of the project in section 1B of the form. Annual reports are due by October 30th of each year. Last reports are due 90 days after the end of the project period.

The reporting requirement is based on planned procurements. Recipients with funds budgeted for non-supply procurement and/or \$3,000 or more in supplies are required to report annually whether the planned procurements take place during the reporting period or not. If no procurements take place during the reporting period, the recipient should check the box in section 5B when completing the form.

MBE/WBE reports should be sent to **Larry Wells, US EPA, 5 Post Office Square, Suite 100 OARM 16-2, Boston, MA 02109**. The current EPA Form 5700-52A can be found at the EPA Office of Small Business Program's Home Page at http://www.epa.gov/osbp/dbe_reporting.htm

This provision represents an approved deviation from the MBE/WBE reporting requirements as described in 40 CFR, Part 33, Section 33.502; however, the other requirements outlined in 40 CFR Part 33 remain in effect, including the Fair Share Objectives negotiation as described in 40 CFR Part 33 Subpart D.

CONTRACT ADMINISTRATION PROVISIONS, 40 CFR, Section 33.302

The recipient agrees to comply with the contract administration provisions of 40 CFR, Section 33.302.

BIDDERS LIST, 40 CFR, Section 33.501(b) and (c)

Recipients of a Continuing Environmental Program Grant or other annual reporting grant, agree to create and maintain a bidders list. Recipients of an EPA financial assistance agreement to capitalize a revolving loan fund also agree to require entities receiving identified loans to create and maintain a bidders list if the recipient of the loan is subject to, or chooses to follow, competitive bidding requirements. Please see 40 CFR, Section 33.501 (b) and (c) for specific requirements and exemptions

2. General Terms and Conditions

The recipient agrees to comply with the current EPA general terms and conditions available at: http://www.epa.gov/ogd/tc_jan_2014.pdf. These terms and conditions are in addition to the

assurances and certifications made as part of the award and the terms, conditions or restrictions cited below.

The EPA repository for the general terms and conditions by year can be found at: <http://www.epa.gov/ogd/tc.htm>.

3. Annual Federal Financial Reporting (part 30 or Part 31) T&C's:

Pursuant to **40 CFR 30.52(a)(1) and 30.71(a)**, EPA recipients shall submit an annual Federal Financial Report (SF-425) to EPA no longer than 30 calendar days following the end of the reporting year.

Pursuant to **40 CFR 31.41(b) and 31.50 (b)**, EPA recipients shall submit an annual Federal Financial Report (SF-425) to EPA no longer than 90 calendar days following the end of the reporting year.

The form is available on the internet at <http://www.epa.gov/ocfo/finservices/forms.htm>. All FFR's must be submitted to the Las Vegas Finance Center: US EPA, LVFC, P.O. Box 98515, Las Vegas, NV, 89193, or by fax to: (702) 798-2423.

EPA may take enforcement action in accordance with 40 CFR 30.62 and 40 CFR 31.43, if recipient does not comply with these terms and conditions.

Programmatic Conditions

FY2014 State Clean Diesel Program (DERA) Programmatic Terms and Conditions

A. Substantial Federal Involvement for Cooperative Agreements

EPA will provide substantial involvement in the form of technical assistance, development of outputs, and oversight. Specifically, substantial federal involvement will take the form of monitoring the project by EPA, participation and collaboration between EPA and the recipient in program content, review of project progress, and quantification and reporting of results.

B. Emissions Control Technologies

Emissions Reduction Projects funded by the recipient pursuant to this assistance agreement must use verified technologies and/or must use engines and engine configurations certified by EPA and, if applicable, CARB. Technologies are verified under EPA or California's Retrofit Technology Verification Programs. See <http://epa.gov/cleandiesel/verification/veriflist.htm> for an updated list of EPA's verified technologies and <http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm> for a list of CARB's verified technologies.

Any question as to the eligibility or preference of a retrofit technology, including vehicle/equipment replacement and repowers, should be directed to the EPA Project Officer. Technology changes may not be allowed after a final workplan has been approved. If technology compatibility issues arise, EPA may elect to terminate the cooperative agreement, at which time assistance funds must be returned to EPA.

C. Quarterly Reporting and Environmental Results

Quarterly progress reports will be required. Quarterly reports are considered project status reports and will address the progress made achieving the work plan goals. In general, quarterly reports will include summary information on technical progress and expenditures, and planned activities for next quarter. A template for the quarterly report is available at <http://www.epa.gov/cleandiesel/grant-reporting.htm>.

Quarterly reports are due according to the following schedule. If a due date falls on a weekend or

holiday, the report will be due on the next business day.

April 1 - June 30 Reporting Period: report due date July 30
July 1 - September 30 Reporting Period: report due date October 30
October 1 - December 31 Reporting Period: report due date January 30
January 1 - March 31 Reporting Period: report due date April 30

If a project start date falls within a defined Reporting Period the recipient must report for that period by the given due date. This quarterly reporting schedule shall be repeated for the duration of the award agreement.

D. Final Report:

The final project report will include all categories of information required for quarterly reporting, including a final, detailed fleet description. The final project report will also include a narrative summary of the project or activity, project results (outputs and outcomes) including final emissions benefit calculations, and the successes and lessons learned for the entire project. To the extent possible, final emission benefit calculations should be based on the actual number and type of technologies, vehicles, equipment and engines implemented under the award and actual vehicle miles traveled, idling and/or operating hours, and fuel use. If actual vehicle miles traveled, idling and/or operating hours, and fuel use are not available, the final report will include a detailed explanation of how these values are derived, as well as any assumptions or default values used, for the purposes of emissions benefit calculations. The final report will also detail the methodologies used for the emission benefit calculation.

For projects involving vehicle/equipment replacement and repowers the recipient must provide in the final report: 1) Evidence that the replacement activity is an "early replacement," and would not have occurred through normal attrition/fleet turnover (i.e. without the financial assistance provided by EPA) within three years of the project period start date. Supporting evidence can include verification that the vehicles or equipment being replaced have useful life left and fleet characterization showing fleet age ranges and average turnover rates per the vehicle or fleet owner's budget plan, operating plan, standard procedures, or retirement schedule; 2) Evidence of appropriate scrappage or remanufacture (such as a photograph of the scrapped engine), including the engine serial number and/or the vehicle identification number (VIN); and 3) Specification of the model years and the emission standard levels for PM and NOx, for both the engine being replaced and the new engine.

For projects that take place in an area affected by, or includes vehicles, engines or equipment affected by federal law mandating emissions reductions, the recipient must provide in the final report evidence that emission reductions funded with EPA funds were implemented prior to the effective date of the mandate and/or are in excess of (above and beyond) those required by the applicable mandate.

The final report shall be submitted to the EPA Project Officer within 90 days after the project period end date or termination of the assistance agreement. A template for the final report is available at <http://www.epa.gov/cleandiesel/grant-reporting.htm>. [In order to facilitate awarding funds from a new fiscal year allocation, it is recommended that the report be completed well before 90 days.]

E. Use of Funds Restriction :

E.1. Mandated Measures: Recipient agrees that funds under this award cannot be used for emissions reductions that are mandated under federal law. This refers to specific compliance dates within the mandate, not when the mandate is passed. Voluntary or elective emissions reductions measures shall not be considered "mandated", regardless of whether the reductions are included in the State Implementation Plan of a State.

E.2. Normal Attrition: Recipient agrees that funds under this award cannot be used for emission

reductions that result from vehicle/equipment replacements or repowers that would have occurred through normal attrition/fleet turnover within three years of the project start date (e.g. FY14 award funds, including recipient cost-share, shall not be used for replacements/repowers that would have occurred through normal fleet turnover prior to September 30, 2017). Any question as to eligibility of a vehicle/equipment replacement or repower should be directed to the EPA Project Officer.

E.3. Fleet Expansion: Recipient agrees that funds under this award, including subawards/subgrants, cannot be used for the purchase of vehicles, engines, or equipment to expand a fleet. The recipient agrees that:

E.3.1. The replacement vehicle, engine, or equipment will perform the same function and operation as the vehicle, engine, or equipment that is being replaced (e.g., an excavator used to dig pipelines would be replaced by an excavator that continues to dig pipelines);

E.3.2. The replacement vehicle, engine, or equipment will be of the same type and similar gross vehicle weight rating or horsepower as the vehicle, engine, or equipment being replaced (e.g., a 300 horsepower bulldozer is replaced by a bulldozer of similar horsepower). Horsepower increases of more than 10 percent require written approval from the EPA Project Officer prior to purchase.

E.3.3. The engine being replaced will be scrapped or rendered permanently disabled within ninety (90) days of the replacement, or remanufactured to a certified cleaner emission standard. Permanently disabling the engine while retaining possession of the engine is an acceptable scrapping method. Disabling the engine may be completed by drilling a hole in the engine block (the part of the engine containing the cylinders) and manifold. Alternatively, disabling the engine may be completed by removing the engine oil from the crankcase, replacing it with a 40 percent solution of sodium silicate and running the engine for a short period of time at low speeds, thus rendering the engine inoperable. Remanufacturing shall be performed by the original engine manufacturer, or by a dealership/distributor that has a service program that is sponsored/backed by original engine manufacturer warranties (i.e. the new, remanufactured and upgraded engine is warranted by the OEM). Non-road engines shall be remanufactured to the cleanest certified emission standard possible. Highway engines shall be remanufactured to Model Year (MY) 2007 or newer certified emission standards. Remanufacturing must be completed during the project period. Other acceptable scrappage methods may be considered and will require prior written approval from the EPA Project Officer. If scrapped or remanufactured engines are to be sold, program income requirements apply.

E.3.4. The vehicle/equipment being replaced will be scrapped or rendered permanently disabled within ninety (90) days of the replacement, or remanufactured to a certified cleaner emission standard. Permanently disabling the chassis and disabling or remanufacturing the engine (see iii above) while retaining possession of the vehicle/equipment is an acceptable scrapping method. Disabling the chassis may be completed by cutting through the frame/frame rails on each side at a point located between the front and rear axles. Other acceptable scrappage methods may be considered and will require prior written approval from the EPA Project Officer. Vehicle/equipment components that are not part of the engine or chassis may be salvaged from the unit being replaced (e.g. plow blades, shovels, seats, etc.). If scrapped or remanufactured vehicles/equipment or salvaged vehicle/equipment chassis or components are to be sold, program income requirements apply.

E.3.5. For tire replacement projects, the original tires should be scrapped according to local or state requirements, or the tires can be salvaged for reuse or retreading. If salvaged tires are sold, program income requirements apply.

E.4. Matching Funds: Recipient agrees that funds under this award cannot be used for matching funds for other federal grants, lobbying, or intervention in federal regulatory or adjudicatory proceedings, and cannot be used to sue the Federal Government or any other government entity. Likewise, recipient may not use federal funds as cost-share funds for the State Clean Diesel Grant Program, including funds received under the National Clean Diesel Emissions Reduction Program and federal Supplemental Environmental Project (SEP) funds.

E.5. Formerly Verified Technologies: Recipient agrees that funds under this award cannot be used for retrofit technologies on EPA's or CARB's, "Formerly Verified Technologies" lists: <http://www.epa.gov/cleandiesel/verification/deleted-list.htm>, www.arb.ca.gov/diesel/verdev/vt/fv1.htm, www.arb.ca.gov/diesel/verdev/vt/fv2.htm, and www.arb.ca.gov/diesel/verdev/vt/fv3.htm. Recipient agrees that funds under this award cannot be used for idle reduction technologies on EPA's "Technologies No Longer Verified" list that can be found at: <http://epa.gov/smartway/forpartners/technology.htm#tabs-4>. Recipient agrees that funds under this award cannot be used for technologies on EPA's De-listed Emerging Technologies list which can be found at: www.epa.gov/cleandiesel/verification/emerglist.htm.

E.6. Emissions Testing: Recipient agrees that funds under this award cannot be used for emissions testing and/or air monitoring activities (including the acquisition cost of emissions testing equipment), or research and development.

E.7. Fueling Infrastructure: Recipient agrees that funds under this award cannot be used for fueling infrastructure, such as that used for the production and/or distribution of biodiesel, compressed natural gas, liquefied natural gas, and or other cleaner fuels.

E.8. Aluminum Wheels: Recipient agrees that funds under this award cannot be used for the purchase of aluminum wheels except where a fleet is retrofitting from standard dual tires to SmartWay-verified single-wide low rolling resistance tires. In this case, the cost of aluminum single-wide wheels would be acceptable as additional equipment necessary to use the SmartWay- verified technology, as would the cost of steel or light weight steel single-wide wheels.

E.9. Tires and Aerodynamics: Recipient agrees that funds under this award cannot be used to purchase aerodynamic technologies or low rolling resistance tires, unless they are combined on the same vehicle with a new installation of a verified exhaust control funded under this award. In addition, recipient agrees that funds under this award cannot be used for the purchase of low rolling resistance tires or advanced aerodynamic technologies if similar technologies have previously been installed on the truck or trailer.

E.10. Auxiliary Power Units: Recipient agrees that funds under this award cannot be used for the purchase of APUs or generators for vehicles with MY 2007 or newer certified engine configurations on long haul Class 8 vehicles.

E.11. Idle Reduction Technologies: Recipient agrees that funds under this award cannot be used for the purchase of idle reduction technologies unless they are combined on the same vehicle with a new installation of a verified exhaust control funded under this award, except for use on locomotives, and for shore connection systems or truck stop electrification technologies.

E.12. On-highway Model Year: Recipient agrees that funds under this award cannot be used to retrofit, repower or replace a bus, medium-duty, or heavy-duty highway vehicle that is a model year 1990 vehicle or older, or to retrofit model year 2007 or newer with DOCs or DPFs, or retrofit model year 2010 or newer with SCR, or replace model year 2004 or newer, or repower or convert model year 2007 or newer.

E.13. School Bus Model Year: No funds awarded under this RFP shall be used to replace school buses model year 2004 or newer, or retrofit school buses model year 1990 or older with DPFs or repower or convert school buses model year 2007 or newer, or retrofit school buses model year 2007 or newer with DOCs, CCVs, or DPFs. Refer to Table 2 for further explanation.

E.14. Nonroad Useful Life and Operating Hours: Recipient agrees that funds under this award cannot be used to retrofit, repower, upgrade or replace a nonroad engine or equipment that has less than seven years of useful life remaining. A table distinguishing which nonroad engine model years EPA has determined to have at least seven years of useful life remaining, based on the type and age of vehicle, can be found at

<http://www.epa.gov/cleandiesel/documents/fy14-nonroad-remaining-useful-life.pdf> . In addition, recipient agrees that funds under this award cannot be used to retrofit, repower, upgrade or replace nonroad engines and equipment that operate less than 500 hours per year.

E.15. Nonroad Repower/Replacement: Recipient agrees that funds under this award cannot be used to repower or replace nonroad Tier 0 (unregulated) engines to a nonroad Tier 1 or lower nonroad engine standard or from a Tier 2 nonroad engine standard to a Tier 3 or lower nonroad engine standard.

E.16. Marine Repower/Replacement/Upgrade: Recipient agrees that funds under this award cannot be used to repower, replace or upgrade Tier 3 or Tier 4 marine engines, or to repower or

replace marine engines from Tier 1 marine engine standard to Tier 1 marine engine standard, or from a Tier 2 marine engine standard to a Tier 2 or lower marine engine standard.

E.17. Locomotive Retrofit/Repower/Replacement/Upgrade: Recipient agrees that funds under this award cannot be used to retrofit unregulated or Tier 0 locomotives with SCR, or to upgrade, repower or replace locomotives from: Tier 0+/1 to Tier 0+ or lower; Tier 1+/2 to Tier 1+ or lower; Tier 2 to Tier 1+ or lower; or, from Tier 2+ to Tier 2+ or lower. In addition, recipient agrees that funds under this award cannot be used upgrade, repower or replace line-haul locomotives from Tier 2 to Tier 4, or to upgrade, repower or replace line-haul locomotives from Tier 2+ to Tiers 3 and 4, or to install Automatic Engine Start-Stop technologies on locomotives currently certified to Tier 0+ or higher.

E.18. Marine Shore Connection: Recipient agrees that funds under this award cannot be used for marine shore connection system projects that are expected to be utilized less than 2,000 MW-hr/year.

E.19. Locomotive Shore Connection: Recipient agrees that funds under this award cannot be used for locomotive shore connection system projects that are expected to be utilized less than 1,000 hours/year.

E.20. Locomotive and Marine Operating Hours: Recipient agrees that funds awarded under this award cannot be used to retrofit, repower, replace, upgrade or install idle reduction technologies on eligible locomotives or marine engines that operate less than 1000 hours per year.

E.21. Engine Upgrade: In the case of an engine upgrade with a certified remanufacture system applied at the time of rebuild (not manufacturer upgrades that are retrofits verified by EPA or CARB), recipient agrees that funds under this award cannot be used for the entire cost of the engine rebuild, but only for the incremental cost of the certified remanufacture system and associated labor costs for installation. Any question as to eligibility of engine upgrade costs should be directed to the EPA Project Officer.

E.22. Expenses Incurred Prior to the Project Period: Recipient agrees that, except for eligible pre-award costs as defined in 40 CFR Parts 30 and 31, funds under this award cannot be used to cover expenses incurred prior to the project period and that expenses incurred prior to the project period cannot be used as a cost-share for projects funded under this award.

E.23. Direct Implementation: The recipient must use funds to develop and administer a subgrant, rebate, and/or loan program(s) as appropriate to meet the recipient's State Air Program needs and goals relating to the reduction of diesel emissions. The recipient cannot use DERA State Program funds to directly implement diesel emissions reduction projects; however, the recipient may use DERA State Program funds to award subgrants, rebates, and/or loans to other entities to carry out diesel emission reduction projects.

E.24. State Fleets: Recipients may use funds to provide subgrants, rebates, and/or loans for the benefit of State fleets and State projects. The recipient may transfer funds to another State entity as a subgrantee as allowable under State law.

E.25. In-Kind Assistance: The recipient may purchase equipment through blanket purchase agreements or some other mechanism that ensures a low price for the item. The recipient may then provide the equipment in lieu of money as in-kind assistance through a subgrant. In general, except where providing goods and/or services in lieu of money under a subgrant agreement, the recipient cannot directly contract or procure goods and/or services with their DERA State Program funds.

E.26. Expense Cap: No more than 15 percent of the recipient's total project costs may be used to cover administrative type costs (e.g. personnel, benefits, travel, and supplies). Total project costs include the federal share as well as any cost-share provided by the recipient. The recipient's indirect costs are not considered as administrative type costs and do not count towards the 15 percent maximum.

F. Drayage Vehicle Replacement Project Requirements :

F.1. In addition to the scrappage requirements for all vehicles/equipment described in E.3.4 above, recipients replacing drayage vehicles are required to establish and document guidelines to ensure that the scrapped vehicle has a history of operating on a frequent basis over the prior year as a drayage truck.

F.2. The recipient must establish and document guidelines to ensure that all drayage trucks receiving grant funds are operated in a manner consistent with the definition of a

drayage truck, defined as any Class 8a and 8b in-use on-road vehicle with a gross weight rating (GVWR) of greater than 33,000 pounds operating on or transgressing through port or intermodal rail yard property for the purpose of loading, unloading or transporting cargo, such as containerized, bulk or break-bulk goods.

G. Delays or Favorable Developments :

The recipient agrees that it will promptly notify the EPA Project Officer of any problems, delays, or adverse conditions which may materially impair its ability to deliver on the outputs/outcomes specified in the work plan. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation. The recipient agrees that it will also notify the EPA Project Officer of any favorable developments which may enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more beneficial results than originally planned.

H. Employee and/or Contractor Selection :

EPA will not help select employees or contractors hired by the recipient.

I. Program Income:

If program income is generated during the course of the project, program income requirements apply. Program income is defined as gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. "During the grant period" is the time between the effective date of the award and the ending date of the award reflected in the Award Document. Program income earned during the project period shall be retained by the recipient and, in accordance with 40 CFR Parts 30.24 and 31.25 as applicable, recipient is authorized to use program income as follows:

I.1. Program income may be added to funds committed to the project by EPA and recipient and used to further eligible project or program objectives. The program income shall be used for the purposes and under the conditions of the grant agreement.

I.2. Program income may be used to finance the non-federal share of the project or program, including any mandatory or voluntary cost-share. The amount of the Federal grant award remains the same.

I.3. Deducted from the total project or program allowable cost in determining the net allowable costs on which the federal share of costs is based. This means that the recipient shall spend program income on project activities before spending/requesting federal funds for project activities. This may result in unspent federal funds at the end of the project period.

The recipient will maintain records adequate to document the extent to which transactions generate program income and the disposition of program income.

J. Equipment Use, Management, and Disposition:

These equipment use, management, and disposition instructions are applicable to assistance agreement recipients and subrecipients acquiring equipment under this award. State agencies may use, manage and dispose of equipment acquired under assistance agreements by the State in accordance with State laws and procedures.

Recipient agrees the equipment acquired under this assistance agreement will be subject to the use and management and disposition regulations at 40 CFR 30.34 and 31.32, as applicable. Equipment is defined as tangible non-expendable personal property having a useful life of more than one year and an acquisition cost and/or current market value of \$5,000 or more per unit. Certified or verified technologies, vehicles, engines and nonroad equipment are considered to be equipment to the extent they fall within this definition.

Recipient agrees that at the end of the project period the recipient will continue to use the equipment purchased under this assistance agreement in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by federal funds.

K. Procurement and Sub-grant Procedures:

The recipient must follow applicable procurement and sub-grant procedures. EPA will not be a party to these transactions. If EPA funds are used to purchase goods or services, recipient agrees to compete the contracts for those goods and services and conduct cost and price analyses to the extent required by the fair and open competition for procurement provisions of 40 CFR Part 30 or 40 CFR Part 31, as applicable. Approval of a funding proposal does not relieve recipients of their obligations to compete service contracts, conduct cost and price analyses, and use sub-grants only for financial assistance purposes, in accordance with Subpart B Section .210 of OMB Circular A-133.

L. For-Profit Sub-recipients:

In addition to the EPA General Term and Condition #8 "Establishing and Managing Subawards", the recipient agrees to:

- L.1. Utilize terms and conditions in all subgrants to for-profit sub-recipients that apply the following regulations to for-profit sub-recipients: 40 CFR Sections 30.2, 30.13, 30.14, 30.16, 30.17, 30.18, 30.20, 30.23, 30.25, 30.26(d), 30.28, 30.31, 30.34, 30.35, 30.36, 30.37, 30.40-47, 30.51, 30.53, 30.61, 30.62. For the purposes of applying the listed regulations to for-profit sub-recipients, the Recipient shall perform the functions that the regulations provide will be performed by EPA.
- L.2. Establish a procedure for resolving disputes with for-profit sub-recipients.
- L.3. Not reimburse a for-profit sub-recipient until receipt of documentation that the subrecipient has incurred eligible and allowable costs. Per 40 CFR 30.27, the allowability of costs incurred by for-profit organizations is determined in accordance with the provisions of the Federal Acquisition Regulation (FAR) at 48 CFR Part 31.
- L.4. Obtain a final report detailing how the for-profit sub-recipient expended funds in a format prescribed by the Recipient.
- L.5. Ensure that for-profit sub-recipients are aware of requirements imposed upon them by applicable Federal statutes, regulations, and these terms and conditions.

M. Public Notification:

Not later than 60 days after the date of the award of a subgrant, rebate, or loan by a State, the State shall publish on the Web site of the State:

- M.1. For subgrants, rebates, and loans provided to the owner of a diesel vehicle or fleet, the total number and dollar amount of subgrants, rebates, or loans provided, as well as a breakdown of the technologies funded through the subgrants, rebates, or loans; and
- M.2. For other subgrants, rebates, and loans, a description of each application for which the subgrant, rebate, or loan is provided.

.N. Leveraging (IF APPLICABLE)

The recipient agrees to provide the proposed leveraged funding, including any voluntary cost-share contribution or overmatch that is described in its final approved workplan. If the proposed leveraging does not materialize during the period of award performance, and the recipient does not provide a satisfactory explanation, the Agency may consider this factor in evaluating future proposals from the recipient. In addition, if the proposed leveraging does not materialize during the period of award performance then EPA may reconsider the legitimacy of the award; if EPA determines that the recipient knowingly or recklessly provided inaccurate information regarding the leveraged funding the recipient described in its final approved workplan. EPA may take action as authorized by 40 CFR Parts 30 or 31 and/or 2 CFR Part 180 as applicable.

O. Voluntary Cost-Share or Overmatch (IF APPLICABLE)

This award and the resulting federal funding of **\$83, 525** is based on estimated costs requested in the recipient's final approved workplan. Included in these costs is a voluntary cost-share contribution of ___ by the recipient in the form of a voluntary cost-share or overmatch (providing more than any minimum required cost-share) that the recipient included in its final approved workplan. The recipient must provide this voluntary cost-share contribution during performance of this award unless the EPA agrees otherwise in a modification to this agreement. While actual total costs may differ from the estimates in the recipient's application, EPA's participation shall not exceed the total amount of federal funds awarded. If the recipient fails to provide the

voluntary cost-share contribution during the period of award performance, and does not provide a satisfactory explanation, the Agency may consider this factor in evaluating future proposals from the recipient. In addition, if the voluntary cost-share contribution does not materialize during the period of award performance then EPA may reconsider the legitimacy of the award; if EPA determines that the recipient knowingly or recklessly provided inaccurate information regarding the voluntary cost-share or overmatch the recipient described in its final approved workplan, EPA may take action as authorized by 40 CFR Parts 30 or 31 and/or 2 CFR Part 180 as applicable.

P. Mandatory Cost-Share Requirement

This award and the resulting federal funding share as shown under "Notice of Award" above is based on estimated costs requested in the recipient's final approved workplan. While actual total costs may differ than those estimates, the recipient is required to provide no less than the cost-share percentages outlined below, as applicable, of the final equipment costs. EPA's participation shall not exceed the total amount of federal funds awarded or the maximum federal cost-share percentages outlined below, as applicable, of the final equipment costs. Recipients must satisfy any applicable cost share requirements with allowable costs as set forth in 40 CFR 30.23 or 31.24, as appropriate. The cost share requirements are as follows:

- P.1. Engine Upgrades: EPA will fund up to 40% of the cost (labor and equipment) of an eligible engine upgrade; recipient is responsible for cost-sharing at least 60% of the cost of an eligible engine upgrade.
- P.2. Idle Reduction Technologies on Locomotives: EPA will fund up to 40% of the cost (labor and equipment) of an eligible idle reduction technology on a locomotive; recipient is responsible for cost-sharing at least 60% of the cost of an eligible idle reduction technology on a locomotive.
- P.3. Marine Shore Power Connection and Alternative Maritime Power: EPA will fund up to 25% of the cost (labor and equipment) of an eligible shore connection system or truck stop electrification technology; recipient is responsible for cost-sharing at least 75% of the cost of an eligible shore connection system or truck stop electrification technology.
- P.4. Certified Engine Repower: EPA will fund up to 40% of the cost (labor and equipment) of an eligible engine repower; recipient is responsible for cost-sharing at least 60% of the cost of an eligible engine repower.
- P.5. Certified Vehicle/Equipment Replacement:
 - P.5.1. Nonroad Diesel Vehicles and Equipment: EPA will fund the incremental cost of a newer, cleaner vehicle or piece of equipment powered by a 2013 model year or newer certified nonroad diesel engine, up to 25% of the cost of an eligible replacement vehicle or piece of equipment; recipient is responsible for cost-sharing at least 75% of the cost of an eligible replacement vehicle or piece of equipment.
 - P.5.2. Highway Diesel Vehicles: EPA will fund the incremental cost of a newer, cleaner medium or heavy-duty vehicle powered by an engine certified to the 2013 model year or newer standards for highway heavy-duty diesel engines, up to 25% of the cost of an eligible replacement vehicle/equipment; recipient is responsible for cost-sharing at least 75% of an eligible replacement vehicle or piece of equipment.
 - P.5.3. Drayage Vehicle Replacement: EPA will fund up to 50% of the cost of eligible drayage trucks with a 2010 model year or newer heavy-duty engine equipped with a diesel particulate filter (or diesel oxidation catalyst in the case of a CNG engine); recipient is responsible for cost-sharing at least 50% of an eligible drayage replacement vehicle.
- P.6. Clean Alternative Fuel Conversions: EPA will fund up to 40% of the cost (labor and equipment) of an eligible clean alternative fuel conversion; recipient is responsible for cost-sharing at least 60% of the cost of an eligible clean alternative fuel conversion.

The eligible acquisition cost of equipment means the net invoice price of the equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges, such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the recipient's regular accounting practices.