AGENCY: ENVIRONMENTAL PROTECTION AGENCY (EPA)

TITLE: American Recovery and Reinvestment Act Funding for the Clean Diesel Emerging Technologies Program

ACTION: Request for Applications (RFA)

RFA Number: EPA-ARRA-OAR-OTAQ-09-05

CATALOG OF FINANCIAL DOMESTIC ASSISTANCE NUMBER: NO: 66.039

DATES: The closing date for receipt of applications is **Tuesday, May 5, 2009.** All hard copies of application packages must be received by Jennifer Went by **Tuesday, May 5, 2009, 4:00 p.m. Eastern Daylight** Time (EDT) in order to be considered for funding. Electronic submissions must be received by Jennifer Went by **Tuesday, May 5, 2009, 4:00 p.m. EDT**. Applications received after the closing date and time will not be considered for funding. See Section IV for further submission information.

EPA Headquarters will host a Question and Answer session(s) regarding this Request for Applications via teleconference; dates, times, and participant information will be posted at http://www.epa.gov/otaq/eparecovery/progemerge.htm as soon as it becomes available.

SUMMARY: The U.S. Environmental Protection Agency (EPA)'s National Clean Diesel Campaign is announcing the availability of funding assistance through the American Recovery and Reinvestment Act of 2009 (Recovery Act), and the Energy Policy Act of 2005 (EPAct 2005). Under the Recovery Act and EPAct 2005, EPA's Clean Diesel Emerging Technologies Program is soliciting applications for projects that can be commenced quickly, reduce diesel emissions, and maximize job preservation and/or creation and economic recovery through the use, development and commercialization of emerging technologies. An emerging technology is a device or system that reduces emissions from diesel engines or diesel engine powered vehicles or equipment that has not been certified or verified by EPA or the California Air Resources Board (CARB) but for which an approvable application and test plan have been submitted for verification. Only those technologies that have been approved and placed on EPA's Emerging Technology List, found at http://www.epa.gov/otaq/diesel/prgemerglist.htm, qualify as emerging technologies for the purpose of this funding solicitation.

FUNDING/AWARDS: The total estimated funding for this competitive opportunity is approximately $20 million. EPA anticipates awarding 10-20 of assistance agreements ranging from $500,000 to $3,000,000, subject to availability of funds and the quality of applications received.

Funding will be in the form of cooperative agreements or grants, which must be used to achieve significant reductions in diesel emissions in terms of: (1) tons of pollution produced; and (2) diesel emissions exposure, particularly from fleets operating in areas designated by the Administrator as poor air quality areas. The project must also preserve and/or create jobs and promote economic recovery. Recipients must use grant funds in a manner that maximizes job creation and economic benefit.

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Appendix A: Budget Detail

I. FUNDING OPPORTUNITY DESCRIPTION

On February 17, 2009, President Barack Obama signed the American Recovery and Reinvestment Act of 2009 (Public Law No. 111-05) (Recovery Act). EPA received $300 million in Recovery Act appropriations for the DERA Program of which approximately $206 million will be competed. Approximately $20 million will be available under this competition. Recovery Act funds are available for DERA projects that can be implemented expeditiously consistent with prudent management practices and which promote the potential for job creation and/or preservation.

The U.S. Environmental Protection Agency's (EPA) National Clean Diesel Campaign is announcing the availability of funding assistance through the American Recovery and Reinvestment Act of 2009 (Recovery Act), and the Energy Policy Act of 2005, Public Law 109-58, signed August 8, 2005 (EPAct 2005). The Diesel Emissions Reduction National Program (DERA) authorized by Title VII, Subtitle G (Sections 791 to 797) of the EPAct 2005 enables EPA to offer funding assistance to eligible organizations and entities on a competitive basis. The Recovery Act enables EPA to offer funding assistance through DERA for projects that preserve and/or create jobs and promote economic recovery.

In accordance with OMB's February 18, 2009, guidance for implementing the Recovery Act, EPA will fund DERA agreements selected under this announcement as new awards rather than through amendments to existing awards. This will ensure that grantees will track Recovery Act funds separately from DERA grants awarded using EPA's appropriation for DERA grants.

Under the Recovery Act and EPAct 2005, EPA's Clean Diesel Emerging Technologies Program is soliciting applications nationwide for projects that can be commenced expeditiously that reduce diesel emissions and maximize job creation and/or preservation and economic recovery through the use, development and commercialization of emerging technologies. Eligible diesel vehicles, engines and equipment to which emerging technologies for diesel emissions reduction may be applied include buses, medium-duty or heavy-duty trucks, marine engines, locomotives and non-road engines, equipment or vehicles used in construction, handling of cargo, agriculture, mining; or energy production.

Under this solicitation, only the following entities are eligible to apply for assistance, in accordance with Section 791(3) of the Energy Policy Act of 2005: A) a regional, State, local or tribal agency or port authority with jurisdiction over transportation or air quality; and B) a nonprofit organization or institution that 1) represents or provides pollution reduction or educational services to persons or organizations that own or operate diesel fleets; or 2) has, as its principal purpose, the promotion of transportation or air quality.

Funding will be in the form of cooperative agreements which must be used to achieve significant reductions in diesel emissions in terms of: (1) tons of pollution produced; (2) diesel emissions exposure, particularly from fleets operating in areas designated by the Administrator as poor air quality areas. The project must also maximize job creation and/or preservation and promote economic recovery.

A. Background

Diesel emissions account for 6.3 million tons of oxides of nitrogen (NOx) and 305,000 tons of particulate matter (PM) in the national mobile emissions inventory (2004). The emissions are from a variety of on-road and non-road vehicles, such as those used for freight, ports, transit, construction, agriculture and energy production.

Reducing emissions from diesel engines is one of the most important air quality challenges facing the country. Even with more stringent heavy-duty highway and non-road engine standards taking effect over the next decade, millions of diesel engines already in use will continue to emit large amounts of nitrogen oxides, particulate matter and air toxics, which contribute to serious public health problems. These problems cause thousands of premature deaths, hundreds of thousands of asthma attacks, millions of lost work days, and numerous other negative health impacts every year.

B. Program History

Last year, 2008, was the inaugural year of funding for the Diesel Emissions Reduction National Program. Approximately 6 cooperative agreements totaling over $3 million were distributed nationwide through EPA's Clean Diesel Emerging Technologies Program competition. Specific information on these funded projects can be found at www.epa.gov/diesel/projects.htm when it becomes available.

C. What is an Emerging Technology?

An emerging technology is defined, in section 791 of EPAct 2005, as a technology that is not certified or verified by EPA or the California Air Resources Board (CARB) but for which an approvable application and test plan have been submitted for verification to EPA or CARB. An emerging technology is a device or system that reduces emissions from diesel engines or diesel engine powered vehicles or equipment. EPA will list eligible emerging technologies and the appropriate engine to which the technology may be applied on the National Clean Diesel Campaign's website (www.epa.gov/otaq/diesel/prgemerglist.htm). Manufacturers with a technology on the Emerging Technology List have received approval by EPA of their verification application and test plan. Fully verified technologies included on EPA or CARB's Verified Technology List may not be used in projects funded through this RFA. Any application

requesting funding for a technology not listed on the Emerging Technologies List by the close of this announcement will be deemed ineligible.

The Recovery Act funding for the Clean Diesel Emerging Technologies Program is an opportunity to develop and commercialize new, cutting-edge technologies that reduce diesel emissions from existing fleets. Through this competitive funding opportunity, eligible entities will consult with a manufacturer of an emerging technology and install the technology on an appropriate fleet. Through the installation of this emerging technology, the eligible entity will assist the manufacturer with the development of the emerging technology by providing the means to capture real world data and gain valuable operating experience with this emerging technology. It is anticipated that the experience gained by the manufacturer will potentially lead to increased commercialization and verification of the emerging technology.

D. Scope of Work

This section outlines the goals, objectives and eligible project activities to be funded under this RFA. Applicants must specifically address in their application package how the project will meet these goals and objectives within the scope of the eligible activities.

1. **Recovery Act Funding Priorities**: A principal goal and priority of the assistance under this program is to maximize job creation and/or preservation and facilitate economic recovery. Applicants must demonstrate in their application how the proposed project will:
   - **a.** Preserve and/or create jobs and promote economic recovery;
   - **b.** Maximize job creation and economic benefit;
   - **c.** Assist those most impacted by the present economic conditions;
   - **d.** Provide investments needed to increase economic efficiency by spurring technological advances in science and health;
   - **e.** Invest in transportation, environmental protection and other activities that will provide long-term economic benefits;
   - **f.** Commence expenditures and activities as quickly as possible consistent with prudent management.
   - **g.** Track and measure an applicant's progress towards achieving the Recovery Act funding priorities.

2. **Eligible Diesel Vehicles, Engines and Equipment**: DERA addresses pollution from heavy duty diesel vehicles, engines and equipment that are currently used for either on-road or non-road[1] applications. Projects may include, but are not limited to, diesel emission reduction solutions from the following heavy duty diesel emission source types:
   - **a.** buses;
   - **b.** medium-duty or heavy-duty trucks;
   - **c.** marine engines;
   - **d.** locomotives; and
   - **e.** non-road engines or vehicles used in:
     - **i.** construction;

1 Highway sources include vehicles used on roads for transportation of passengers and freight. These sources are also sometimes referred to as on-road sources. Non-road sources include vehicles, engines, and equipment used for construction, agriculture, non-road transportation, recreation, and other purposes. These sources are also sometimes referred to as off-road sources. Within these broad categories, highway and non-road sources are further distinguished by size, weight, use and/or horsepower.

ii. handling or cargo (including at a port or airport);
iii. agriculture;
iv. mining; or
v. energy production (including stationary generators and pumps).[2]

NOTE: New emission standards in the highway sector took affect in 2007 and will affect future model year highway heavy-duty vehicles and engines. For non-road engines, new EPA standards are being phased in which started in 2008. Emission reductions from retrofits of post-2007, post-2008 and post-2009 vehicles, engines and equipment will be considered, if the technologies, devices or systems proposed in the application package will achieve significant emissions reductions beyond those required by EPA regulations at the time of engine certification.

3. Eligible Diesel Emissions Reduction Solutions: Emerging Technologies

An emerging technology is defined as a technology that has not been previously certified or verified by EPA or the California Air Resources Board (CARB) but for which an approvable application and test plan have been submitted for verification. An emerging technology is a device or system that when applied to an existing diesel engine achieves emission reductions beyond what is currently required by EPA regulations at the time of the engine's certification from diesel engines or diesel engine powered vehicles or equipment. EPA will list all eligible emerging technologies on EPA's website at http://www.epa.gov/cleandiesel/prgemerglist.htm.

Section 792 (b)(3)(B) of EPAct 2005 requires that to receive funds a manufacturer, in consultation with an eligible entity, shall submit for verification to the Administrator of EPA or the CARB a test plan for verification for the emerging technology. EPA will review and evaluate the test plan and, if approvable, will place the emerging technology on the Emerging Technologies List. If a manufacturer is working with CARB, they should submit the required information to EPA for placement on the Emerging Technologies List. Please note that CARB does not maintain an Emerging Technologies List.

Eligible entities, as defined in section III, shall submit an application for funding assistance that discusses how the eligible entity, in consultation with the manufacturer of an emerging technology, will assist in the development and commercialization of that technology. Eligible entities must include with their application for funding assistance a copy of the approved emerging technology test plan that is on file for verification. The manufacturer can supply a copy of that test plan to the eligible entity or the manufacturer can submit the test plan directly to EPA.

Eligible entities, in consultation with the technology manufacturer, can propose to conduct testing that will further support the development and document the in-use operation of emerging technologies. Such test programs can include additional data logging and monitoring of device operation. Measuring emissions with a portable emission measurement system (PEMS) to document emission reduction durability can also be proposed to help support verification. All costs associated with testing (including voluntary cost-share and/or

2 Eligible non-road engines used for energy production include, but are not limited to, stationary generators and pumps.

leveraged resources) must be fully described in the application, and the level of funding awarded for testing will be considered in the project eligibility and ranking. The costs of testing will be included in determining the overall cost effectiveness of the project.

Only technologies on the Emerging Technology List by the close of this RFA can qualify for funding under this RFA. Eligible entities wishing to propose the use of an emerging technology not on the Emerging Technology List must have the manufacturer contact EPA to seek placement on the list. Manufacturers wishing to be placed on the Emerging Technologies List should start the process as soon as possible as there are a number of steps to complete. Should a technology be removed from the Emerging Technologies list without receiving verification status, that technology is no longer eligible for use on any Recovery Act Funding for the Clean Diesel Emerging Technologies Program assistance agreement.

4. **National Programmatic Priorities**: In addition to the Recovery Act priorities described above, a principal objective of the assistance under this program is to achieve significant reductions in diesel emissions in terms of tons of pollution produced and reductions in diesel emissions exposure, particularly from vehicles, engines and equipment operating in areas designated by the Administrator as poor air quality areas. Under EPAct 2005, priority for funding under this RFA will go to projects that accomplish the following:
   - **a.** Maximize public health benefits;
   - **b.** Are the most cost-effective;
   - **c.** Are in areas with high population density, that are poor air quality areas (including nonattainment[3] or maintenance of national ambient air quality standards for a criteria pollutant; Federal Class I areas[4]; or areas with toxic air pollutant concerns);
   - **d.** Are in areas that receive a disproportionate quantity of air pollution from diesel fleets, including truck stops, ports, rail yards, terminals, and distribution centers or that use a community-based multi-stakeholder collaborative process to reduce toxic emissions;
   - **e.** Include an emerging technology that has a long expected useful life;
   - **f.** Maximize the useful life of any emerging technology used or funded by the eligible entity;
   - **g.** Conserve diesel fuel; and
   - **h.** Utilize ultra low sulfur diesel fuel (15 parts per million of sulfur content) ahead of EPA's mandate (for non-road projects).

5. **Restriction for Mandated Measures:** Pursuant to Section 792(d)(2) of the EPAct of 2005, no funds awarded under this RFA shall be used to fund the costs of emissions reductions that are mandated under Federal, State or local law. The restriction applies when the mandate takes effect (the effective date) for any affected vehicles, engines or equipment. If the project takes place in an affected area, or includes affected vehicles, engines, or equipment the Applicant must clearly demonstrate that emission reductions funded with EPA funds:

   - **a.** will be implemented prior to the effective date of the mandate; or
   - **b.** are in excess of (above and beyond) those required by the applicable mandate.

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3 EPA's areas of nonattainment for criteria air pollutants can be found here: http://www.epa.gov/air/oaqps/greenbk/

4 Federal Class I areas are National Parks, Wilderness Areas and National Monuments that are accorded special protection from visibility impairment under section 162(a) of the clean Air Act. A list of Class I areas can be found here: http://www.epa.gov/air/visibility/program.html

Emission reduction benefits shall only be calculated for the period preceding the effective date or compliance deadline. Voluntary or elective emission reduction measures shall not be considered "mandated," regardless of whether the reductions are included in a State Implementation Plan or a non-regulatory contract specification.

E. Results and Anticipated Outputs/Outcomes

Pursuant to Section 6a of EPA Order 5700.7, "Environmental Results under EPA Assistance Agreements," EPA must link proposed assistance agreements to the Agency's Strategic Plan. EPA also requires that grant applicants and recipients adequately describe environmental outputs and environmental outcomes to be achieved under assistance agreements (see EPA Order 5700.7, Environmental Results under Assistance Agreements, http://www.epa.gov/ogd/grants/award/5700.7.pdf).

1. **Linkage to EPA Strategic Plan:** All applications must support Goal 1 of EPA's 2006-2011 Strategic Plan, Clean Air and Global Climate Change; Objective 1.1: Healthier Outdoor Air, which states, "Through 2011…[EPA will]…protect human health and the environment by attaining and maintaining health-based air-quality standards and reducing the risk from toxic air pollutants." (http://www.epa.gov/ocfo/plan/2006/entire_report.pdf). Projects funded under this RFA must reduce emissions from diesel fleets, thereby reducing local and regional air pollution. In addition, all projects must support the Recovery Act priorities described above in Section I.D "Scope of Work." Award recipients may be provided with additional information and guidance on reporting measures, including those related to the Recovery Act, after award.

2. **Outputs:** The term "output" means an economic or environmental activity, effort and/or associated products related to an economic or environmental goal and objective that will be produced or provided over a period of time or by a specified date. Outputs may be quantitative or qualitative but must be measurable during an assistance agreement funding period. Applications must include a description of how assistance agreement recipients will track and measure their progress towards achieving the expected economic and environmental outputs of the project, including those related to the Recovery Act, throughout the assistance agreement period. Expected **outputs** from the projects to be funded under this solicitation include, but are not limited to, the following:

   a. Amount of funds expended on the project;
   b. Evaluation of the completion status of the project;
   c. Amount of funds dispersed to sub-recipients;
   d. Status of Vendor selection(s) (initiated or completed);
   e. Status of procurements or bids (initiated or completed);
   f. Number of purchased or retrofitted engines/vehicles/equipment;
   g. Number of individual jobs preserved and/or created working directly on the project.

3. **Outcomes:** The term "outcome" means the result, effect or consequence that will occur from carrying out an economic or environmental program or activity that is related to an economic or environmental or programmatic goal or objective. Outcomes may be economic, environmental, behavioral, health-related or programmatic in nature, but must be quantitative. Applications must include a description of how assistance agreement recipients

will track and measure their progress towards achieving the expected economic and environmental outcomes of the project, including those related to the Recovery Act, throughout the assistance agreement period. Applications must include a description of project outcomes resulting from the project outputs. Expected **outcomes** from projects funded under this solicitation may include but are not limited to the following:

a. **Short-term outcomes** such as:
   - **i.** An increased understanding of the environmental or economic effectiveness of the implemented technology;
   - **ii.** Dissemination of the increased knowledge via list serves, websites, journals, and outreach events; and
   - **iii.** Preservation and/or creation of jobs and the promotion of economic recovery.

b. **Medium-term outcomes** such as:
   - **i.** Widespread adoption of the implemented technology;
   - **ii.** Placement of the technology on the Verified Technology List;
   - **iii.** Assisting those most impacted by the present economic conditions;
   - **iv.** Providing investments needed to increase economic efficiency by spurring technological advances in science and health;
   - **v.** Annual pounds or tons of fine particulate matter (PM2.5), nitrogen oxides (NOx), greenhouse gases (GHG) and/or volatile organic compound (VOCs) reduced,
   - **vi.** Cost effectiveness of project (in $/ton or $/lb);
   - **vii.** Health benefits achieved (health benefits may be measured by numbers of illnesses, health care costs, or missed work/school days avoided);
   - **viii.** Preservation and/or creation of jobs and the promotion of economic recovery; and
   - **ix.** Diesel fuel saved.

c. **Long-term outcomes** such as:
   - **i.** Health benefits achieved (health benefits may be measured by numbers of illnesses (e.g. reductions in the number of children with asthma, health care costs, or missed work/school days avoided);
   - **ii.** Documented improved ambient air quality;
   - **iii.** Investment in transportation, environmental protection and other activities that will provide long-term economic benefits including jobs created/retained; and
   - **iv.** Preservation and/or creation of jobs and the promotion of economic recovery.

To estimate some of the anticipated environmental outcomes of your application, (e.g. pollution reduced), EPA encourages you to use the Diesel Emissions Quantifier found at http://cfpub.epa.gov/quantifier/view/index.cfm. More information on the Diesel Emissions Quantifier, including how to calculate cost effectiveness, is in Section VIII "Other."

If you are unable to use these models, please describe your methodology for estimating or determining outcomes in detail.

F. Supplementary Information

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provides emergency funding for the Diesel Emissions Reduction National Program as outlined in the EPAct of 2005, which provides diesel emissions reduction grant authority for EPA.

II. AWARD INFORMATION

A. What is the amount of funding available?

EPA anticipates awarding a total of approximately $20 million under this announcement.

B. Partial Funding.

In appropriate circumstances, EPA reserves the right to partially fund applications by funding discrete portions or phases of proposed projects. If EPA decides to partially fund an application, it will do so in a manner that does not prejudice any applicants or affect the basis upon which the application or portion thereof, was evaluated and selected for award, and therefore maintains the integrity of the competition and selection process.

C. How many agreements will EPA award in this competition?

EPA anticipates awarding 10-20 cooperative agreements ranging from approximately $500,000 to $3,000,000, subject to availability of funds and the quality of applications received. In addition, EPA reserves the right to make additional awards under this announcement, consistent with Agency policy and other applicable considerations, if additional funding becomes available after the original selections. Any additional selections for awards will be made no later than 6 months from the date of the original selection.

D. What is the project period for awards resulting from this solicitation?

The estimated project period for awards resulting from this solicitation will begin in June 2009 and it is expected that projects will be completed by September 30, 2010.

E. Funding Type

The funding for selected projects will be in the form of a cooperative agreement. Cooperative agreements permit substantial involvement between EPA and the selected applicants in the performance of the work supported. Although EPA will negotiate precise terms and conditions relating to substantial involvement as part of the award process, the anticipated substantial Federal involvement for this project will be:

- close monitoring of the successful applicant's performance to verify the results proposed by the applicant;
- collaboration during performance of the scope of work;
- approving substantive terms of proposed contracts and subawards;
- approving qualifications of key personnel (EPA will not select employees or contractors employed by the award recipient);
- reviewing and commenting on reports prepared under the cooperative agreement (the final decision on the content of reports rests with the recipient);
- monitoring that project proceeds within approved timeline

F. Funding Restrictions

EPA cooperative agreement funds can be used only for the purposes set forth in the assistance agreement, and must be consistent with the statutory authority for the award.

Cooperative agreement funds 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.

Cooperative agreement funds cannot be used for certified engine configurations or fully verified technologies included on EPA or CARB's verified technology list.

Cooperative agreement funds cannot be used for fueling infrastructure, such as that used for the production and/or distribution of fuel such as biodiesel, or compressed natural gas fueling stations.

Cooperative agreement funds cannot be used for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

Grant or cooperative agreement funds cannot be used to fund the costs of emissions reductions that are mandated under Federal, State or local law, pursuant to Section 792(d)(2) of EPAct of 2005. Voluntary or elective emission reduction measures shall not be considered "mandated," regardless of whether the reductions are included in the State implementation plan of a State. The restriction applies when the mandate takes effect (the effective date).

EPA reserves the right to reject all applications and make no awards under this announcement or, to make fewer awards than anticipated.

III. ELIGIBILITY INFORMATION

A. Eligible Entities

Under this solicitation, only the following entities are eligible to apply for assistance, in accordance with Section 791(3) of the Energy Policy Act of 2005 and CFDA 66.039:

1. A regional, State, local or tribal agency or port authority with jurisdiction over transportation or air quality; and
2. A nonprofit organization or institution that:
   a. represents or provides pollution reduction or educational services to persons or organizations that own or operate diesel fleets; or
   b. has, as its principal purpose, the promotion of transportation or air quality.

School districts, municipalities, metropolitan planning organizations (MPOs), cities and counties are all eligible entities under this assistance agreement program to the extent that they fall within the definition above.

B. Cost-Share and Leveraged Resources

There is no requirement for a cost-share contribution from applicants for projects involving Emerging Technologies.

EPA encourages the use of leveraged funds to enhance and expand the project. Applications that leverage resources beyond EPA's funding may receive additional points during the evaluation process. In order to be considered for evaluation, any leveraged funds, and their source, must be identified in the Budget Detail portion of the Work Plan. Leveraged funding or other resources need not be for eligible and allowable project costs under the EPA assistance agreement unless the Applicant proposes to provide a voluntary cost share or match as described below.

Applicants may include leveraged funds in the form of a voluntary cost-share in the official project budget. However, if EPA accepts an offer for a voluntary cost-share, applicants must meet their sharing commitment as a condition of receiving EPA funding. Applicants can use their own funds or other resources for voluntary cost-share if the standards at 40 CFR 30.23 or 40 CFR 31.24, as applicable, are met. Only eligible and allowable costs can be used for voluntary cost-share. Other Federal grants cannot be used as voluntary cost-shares without specific statutory authority (e.g. HUD's Community Development Block Grants). To be included in the total project budget, voluntary cost-share funds should be indicated in at least one of the following blocks in Section 15, *Estimated Funding*, on the SF-424: b. Applicant; c. State; d. Local; or e. Other. The cost-shared funds must also be indicated in Sections A-C of the SF-424A, and in the Budget Detail portion of the Work Plan.

C. Threshold Eligibility Criteria

In addition to the applicant eligibility criteria in Section III.A above, and the funding restrictions noted in Section II, applications must also meet the following threshold criteria. Failure to meet any of the following criteria in the application submission will result in disqualification of the application for funding consideration. Ineligible applicants will be notified within 15 calendar days of the finding that the applicant was not eligible for award consideration based on the threshold criteria.

1. Application Content and Submission

- **a.** Applications must substantially comply with the application submission instructions and requirements set forth in Section IV of this announcement or else they will be rejected.
- **b.** Where a page limit is expressed in Section IV with respect to the project narrative, pages in excess of the page limitation will not be reviewed.
- **c.** Applications must be received by EPA through one of the specified methods in Section IV on or before the application submission deadline published in Section IV of the announcement. Applications received after the submission deadline will be considered late and returned to the sender without further consideration unless the applicant can clearly demonstrate that it was late due to EPA mishandling. For hard copy or e-mailed submissions, where Section IV requires application receipt by a specific person/office by the submission deadline, receipt by an agency mailroom is not sufficient. Applicants should confirm receipt of their application with the EPA contact identified in Section IV

as soon as possible after the submission deadline—failure to do so may result in your application not being reviewed.

d. Applications will not be accepted via fax or standard 1st class mail delivery by U.S. Postal Service

2. Applications for projects utilizing a technology that is not on the Emerging Technology List by the close of this announcement will not be reviewed.

3. Applications for project utilizing fully verified technologies included on EPA or CARB's verified technology list will not be reviewed.

4. Applications that use funds for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool will not be reviewed.

5. Applications requesting funds for emissions reductions that are mandated under Federal, State or local law will not be reviewed.

6. In their applications, States must demonstrate that their Governor or State legislature has agreed to accept Recovery Act funds for this program as required by section 1607 of the Recovery Act.

IV. APPLICATION AND SUBMISSION INFORMATION

A. How to Obtain Application Package

Applicants can download individual grant application forms from EPA's Office of Grants and Debarment website at: http://www.epa.gov/ogd/grants/how_to_apply.htm.

To obtain a hard copy of materials, please send an email or written request to the Agency contact listed in Section VII of this announcement.

B. Application Submission

Applicants have the following options to submit their applications: 1) Hard copy by express delivery service to the specified EPA contact below, or 2) electronically through email to the specified EPA contact below. Applications will not be accepted via fax or standard 1st class mail delivery by U.S. Postal Service. All applications must be prepared, and include the information, as described below in Section IV.C "Content of Application," regardless of mode of transmission.

1. Hard Copy Submission: Please provide one original of the application package (including signed and completed SF 424 and SF 424A forms) --**no binders or spiral binding**--to:

Hard Copy via Express Delivery (FedEx, UPS, DHL, etc.)

U.S. Environmental Protection Agency
ATTN: Jennifer Went
1310 L Street, NW (Room 347F)

Washington, DC 20005

All hard copies of application packages must be received by Jennifer Went by **May 5, 2009, 4:00 p.m. EDT**

2. **Email Submission:** Please send an email containing Adobe pdf files of all required application package materials including signed and completed forms. Emails must be addressed to went.jennifer@epa.gov and include, "Recovery Act Emerging Technology Application – [name of applicant] in the subject line. Email submissions must be received by **May 5, 2009, 4:00 p.m. EDT**. Please note that if you choose to submit your materials via email, you are accepting all risks attendant to email submission including server delays.

C. Content of Application Package

1. **Grant Application Forms:** Please be sure to include the Applicant organization fax number and email address in Block 5 of the Standard Form 424. The forms are available at http://www.epa.gov/ogd/AppKit/application.htm.

   a. Application for Federal Assistance (SF-424)
   b. Budget Information for Non-Construction Programs (SF-424A)
   c. Assurances, Non-Construction Programs (SF-424B)
   d. Certification Regarding Lobbying; and, if applicable Pre-Award Disclosure of Lobbying Activities (SF-LLL)
   e. Pre-Award Compliance Review Report for All Applicants Requesting Federal Financial Assistance (EPA Form 4700-4)
   f. Key Contacts Form (EPA Form 5700-54)

2. **Project Narrative:** The Project Narrative must comply with the format and content outlined below in Parts a and b. The Project Narrative must not exceed a maximum of 10 single-spaced typewritten pages, including the Cover Page. Pages in excess of the 10-page limit will not be considered. Supporting materials, such as resumes, letters of support and fleet descriptions can be submitted as attachments and are not included in the 10-page limit.

   a. Cover Page: The cover page must include the following information**:**
      i. Project Title.
      ii. Applicant Information. Include applicant (organization) name, address, contact person, phone number, fax and e-mail address and DUNS number (see Section 6.D).
      iii. Applicant Eligibility. Using the criteria outlined under Section III.A, please explain how you are an eligible entity.
      iv. Funding Requested. Specify the amount you are requesting from EPA.
      v. Total Project Cost. Specify total cost of the project. Identify funding from other sources, including leveraged resources, and demonstrate your ability to obtain these funds.
      vi. Project period. Provide beginning and ending dates**.**

b. Work Plan

The Work Plan must include Parts (i) – (viii) below and explicitly describe how the project meets the goals, objectives, and guidelines established in Sections I-III (including the threshold eligibility criteria in Section III.C) of this announcement, and must address each of the evaluation criteria set forth in Section V**.**

i. Project Summary: This section of the work plan must contain a detailed project description, including the following information:

1. The means by which the project will achieve a significant reduction in diesel emissions.
2. A full description of all emerging technologies to be used or funded by the applicant.
3. The number, types and typical use (see Section I.C.4), and ownership of vehicles, engines and/or equipment targeted for emissions reductions.
4. The age and expected lifetime of the vehicles and/or equipment targeted for emissions reductions.
5. The roles and responsibilities of the Applicant organization and any other project partners, contractors, or subgrantees.
6. A detailed timeline for the project including milestones for specific tasks, such as bidding, procurement, and installation.
7. Information on the sustainability of the project beyond the assistance agreement period, including a discussion of whom or what organization(s) will retain ownership of any vehicles, engines and/or equipment purchased with funding from this project).
8. A demonstration that the project meets the Restriction for Mandated Measures as defined in Section I.C.7.

ii. Recovery Act Funding Priorities: This section of the work plan must contain specific information on how the project will achieve the goals of promoting job creation and/or preservation and economic recovery as expeditiously as possible. Applicants must demonstrate in this section how the project will:

1. Preserve and/or create jobs and promote economic recovery;
2. Maximize job creation and economic benefit;
3. Assist those most impacted by the current economic conditions;
4. Provide investments needed to increase economic efficiency by spurring technological advances in science and health;
5. Invest in transportation, environmental protection and other activities that will provide long-term economic benefits; and
6. Be commenced as quickly as possible consistent with prudent management.
7. Track and measure the applicant recipient's progress towards achieving the Recovery Act priorities identified in this announcement.

iii. National Programmatic Priorities: This section of the work plan must address how the project will achieve each of the following programmatic priorities. Priority for funding under this RFA will go to projects that accomplish the following:

1. Maximize public health benefits;
2. Are the most cost-effective – applicant should include an estimate of project costs and the cost-effectiveness of emission reductions;

3. Are in areas with high population density, that are poor air quality areas (including nonattainment or maintenance of national ambient air quality standards for a criteria pollutant; Federal Class I areas; or areas with toxic air pollutant concerns) – applicants should include a description of the air quality of the area affected by the project;
4. Are in areas that receive a disproportionate quantity of air pollution from diesel fleets, including truck stops, ports, rail yards, terminals, and distribution centers or that use a community-based multi-stakeholder collaborative process to reduce toxic emissions – applicants should include information on the quantity of air pollution produced by the diesel fleets in the area affected by the project;
5. Include an emerging technology that has a long expected useful life – applicants should include a description of any emerging technologies to be used or funded by the project (see Section I.D.3), including expected lifetime of said technologies;
6. Maximize the useful life of any emerging technology used or funded by the eligible entity;
7. Conserve diesel fuel; and
8. Utilize ultra low sulfur diesel fuel (15 parts per million of sulfur content) ahead of EPA's mandate (for non-road projects) – applicants should include a description of the diesel fuel available in the areas to be served by the project, including the sulfur content of the fuel.

iv. **Past Performance-- Programmatic Capability and Reporting on Results-- Outcomes and Outputs:** This section of the work plan must include a list of federally funded assistance agreements **(assistance agreements include Federal grants and cooperative agreements but not Federal contracts)** similar in size, scope and relevance to the proposed project that your organization performed within the last three years (no more than 3, and preferably EPA agreements) and describe:

1. whether, and how, you were able to successfully complete and manage those agreements;
2. your history of meeting the reporting requirements under those agreements including submitting acceptable final technical reports; and
3. how you documented and/or reported on whether you were making progress towards achieving the expected results (e.g., outputs and outcomes) under those agreements. If you were not making progress, please indicate whether, and how, you documented why not.

*In evaluating applicants under these factors in Section V, EPA will consider the information provided by the applicant and may also consider relevant information from other sources, including information from EPA files and from current and prior Federal agency grantors (e.g., to verify and/or supplement the information provided by the applicant). If you do not have any relevant or available past performance or reporting information, please indicate this and you will receive a neutral score for these factors under Section V. If you do not provide any response for this item, you may receive a score of 0 for the factors.

v. **Staff Expertise and Qualifications:** This section of the work plan must include information on your organizational experience for timely and successfully achieving

the objectives of the proposed project, and your staff expertise/qualification, staff knowledge, and resources or the ability to obtain them, to successfully achieve the goals of the proposed project.

EPA will not consider the qualifications, experience, and expertise of named subawardees/contractor(s) unless certain conditions/requirements are met. For additional information see Section IV.G "Contracts, Subawards and Partnerships."

vi. **Results – Outputs and Outcomes:** This section of the work plan must include a discussion of the expected quantitative and qualitative outputs and outcomes of the project (See Section I.D), including what measurements will be used to track progress towards achieving the expected outputs and outcomes, including those related to Recovery Act priorities, and how the results of the project will be evaluated. Identify the expected project outputs and outcomes and how progress towards achieving them will be tracked, measured and reported. We suggest that you include the following table, or something similar, in this section of the work plan.

Anticipated Outputs and Outcomes		
Activities	**Outputs**	**Short, medium, and long-term Outcomes**
Example below:		
Retrofit 100 school buses	# of technology installed = 100 DPFs on 100 school buses	Short-term: Successful installation of 100 DPFs Medium-term: Emissions Reduction = Reduce x tons/year of PM, NOx, HC, etc Long-term: Health Effects = Reduce asthma in children. Increase lung function and decrease cardiopulmonary disease

vii. **Leveraged Resources and Project Partners**

1. **Leveraged Resources:** Identify how you will coordinate the use of EPA funding with other Federal and/or non-Federal sources of funds to leverage additional resources to carry out the proposed project(s). Identify how EPA funding will complement activities relevant to the proposed project(s) carried out by the applicant with other sources of funds or resources. Leveraged funding or other resources need not be for eligible and allowable project costs under the EPA assistance agreement unless the Applicant chooses to include a voluntary cost–share as part of the official project budget. See Section III.B for additional information on leveraged resources.

2. **Project Partners**: Provide information on project partners and their various roles, including any leveraged resources or cost-share funds provided.

viii. **Budget Detail:** This section of the work plan is a narrative description of the budget found in the SF-424A, and must include a detailed discussion of how EPA funds will be used. Applicants must itemize costs related to personnel, fringe benefits, travel, equipment, supplies, contractual costs, other direct costs, indirect costs, and total costs. Applicants are encouraged to use the instructions and Budget Detail found in Appendix A of this RFA to complete this section of the work plan.

Management Fees: When formulating budgets for applications, applicants must not include management fees or similar charges in excess of the direct costs and indirect costs at the rate approved by the applicant's cognizant Federal audit agency, or at the rate provided for by the terms of the agreement negotiated with EPA. The term "management fees or similar charges" refers to expenses added to the direct costs in order to accumulate and reserve funds for ongoing business expenses, unforeseen liabilities, or for other similar costs that are not allowable under EPA assistance agreements. Management fees or similar charges cannot be used to improve or expand the project funded under this agreement, except to the extent authorized as a direct cost of carrying out the work plan.

3. **Applicant Fleet Description:** This information does not count towards the 10-page limit. Describe the fleet targeted for the project including the: target fleet, number of vehicles, vehicle class, model year, retrofit year, chosen technology, current fuel type, amount of fuel used, etc. This information may be presented in a table format. For assistance in organizing and summarizing details of the project, including a sample table with specifics about vehicles, engines and/or equipment, applicants may go to the following website: http://www.epa.gov/otaq/eparecovery/prognational.htm#application .

4. **Optional Attachments:** These are not included in the 10-page limit.
   a. **Resumes:** Provide resumes or curriculum vitae for all principal investigators and any other key personnel.
   b. **Support Letters**. Specifically indicate how supporting organizations will assist in the project. Please limit your letters of support to 3.

5. Approved Emerging Technology Test Plan for Verification for the technology must be submitted (see Section 1.D.3). This is not included in the 10-page limit.

D. Submission Dates and Time

The closing date for receipt of applications is **Tuesday, May 5, 2009.** All hard copies of application packages must be received by Jennifer Went by **Tuesday**, **May 5, 2009, 4:00 p.m EDT** in order to be considered for funding. Electronic submissions must be received via email by Jennifer Went (went.jennifer@epa.gov) by **Tuesday**, **May 5, 2009, 4:00 p.m. EDT**. Applications received after the closing date and time will not be considered for funding.

E. Confidential Business Information

In accordance with 40 CFR 2.203, applicants may claim all or a portion of their application/proposal package as confidential business information. EPA will evaluate confidentiality claims in accordance with 40 CFR Part 2. Applicants must clearly mark applications/proposals or portions thereof that they claim as confidential. If no claim of confidentiality is made, EPA is not required to make the inquiry to the applicant otherwise required by 40 CFR 2.204(c)(2) prior to disclosure. However, competitive proposals/applications are considered confidential and protected from disclosure prior to the completion of the competitive selection process.

F. Pre-Application Assistance and Communications

In accordance with EPA's Assistance Agreement Competition Policy (EPA Order 5700.5A1), EPA staff will not meet with individual applicants to discuss draft applications, provide informal

comments on draft applications, or provide advice to applicants on how to respond to ranking criteria. Applicants are responsible for the content of their applications.

EPA will respond to questions in writing from individual applicants regarding threshold eligibility criteria, administrative issues related to the submission of the application, and requests for clarification about the announcement.

Please email written questions to cleandiesel@epa.gov. Please type "Recovery Act Emerging Technologies RFA" in the subject line of your email. Answers will be posted in the Frequently Asked Questions at http://www.epa.gov/otaq/eparecovery/progemerge.htm.

In addition, EPA will host a Question and Answer session regarding this Request for Applications via teleconference. EPA will attempt to answer any appropriate questions in this public forum. Dates, times, and participant information for Question and Answer sessions will be posted at http://www.epa.gov/otaq/eparecovery/progemerge.htm as it becomes available.

Frequently asked questions and answers from this teleconference, as well as any questions received in writing, will also be posted on the website listed above.

G. Contracts, Subawards and Partnerships

1. Can funding be used for the applicant to make subawards, acquire contract services, or fund partnerships?

EPA awards funds to one eligible applicant as the recipient even if other eligible applicants are named as partners or co-applicants or members of a coalition or consortium. The recipient is accountable to EPA for the proper expenditure of funds.

Funding may be used to provide subgrants or subawards of financial assistance, which includes using subawards or subgrants to fund partnerships , provided the recipient complies with applicable requirements for subawards or subgrants including those contained in 40 CFR Parts 30 or 31, as appropriate. Applicants must compete contracts for services and products, including consultant contracts, and conduct cost and price analyses, to the extent required by the procurement provisions of the regulations at 40 CFR Parts 30 or 31, as appropriate. The regulations also contain limitations on consultant compensation. Applicants are not required to identify subawardees/subgrantees and/or contractors (including consultants) in their proposal/application. However, if they do, the fact that an applicant selected for award has named a specific subawardee/subgrantee, contractor, or consultant in the proposal/application EPA selects for funding does not relieve the applicant of its obligations to comply with subaward/subgrant and/or competitive procurement requirements as appropriate. Please note that applicants may not award sole source contracts to consulting, engineering or other firms assisting applicants with the proposal solely based on the firm's role in preparing the proposal/application.

Successful applicants cannot use subgrants or subawards to avoid requirements in EPA grant regulations for competitive procurement by using these instruments to acquire commercial services or products from for-profit organizations to carry out its assistance agreement. The nature of the transaction between the recipient and the subawardee or subgrantee must be

consistent with the standards for distinguishing between vendor transactions and subrecipient assistance under Subpart B Section .210 of OMB Circular A-133 , and the definitions of subaward at 40 CFR 30.2(ff) or subgrant at 40 CFR 31.3, as applicable. EPA will not be a party to these transactions. Applicants acquiring commercial goods or services must comply with the competitive procurement standards in 40 CFR Part 30 or 40 CFR Part 31.36 and cannot use a subaward/subgrant as the funding mechanism.

2. How will an applicant's proposed subawardees/subgrantees and contractors be considered during the evaluation process described in Section V of the announcement?

Section V of the announcement describes the evaluation criteria and evaluation process that will be used by EPA to make selections under this announcement. During this evaluation, except for those criteria that relate to the applicant's own qualifications, past performance, and reporting history, the review panel will consider, as appropriate and relevant, the qualifications, expertise, and experience of:

a. an applicant's named subawardees/subgrantees identified in the proposal/application if the applicant demonstrates in the proposal/application that if it receives an award that the subaward/subgrant will be properly awarded consistent with the applicable regulations in 40 CFR Parts 30 or 31. For example, applicants must not use subawards/subgrants to obtain commercial services or products from for profit firms or individual consultants.

b. an applicant's named contractor(s), including consultants, identified in the proposal/application if the applicant demonstrates in its proposal/application that the contractor(s) was selected in compliance with the competitive Procurement Standards in 40 CFR Part 30 or 40 CFR 31.36 as appropriate. For example, an applicant must demonstrate that it selected the contractor(s) competitively or that a proper non-competitive sole-source award consistent with the regulations will be made to the contractor(s), that efforts were made to provide small and disadvantaged businesses with opportunities to compete, and that some form of cost or price analysis was conducted. EPA may not accept sole source justifications for contracts for services or products that are otherwise readily available in the commercial marketplace.

EPA will not consider the qualifications, experience, and expertise of named subawardees/subgrantees and/or named contractor(s) during the proposal/application evaluation process unless the applicant complies with these requirements.

V. APPLICATION REVIEW INFORMATION

Only those applications that meet the threshold criteria in Section III will be evaluated according to the criteria set forth below. Applicants should directly and explicitly address these criteria as part of their application submittal. Each application will be rated under a points system, with a total of 100 points possible.

A. Evaluation Criteria

Criteria	Points
Project Narrative	
1. <u>Project Summary and Overall Approach:</u> Under this criterion, the Agency will evaluate the following factors: **a.** (8 points) the extent and quality to which the applicant addresses the requirements in Section IV.C.2.b.(i)"Project Summary" in the Project Narrative; and **b.** (8 points) the extent and quality to which the application includes a well-conceived, logical strategy for achieving – by the project end date – the anticipated economic and environmental results associated with the project.	**16**
2. <u>Recovery Act Funding Priorities</u>: Under this criterion, the Agency will evaluate the degree and quality to which the applicant effectively demonstrates that the project will: **a.** (15 points) Preserve and/or create jobs and promote economic recovery; maximize job creation and economic benefit; assist those most impacted by the present economic conditions; provide investments needed to increase economic efficiency by spurring technological advances in science and health; invest in transportation, environmental protection and other activities that will provide long-term economic benefits; and **b.** (10 points) Be commenced as quickly as possible consistent with prudent management.	**25**
3. <u>National Programmatic Priorities</u>: Under this criterion, the Agency will evaluate the extent and quality to which the project addresses the programmatic priorities identified in Section IV.C.2.b.(iii) "National Programmatic Priorities:" **a.** (5 points.) Maximize public health benefits; **b.** (5 pts) Are the most cost-effective; **c.** (4 points) Are in areas with high population density, that are poor air quality areas, that receive a disproportionate quantity of air pollution from diesel fleets, including truck stops, ports, rail yards, terminals, and distribution centers or that use a community-based multi-stakeholder collaborative process to reduce toxic emissions; and **d.** (4 points) Include an emerging technology that has a long expected useful life, maximize the useful life of any emerging technology used or funded by the eligible entity, and conserve diesel fuel and utilize ultra low sulfur diesel fuel ahead of EPA's mandate.	**18**
4. <u>Past Performance--Programmatic Capability and Reporting on Environmental Results:</u> Under this criterion, the Agency will evaluate the applicant's technical ability to successfully complete and manage the project taking into account the applicant's: **a.** (2 points) past performance in successfully completing and managing federally funded assistance agreements **(assistance agreements include Federal grants and cooperative agreements but not Federal contracts)** similar in size, scope, and relevance to the proposed project performed within the last 3 years; **b.** (2 points) history of meeting reporting requirements on federally funded assistance agreements **(assistance agreements include Federal grants and**	**6**

cooperative agreements but not Federal contracts) similar in size, scope, and relevance to the proposed project performed within the last 3 years and submitting acceptable final technical reports under those agreements; and **c.** (2 points) past performance in documenting and/or reporting on progress towards achieving the expected outcomes and outputs (e.g., results) under federally funded assistance agreements **(assistance agreements include Federal grants and cooperative agreements but not Federal contracts)** similar in size, scope and relevance to the proposed project within the last 3 years; and, if such progress was not made whether the documentation and/or reports satisfactorily explained why not. NOTE: In evaluating applicants under this criterion, the Agency will consider the information provided by the applicant and may also consider relevant information from other sources including agency files and prior/current grantors (e.g., to verify and/or supplement the information supplied by the applicant). Applicants with no relevant or available past performance or reporting history will receive a neutral score for those elements under this criterion. A neutral score is half of the total points available in a subset of possible points. If you do not provide any response for these items, you may receive a score of 0 for these factors.	
5. Staff Expertise/Qualifications: Under this criterion, applicants will be evaluated on staff expertise/qualifications, staff knowledge, and resources or the ability to obtain them, to successfully achieve the goals of the project.	**5**
6. Results – Outcomes and Outputs: Under this criterion, the Agency will evaluate the effectiveness of the applicant's plan for tracking and measuring its progress toward achieving the expected project outputs and outcomes, including those identified in Section I.E "Results and Anticipated Outcomes/Outputs" and the Recovery Act related priorities and goals. **a.** (8 points) The applicant's plan and approach for tracking, measuring, and reporting progress towards achieving the Recovery Act related priorities, outputs and outcomes of the project including those identified in Sections I.D and E and whether the plan and approach is presented clearly and accurately. **b.** (7 points) The applicant's plan and approach for tracking, measuring and reporting progress towards achieving the environmental related outputs and outcomes of the project including those identified in Sections I.D and E and whether the plan and approach is presented clearly and accurately.	**15**
7. Leveraged Resources and Project Partners: Under this criterion, applicants will be evaluated based on the extent they demonstrate how they will coordinate the use of EPA funding with other Federal and/or non Federal sources of funds to leverage additional resources to carry out the project(s) and/or that EPA funding will complement activities relevant to the project(s) carried out by the applicant with other sources of funds or resources.	**5**
8. Budget/Resources: Under this criterion, the Agency will evaluate whether the project budget is appropriate to accomplish the proposed goals, objectives, and measurable environmental outcomes.	**5**

<u>9. Clear Description of the Target Fleet</u>: Under this criterion, applicants will be evaluated on the degree to which detailed information on the fleet (vessel(s), vehicle(s), engine(s) and/or equipment) is provided.	**5**

B. Review and Selection Process

Applications will first be evaluated against the threshold factors listed in Section III. Only those applications which meet all of the threshold factors will be evaluated using the evaluation criteria listed above by an EPA evaluation team. Each application will be given a numerical score and will be rank-ordered according to the numerical score. Preliminary funding recommendations will be provided to the Approving Official based on this ranking.

C. Other Factors

Final funding decisions will be made by the Approving Official based on the rankings and preliminary recommendation of the EPA evaluation team. In making the final funding decisions, the EPA Approving Official may also consider sector and technology diversity, geographic diversity, the extent to which the project addresses the Recovery Act objectives, and the funding priorities of the statutory funding allocation (EPAct 2005). Once final decisions have been made, a funding recommendation will be developed and forwarded to the EPA Award Official.

VI. AWARD ADMINISTRATION INFORMATION

A. Award Notices

Following evaluation of applications, all applicants will be notified regarding their status.

1. **Successful Applicants:** EPA anticipates notification to the *successful* applicant will be made via telephone, electronic or postal mail by May 27, 2009. The notification will advise the applicant that its application has been successfully evaluated and recommended for award. The notification will be sent to the original signer of the Standard Form 424, Application for Federal Assistance.

   This notification, which advises that the applicant's application has been recommended for award, is not an authorization to begin performance. The award offer signed by the EPA Award Official is the authorizing document and will be provided through postal mail.

   Final applications and forms will be requested, as necessary, from those eligible entities whose application has been successfully evaluated and preliminarily recommended for award. Those entities will be provided with instructions and a due date for submittal of the final application package.

2. **Unsuccessful Applicants:** EPA anticipates notification to *unsuccessful* applicant(s) will be made via electronic or postal mail by June 23, 2009. The notification will be sent to the original signer of the Standard Form 424, Application for Federal Assistance.

B. General Administrative and National Policy Requirements

A listing and description of general EPA Regulations applicable to the award of assistance agreements may be viewed at:
http://www.epa.gov/ogd/AppKit/applicable_epa_regulations_and_description.htm.

Executive Order 12372, Intergovernmental Review of Federal Programs may be applicable to awards resulting from this announcement. Applicants selected for funding may be required to provide a copy of their application to their State Point of Contact (SPOC) for review, pursuant to Executive Order 12372, Intergovernmental Review of Federal Programs. Not all States require such a review. *Federally-recognized Tribal governments are not required to comply with this procedure.*

C. American Recovery and Reinvestment Act of 2009 Requirements

All assistance agreements resulting from this announcement will include all terms and conditions required by the American Recovery and Reinvestment Act of 2009 (Recovery Act) and any implementing regulations and guidance including but not limited to terms relating to recipient reporting on the use of funds as specified in Section 1512 of the Act.

Certain provisions of the Recovery Act are applicable only to specific types of grant recipients and/or to specific projects.

For example, States must comply with the requirements of Division A, Title XVI, Section 1607 of the Recovery Act. See http://www.recovery.gov/?q=content/state-certifications for more information. For infrastructure investments, States or local governments must comply with the requirements of Division A, Title XV, Section 1511 of the Recovery Act. For infrastructure investments, all recipients must give preference to activities that can be started and completed expeditiously, including a goal of using at least 50 percent of the funds for activities that can be initiated not later than June 17, 2009. Additionally, a "Buy American" provision (Division A, Title XVI, Section 1605) applies to projects for the construction, alteration, maintenance, or repair of a public building or public work. More information regarding the Buy American provision, including a process for waivers, will be forthcoming.

D. DUNS Number and Central Contractor Registration

All applicants are required to provide a Dun and Bradstreet (D&B) Universal Numbering System (DUNS) number when applying for a Federal grant or cooperative agreement. Applicants can receive a DUNS number, at no cost, by calling the dedicated toll-free DUNS Number request line at 1-866-705-5711, or visiting the D&B website at: http://Fedgov.dnb.com

If selected for award, subrecipients (first-tier) must have a DUNS number.

If selected for award, recipients and subrecipients must maintain active and current profiles in the Central Contractor Registration database.

E. Reporting Requirement

Quarterly progress reports and a detailed final report will be required. Quarterly reports summarizing technical progress, planned activities for next quarter and summary of expenditures are required. The final report shall be submitted to EPA within 90 calendar days of the completion of the period of performance. The final report should include: summary of the project or activity, advances achieved and costs of the project or activity. In addition, the final report shall discuss the problems, successes, and lessons learned from the project or activity that could help overcome structural, organizational or technical obstacles to implementing a similar project elsewhere. The schedule for submission of quarterly reports will be established by EPA, after the award.

Award recipients may be provided with additional information and guidance on reporting progress and measures, including those related to the Recovery Act, after award.

F. Disputes

Assistance agreement competition-related disputes will be resolved in accordance with the dispute resolution procedures published in 70 FR (Federal Register) 3629, 3630 (January 26, 2005) located on the web at: http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?position=all&page=3629&dbname=2005_register.

G. Non-profit Administrative Capability

Non-profit applicants that are recommended for funding under this announcement are subject to administrative capability reviews consistent with Section 8b, 8c and 9d of EPA Order 5700.8 - Policy on Assessing Capabilities of Non-Profit Applicants for Managing Assistance Awards (http://www.epa.gov/ogd/grants/award/5700_8.pdf) and any additional terms on administrative capability in the grant agreement.

H. Program Income

In accordance with 40 C.F.R.30.24(b)(1) or 40 CFR 31.25(g)(2), as applicable, the applicant shall add program income generated under this agreement to the funds committed by EPA and to use this program income to carry out activities described in the scope of work for this agreement and under the same terms and conditions of the agreement.

I. False Claims Act

Each recipient and sub-recipient awarded funds made available under the Recovery Act shall promptly refer to the Office of Inspector General any credible evidence that a principal, employee, agent, contractor, sub-grantee, subcontractor, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving those funds.

J. Exchange Network

EPA, states, territories, and tribes are working together to develop the National Environmental Information Exchange Network, a secure, Internet- and standards-based way to support electronic data reporting, sharing, and integration of both regulatory and non-regulatory environmental data. States, tribes and territories exchanging data with each other or with EPA, should make the Exchange Network and the Agency's connection to it, the Central Data Exchange (CDX), the standard way they exchange data and should phase out any legacy methods they have been using. More information on the Exchange Network is available at www.exchangenetwork.net.

VII. AGENCY CONTACTS

For further information, contact:

U.S. Environmental Protection Agency
Office of Transportation and Air Quality
Innovative Strategies Group
Jennifer Went

Phone: 202-343-9302
Fax: 202-343-2803
e-mail: went.jennifer@epa.gov

VIII. OTHER INFORMATION

a. Quantifying Environmental Outputs:

i. Diesel Emission Reductions: To estimate some of the anticipated outputs of your project, EPA encourages you to use the Diesel Emissions Quantifier found at http://cfpub.epa.gov/quantifier/view/index.cfm. Because an emerging technology is not verified, the technology is not listed as an option in the Diesel Emissions Quantifier. The eligible entity may still use the Quantifier by selecting "Emission Control Device" from the Technology Type dropdown menu, then selecting "Other Emission Control Devices" from the Technology dropdown menu and finally inputting the estimated percent reductions received from the manufacturer in the appropriate fields. **Emission reduction benefits shall only be calculated for the period preceding any effective date or compliance deadline, if applicable.**

If you are having trouble getting started, please check out the step-by-step instructions on www.epa.gov/quantifier/view/stepbystep.cfm. Most of the questions that users have can be answered by reading the users' guide for the Quantifier found on the Quantifier web site at http://cfpub.epa.gov/quantifier/view/UserGuide.pdf. In addition, EPA produced a webinar tutorial on the DEQ which can be found here: http://epa.gov/otaq/diesel/webinar.htm#deq

Another tool for quantifying emission reductions is the National Mobile Inventory Model (http://www.epa.gov/otaq/nmim.htm). This tool must be used for State

Implementation Plan calculations. For technical assistance regarding this tool, please email mobile@epa.gov.

ii. Cost Effectiveness Calculation: Project cost effectiveness is a programmatic priority and the applicant is encouraged to use the Diesel Emissions Quantifier (DEQ) to make this calculation.

When running the DEQ for a particular project, Funding Information is inputted for the diesel fleet. If a project has multiple fleets (i.e. both school buses and public transit buses), enter the funding information for the first fleet only and leave the others blank, then save the scenario. When technologies are added to the fleets, the applicant has the option of entering the Unit Cost and Installation Cost for each technology. Once all this have been entered, the DEQ calculates the Capital Cost Effectiveness and Total Cost Effectiveness in dollars per ton reduced. **Emission reduction benefits shall only be calculated for the period preceding any effective date or compliance deadline, if applicable.**

The Capital Cost Effectiveness is calculated by dividing the total unit and installation costs of all the technologies by the Amount Reduced for each of the following pollutants: NOx, PM, HC, CO, and CO2. The Total Cost Effectiveness is calculated by dividing the total amount of funding for the project (which includes unit cost, installation cost, administrative costs, travel costs, fees, etc.) by the Amount Reduced for each pollutant. Both cost effectiveness values reflect the lifetime of the project, which is based on the remaining life of your fleets. Please submit the separate Total Cost Effectiveness numbers for each of the following pollutants: NOx, PM, HC, CO, and CO2.

Appendix A: Sample Budget Detail

GUIDE TO PREPARING BUDGET DETAIL AND NARRATIVE

Personnel - List all staff positions by title. Give annual salary, percentage of time assigned to the project, and total cost for the budget period.

This category includes only direct costs for the salaries of those individuals who will perform work directly for the project (generally, paid employees of the applicant organization). If the applicant organization is including staff time (in-kind services) as a cost share, this should be included as Personnel costs.

Personnel costs do not include: (1) costs for services of consultants, contractors, consortia members, or other partner organizations, which are included in the "Contractual" category; (2) costs for employees of subrecipients under subawards, which are included in the "Other" category; or (3) effort that is nor directly in support of the proposed project, which may be covered by the organization's negotiated indirect cost rate.

The budget detail must identify the personnel category type by FTE (Full-Time Equivalent), including percentage of FTE for part-time employees, number of personnel proposed for each category, and the estimated funding amounts. For example:

Personnel	Federal	Cost-share/Match*	Leverage*
Salaries and Wages			
(1) Exec. Dir. @ $50/hr x 4 hrs/week x 52 wks		10,400.00	
(1) Proj. Dir. @ $40/hr x 10 hrs/week x 52 wks	20,800.00		
(1) Staff Engineer @ $30/hr x 40 hrs/week x 40 wks	48,000.00		
(1) Jr. Engineer @ $20/hr x 20hrs/week x 52 wks		20,800.00	
Totals	$68,800.00	$ 31,200.00	

* Denote source of "Other" funds.

Fringe Benefits - Identify the percentage used, the basis for its computation, and the types of benefits included.

Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to the cost of leave, employee insurance, pensions and unemployment benefit plans.

Fringe Benefits	Federal	Cost-share/Match*	Leverage*
20% of Salary and Wages	20%(68,800)	20%(31,200)	
- Retirement, Health Benefits, FICA, SUI	13,760.00	6,240.00	
Totals	$13,760.00	$6,240.00	

* Denote source of "Other" funds.

Travel - Specify the mileage, per diem, estimated number of trips in-State and out-of-State, and other costs for each type of travel.

Travel may be integral to the purpose of the proposed project (e.g. inspections) or related to propose project activities (e.g. attendance at meetings). Travel costs do not include: (1) costs for travel of consultants, contractors, consortia members, or other partner organizations, which are included in the "Contractual" category; (2) travel costs for employees of subrecipients under subawards, which are included in the "Other" category.

Travel	Federal	Cost-share/Match*	Leverage*
Local mileage for Project Director:			
3 trips @ 100 mi/mo @ $0.17/mi x 12 mos.	204.00		
Local mileage for (2) Engineers:			
3 trips each @ 200 mi/mo @ $0.17/mi x 12 mos.	816.00		
Travel expenses for Project Director to attend Diesel Retrofit Conference in Los Angeles, July 11-15, 200X, $325 tuition plus $218 round-trip air plus 6 days per diem @ $33/day	741.00		
Totals	$ 1,761.00		

* Denote source of "Other" funds.

Equipment - Identify each item to be purchased which has an estimated acquisition cost of $5,000 or more per unit and a useful life of more than one year.

Equipment also includes accessories necessary to make the equipment operational. Equipment does not include: (1) equipment planned to be leased/rented, including lease/purchase agreement; or (2) equipment service or maintenance contracts. These types of proposed costs should be included in the "Other" category. Items with a unit cost of less than $5,000 are deemed to be supplies, pursuant to 40 CFR 31.3 and 30.2.

The budget detail must include an itemized listing of all equipment proposed under the project. Please include a description of who owns the vehicle on which the retrofit device will be installed, and who will own (with title) the retrofit device at the end of the project period.

Equipment	Federal	Cost-share/Match*	Leverage*
(50) DPFs with installation kit @ $6,000 per unit	300,000		
(10) DPFs with installation kit @ $6,000 per unit. Provided at no cost (in-kind) by the equipment manufacturer.			60,000
Totals	$ 300,000		$60,000

* Denote source of "Other" funds.

Supplies - "Supplies" means all tangible personal property other than "equipment".

The budget detail should identify categories of supplies to be procured (e.g., laboratory supplies or office supplies). Non-tangible goods and services associated with supplies, such as printing service, photocopy services, and rental costs should be included in the "Other" category.

Supplies	Federal	Cost-share/Match*	Leverage*
(100) Replacement CCV filters @ $100 per unit	1000.00		
Totals	$ 1000.00		

* Denote source of "Other" funds.

Contractual - Identify each proposed contract and specify its purpose and estimated cost.

Contractual/consultant services are those services to be carried out by an individual or organization, other than the applicant, in the form of a procurement relationship. Leased or rented goods (equipment or supplies) should be included in the "Other" category.

The applicant should list the proposed contract activities along with a brief description of the scope of work or services to be provided, proposed duration, and proposed procurement method (competitive or non-competitive), if known.

Contractual	Federal	Cost-share/Match*	Leverage*
Retrofit Installation Services Contract 50 installed @ $200 each	10,000		
Laboratory Analysis Services Contract		10,000	
Technical Assistance by Partner Org. (1) Staff Engineer @ $900/mo x 100% x 11 mos.			19,800.00
Totals	$ 10,000.00	$10,000.00	$19,800.00

* Denote source of "Other" funds.

Other - List each item in sufficient detail for EPA to determine the reasonableness and allowability of its cost.

This category should include only those types of direct costs that do not fit in any of the other budget categories. Examples of costs that may be in this category are: insurance and indemnification, rental/lease of equipment or supplies, equipment service or maintenance contracts, printing or photocopying, and subaward costs.

Subawards (e.g., subgrants) are a distinct type of cost under this category. The term "subaward" means an award of financial assistance (money or property) by any legal agreement made by the recipient to an eligible subrecipient. This term does not include procurement purchases, technical assistance in the form of services instead of money, or other assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct appropriations. Subcontracts are not subawards and belong in the contractual category.

Applicants must provide the aggregate amount they propose to issue as subaward work and a description of the types of activities to be supported.

Indirect Charges - If indirect charges are budgeted, indicate the approved rate and base.

Indirect costs are those incurred by the grantee for a common or joint purpose that benefit more than one cost objective or project, and are not readily assignable to specific cost objectives or projects as a direct cost. In order for indirect costs to be allowable, the applicant must have a negotiated indirect cost rate (e.g., fixed, predetermined, final or provisional), or must have submitted a proposal to the cognizant Federal or State agency. A copy of the most current negotiated indirect cost rate must be attached to the proposal if one has not been previously submitted to EPA. If the applicant does not have a negotiated indirect cost rate, indirect costs may be detailed in "Other."

Examples of Indirect Cost Rate calculations are shown below:
1. Personnel (Indirect Rate x Personnel = Indirect Costs)
2. Personnel and Fringe (Indirect Rate x Personnel & Fringe = Indirect Costs)
3. Total Direct Costs (Indirect Rate x Total direct costs = Indirect Costs)
4. Direct Costs minus distorting or other factors such as contracts and equipment
   (Indirect Rate x (total direct cost – distorting factors) = Indirect Costs)