AGENCY: ENVIRONMENTAL PROTECTION AGENCY (EPA)

TITLE: American Recovery and Reinvestment Act Funding for the National Clean Diesel Funding Assistance Program

ACTION: Request for Applications (RFA)

RFA Number: EPA-ARRA-OAR-OTAQ-09-06

CATALOG OF FINANCIAL DOMESTIC ASSISTANCE NUMBER: 66.039

DATES: The closing date for receipt of applications is **Tuesday, April 28, 2009**. All hard copies of application packages must be received by the appropriate EPA regional contact by **Tuesday, April 28, 2009, 4:00 p.m.** in order to be considered for funding. Electronic submissions submitted through e-mail must be received by the appropriate EPA regional contact by **Tuesday, April 28, 2009, 4:00 p.m.** Applications received after the closing date and time will not be considered for funding. See Section IV for EPA regional contacts and further submission information.

EPA regional offices will host Question and Answer sessions regarding this Request for Applications via teleconference; Dates, times, and participant information will be posted at http://www.epa.gov/otaq/eparecovery/prognational.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 National Clean Diesel Funding Assistance 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 a variety of diesel emission reduction strategies. Eligible diesel emissions reduction solutions include: verified emission control technologies including retrofit devices, cleaner fuels, and engine upgrades; verified idle reduction technologies; certified engine repowers; and/or vehicle or equipment replacement. Eligible vehicles, engines and equipment may include: buses; medium-duty or heavy-duty trucks; marine engines; locomotives; and non-road engines or vehicles used in: i) construction; ii) handling of cargo (including at a port or airport); iii) agriculture; iv) mining; or v) energy production (including stationary generators and pumps).

FUNDING/AWARDS: The total estimated funding for this competitive opportunity is approximately $156 million. EPA regional offices will award the assistance agreements for projects resulting from this announcement. The anticipated number of awards and eligible funding ranges for each EPA regional office are defined in Section II.A of this announcement, 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 projects must also maximize the preservation and/or creation of jobs and economic recovery.

CONTENTS BY SECTION

I. Funding Opportunity Description
II. Award Information
III. Eligibility Information
IV. Application and Submission Information
V. Application Review Information
VI. Award Administration Information
VII. Agency Contacts
VIII. Other Information (if applicable)

Appendix A: Sample 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 $156 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, Public Law 111-05 (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 promote the preservation and/or creation of jobs and economic recovery and that reduce diesel emissions.

Under the Recovery Act and EPAct 2005, EPA's National Clean Diesel Funding Assistance Program is soliciting applications nationwide for projects that can be commenced expeditiously, reduce diesel emissions, and maximize job creation and/or preservation and economic recovery through a variety of diesel emission reduction strategies. Eligible diesel emission reduction strategies include verified emission control technologies such as retrofit devices, cleaner fuels, and engine upgrades, verified idle reduction technologies, verified aerodynamic technologies and low rolling resistance tires, certified engine repowers, and/or vehicle or equipment replacement. Eligible diesel vehicles, engines and equipment may 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.

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 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 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 projects must also promote the preservation and/or creation of jobs and economic recovery.

Assistance agreements funded under this announcement will be awarded and managed by each of EPA's ten regional offices. Applicants must submit their applications to the EPA regional office which covers the project location. Each regional office will only accept applications for projects that take place solely within that EPA region. Each application must be for a project within one region only. Applicants are allowed to submit multiple applications under this RFA so long as each application is for a separate project, is separately submitted, and each project takes place within only one EPA region. If an applicant is selected to receive funding for multiple projects and/or from multiple EPA regional offices, EPA will coordinate and streamline the funding of multiple projects through one award, as appropriate.

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, including asthma, lung cancer and various other cardiac and respiratory diseases. These problems result in thousands of premature deaths, millions of lost work days, and numerous other negative health and economic outcomes every year.

B. Program History

Last year, 2008, was the inaugural year of funding for the Diesel Emissions Reduction National Program. Approximately 60 assistance agreements totaling over $28 million were awarded nationwide through EPA's National Clean Diesel Funding Assistance Program's regional competitions. Specific information on these funded projects can be found on www.epa.gov/diesel/projects.htm.

To meet the challenge of reducing exhaust from diesel engines, the U.S. Environmental Protection Agency (EPA) established the National Clean Diesel Campaign (NCDC). The NCDC

comprises both regulatory programs to address new engines and innovative programs to address the millions of diesel engines already in use. The NCDC mobilizes diverse and unusual partners with historic differences to work together, creating awareness of the urgency of the public health problem and accelerating the use of technologies years earlier than otherwise would have occurred. These partners include State and local governments, transportation officials, engine manufacturers, emission technology vendors, fuel suppliers, private fleet owners and environmental groups.

Since 2003, EPA's Clean School Bus USA program has been working to help reduce children's exposure to diesel exhaust. School buses provide 24 million of our nation's children with safe and convenient transportation between their homes and classrooms. Unfortunately, school buses - particularly older ones that lack emissions control devices - emit particulate matter and toxic gases in their exhaust that can pose health hazards to children. Children are especially vulnerable to the effects of diesel emissions and air pollution because their respiratory systems are still developing and they have a faster breathing rate. The particles in diesel exhaust can penetrate deep into the lungs and pose health risks including exacerbation of asthma. Through outreach, education, and funding opportunities, Clean School Bus USA promotes better idling practices, retrofitting buses with modern emission control technology, using cleaner fuels, and replacing older school buses to help put tomorrow's cleaner buses on the road today. In addition to the Clean School Bus USA program, EPA has developed a number of innovative programs covering the following sectors: ports, construction, freight and agriculture.

C. 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 opportunity is to promote job creation and/or preservation and 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 current 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.** Be commenced as quickly as possible consistent with prudent management.
   - **g.** Track, measure, and report on the recipient's progress towards achieving the Recovery Act priorities.

2. **National Programmatic Priorities**: The national programmatic priorities apply to projects across all EPA regional offices. 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[1] or maintenance of national ambient air quality standards for a criteria pollutant; Federal Class I areas[2]; 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 a certified engine configuration or verified technology that has a long expected useful life;
f. Maximize the useful life of any certified engine configuration or verified 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).

3. Regional Significance: As stated above, assistance agreements funded under this announcement will be awarded and managed by each of EPA's ten regional offices. Applications must address the appropriate regional priorities and this will be evaluated as stated in Section V.

The following regional priorities highlight specific environmental issues that are focal points of each EPA regional office. In their applications, applicants should include a discussion of how the project meets the priorities of the EPA region in which the project will take place and to which they are applying to. In addition, the amount of federal funding requested must fall within the eligible funding range specified in Section II.A "Available Funding" for the EPA region in which the project will take place. The geographic boundaries represented by each EPA regional office are identified below.

a. Region 1: Region 1 is accepting applications for projects taking place within Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

b. Region 2: Region 2 is accepting applications for projects taking place within New Jersey, New York, Puerto Rico and the U.S. Virgin Islands.

Regions 1 and 2 Priorities: Emissions from diesel engines are a primary source of air pollution in the northeastern United States. Twenty-five counties in Connecticut, New Jersey, and New York fail to meet the health-based air quality standard for fine particles, and other urban areas in the Northeast only narrowly meet the standard. The Northeast has some of the highest asthma rates in the nation, including a childhood asthma rate above 10 percent in all six New England states and rates near 15 percent in areas of New York City. In Puerto Rico asthma rates are nearly twice as high as New York City.

1 EPA's areas of nonattainment for criteria air pollutants can be found here: http://www.epa.gov/air/oaqps/greenbk/
2 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

To expand clean diesel programs, the Northeast Diesel Collaborative (NEDC) was established in late 2005. Puerto Rico and the U.S. Virgin Islands joined in 2007 and 2008 respectively. NEDC builds upon a decade of success by its partners in reducing diesel emissions through innovative, first-in-the-nation pilot projects, voluntary measures, and mandatory programs. Additional information on the NEDC can be found at http://www.northeastdiesel.org/.

The NEDC combines the expertise of public and private partners in a coordinated regional initiative to significantly reduce diesel emissions and improve public health in EPA Regions 1 and 2. The NEDC focuses on reducing emissions from existing diesel fleets in five key sectors: municipal (including school buses and public works vehicles), transit, freight, construction, and ports.

Applications submitted for projects in Region 1 and 2 will be evaluated based on the quality and extent to which the proposed project:

- Advances the priority sectors of the Northeast Diesel Collaborative as described above;
- Shows that there is a prospect for extending or replicating benefits of the project in the future (sustainability);
- Benefits the local community or, if applicable, multiple towns, cities or states.

c. Region 3: Region 3 is accepting applications for projects taking place within Delaware, Pennsylvania, Maryland, West Virginia, Virginia and the District of Columbia.

Region 3 Priorities: The Mid-Atlantic Diesel Collaborative (MDC) is a partnership between leaders from federal, state, and local government, the private sector, and environmental groups in Delaware, Maryland, Virginia, Pennsylvania, West Virginia and the District of Columbia. The collaborative is part of an overall national campaign to reduce diesel emissions with the specific mission of protecting public health throughout the mid-Atlantic Region. Additional information about the MDC can be found at http://www.dieselmidatlantic.org.

The Mid-Atlantic region includes 10 of the top 100 largest urbanized areas in the United States. Region 3 and the MDC have identified urban areas as priority targets for diesel emissions reductions. EPA's own analyses and other risk assessment activities have pointed to diesel exhaust as a major risk contributor affecting our densely populated neighborhoods – places where our most vulnerable and sensitive populations often reside in great numbers. Similarly, many of our urban areas suffer from unacceptable levels of particulate matter and ozone. Our urban focus permits us to consider areas not meeting air quality standards for ozone and particulate matter, as well as areas of concern for air toxics risk.

The regional health air priority is designed to more effectively reduce the human health risks associated with poor air quality by focusing additional efforts and resources towards areas of Region 3 which are impaired due to a combination of high levels of ozone, particulate matter and toxic air pollutants. Focusing our efforts on these pollutant groups

will not only make the Mid-Atlantic region's air healthier to breathe, but will reduce ecosystem damage and help address our global air quality problems.

d. Region 4: Region 4 is accepting applications for projects taking place within Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina and Tennessee.

Region 4 Priorities: The Southeast Diesel Collaborative (SEDC) is a voluntary, public-private partnership involving leaders from federal, state and local government, the private sector and other stakeholders in Region 4. The goal of the SEDC is to improve air quality and public health by encouraging the use of clean, renewable energy and technology and by reducing diesel emissions from existing engines and equipment from the agriculture, heavy construction and on-road sectors, as well as other sectors where diesel engine use is prevalent. Additional information on the SEDC can be found at http://www.southeastdiesel.org/.

EPA Region 4 is particularly interested in regional and multi-state projects which demonstrate new approaches and long-term sustainability beyond the expiration of the assistance agreement. As described in Section V, applications submitted for Region 4 projects will be evaluated on the extent and quality to which they address one or more of the following Region 4 priorities:

- development of a Regional Green Corridors Program focusing on idle reductions and alternative fueling options for interstate trucking along interstate corridors including any aspect of freight movement;
- development of state or regional agriculture programs focused on reducing diesel emissions through agriculture equipment retrofit projects;
- innovative approaches to ensure widespread upgrading/retrofitting of nonroad construction equipment.

e. Region 5: Region 5 is accepting applications for projects taking place within Illinois, Indiana, Michigan, Minnesota, Ohio and Wisconsin.

Region 5 Priorities: The Midwest Clean Diesel Initiative (MCDI) addresses pollution from heavy duty diesel vehicles that are currently used for either on-road or non-road applications. EPA Region 5 estimates that over 3.3 million engines in the Midwest can be affected through emission reduction projects. MCDI has a goal to reduce emissions from 1 million of these engines by 2010. Additional information on MCDI can be found at: http://www.epa.gov/midwestcleandiesel/.

In order to achieve this aggressive goal, clean diesel coalitions have been created in each state to share information, work with interested fleets, and address specific geographic needs. There are opportunities to work with coalition members to impact areas that do not meet air quality standards as well as communities with air toxics concerns and to assist transportation related climate change efforts. Emphasis is placed on projects that lead to broader efforts and sustainable, larger scale projects and programs to further reduce diesel emissions. To find more information about the Midwest clean diesel coalitions, see http://www.epa.gov/midwestcleandiesel/leadershipgroup/index.html#state.

There is particular interest in areas not meeting the national ambient air quality standards for particulate matter and ozone, locations with specific air toxic concerns and communities interested in addressing climate change. Applicants are also encouraged to take a leadership role in working with their state Clean Diesel Coalitions to leverage additional resources to support the efforts of reducing diesel emissions within their state/region.

f. Region 6: Region 6 is accepting applications for projects taking place within Arkansas, Louisiana, New Mexico, Oklahoma and Texas.

g. Region 7: Region 7 is accepting applications for projects taking place within Iowa, Kansas, Missouri and Nebraska.

Regions 6 and 7 Priorities: The Blue Skyways Collaborative is a public-private partnership that assists stakeholders in voluntarily reducing diesel emissions as well as other transportation and energy related emissions with the goal of cleaner air and improved quality of life. The collaborative area is comprised of the 10 states of Arkansas, Iowa, Kansas, Louisiana, Minnesota, Missouri, Nebraska, New Mexico, Oklahoma, and Texas representing over 52 million people. In addition to the 10 states, stakeholders include the Central States Air Resources Agencies (CenSARA), federally recognized tribes, other federal agencies, local governments, private companies, non-profits and representatives of Canada and Mexico. Information about the Blue Skyways Collaborative can be found at http://www.blueskyways.org .

Applications for projects in Regions 6 or 7 will be evaluated based on the quality and extent to which they address the priorities identified below:

- are regional in scope;
- demonstrate long-term sustainability beyond the expiration of the assistance agreement;
- are in areas that are violating the National Ambient Air Quality Standards (NAAQS) or pollution levels that are approaching the NAAQS;
- address specific air toxic concerns;
- are in areas with communities interested in addressing climate change and reductions in greenhouse gas emissions in addition to the required diesel emission reductions;
- reduce fuel use or improved fuel economy;
- utilize clean diesel funding to complement infrastructure and transportation related projects generated from stimulus funding.

h. Region 8: Region 8 is accepting applications for projects taking place within Colorado, Montana, North Dakota, South Dakota, Utah and Wyoming.

Region 8 Priorities: The Rocky Mountain Clean Diesel Collaborative is a partnership between federal, state and local agencies, along with communities, non-profit organizations and private companies working together to reduce emissions from diesel engines in Region 8. Additional information can be found at: www.epa.gov/region8/air/rmcdc.html

EPA Region 8 is particularly interested in projects that reduce diesel emissions from agricultural operations, projects aimed at reducing emissions from the oil and gas industry, along with idle-reduction projects targeting over-the-road and long distance freight trucks. Such projects include: auxiliary power units, truck stop electrification and other technologies.

i. **Region 9**: Region 9 is accepting applications for projects taking place within California, Arizona, Nevada, Hawaii, Guam, American Samoa and the Commonwealth of the Northern Mariana Islands.

j. **Region 10**: Region 10 is accepting applications for projects taking place within Washington, Oregon, Idaho and Alaska.

Region 9 and 10 Priorities

Regions 9 and 10 serve the West Coast Collaborative (Collaborative), a partnership between leaders from Federal, state, and local government, the private sector, and environmental groups committed to reducing diesel emissions in the West. The Collaborative seeks to implement projects that achieve measurable emissions reductions in terms of: 1) tons of pollution produced and 2) diesel emissions exposure.

Regions 9 and 10 will be evaluating the regional significance of projects based on:

- The extent to which the proposed project is located in areas with high population density and/or located in a poor air quality area (including non-attainment or maintenance of national ambient air quality standards for a criteria pollutant; or areas with toxic air pollutant concerns);
- The extent to which the proposed project reduces emissions along interstate and international goods movement corridors;
- The extent to which the proposed project achieves greenhouse gas emission reductions;
- The extent to which the applicant works with communities and/or tribes in project development and implementation (see Section VIII.B for additional information);
- The extent to which the project uses the most cost effective approach for the proposed emission reductions.

4. 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[3] 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;

3 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.

d. locomotives; and
e. non-road engines, equipment or vehicles used in:
  i. construction;
  ii. handling of cargo (including at a port or airport);
  iii. agriculture;
  iv. mining; or
  v. energy production (including stationary generators and pumps)[4].

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.

Eligible Diesel Emissions Reduction Solutions: Projects must include one or more of the following diesel emissions reduction solutions:

a. ***Verified Retrofit Technologies***: A "retrofit" project is defined broadly to include any technology, device, fuel 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. A list of EPA verified technologies is available at http://www.epa.gov/otaq/retrofit/verif-list.htm. A list of CARB verified technologies is available at http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm. Note: technologies on the "Previously Verified" lists are not eligible for funding.

  i. ***Exhaust Controls:*** Exhaust Controls include pollution control devices installed in the exhaust system (such as oxidation catalysts and particulate matter filters), or systems that include crankcase emission control (like a closed crankcase filtration system). This funding can cover up to 100% of the cost (labor and equipment) for an exhaust control that is verified by EPA or the California Air Resources Board (CARB). A list of EPA verified technologies is available at http://www.epa.gov/otaq/retrofit/verif-list.htm. A list of CARB verified technologies is available at http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm

  ii. ***Engine Upgrades***: An engine upgrade is defined as an engine that is rebuilt or remanufactured to meet higher federal emission standards. Some engines are able to be upgraded to reduce their emissions by applying manufacturer recommended upgrades (or kits) to certified or verified configurations. This funding can cover up to 100% of the cost (labor and equipment) for an engine upgrade with a manufacturer's kit listed in CARB or EPA's verified lists, or engine upgrade to an EPA certified configuration. Note: this funding cannot be applied to the entire cost of an engine rebuild, but only the emissions-reducing upgrade kit and associated labor costs for installation. A list of EPA verified technologies is available at

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

http://www.epa.gov/otaq/retrofit/verif-list.htm. A list of CARB verified technologies is available at http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm

iii. ***Cleaner Fuels Use***: Cleaner fuels include, but are not limited to, ultra-low sulfur diesel fuel (for non-road vehicles, engines and equipment prior to EPA's mandate), biodiesel, diesel emulsions or additives verified by EPA or CARB, compressed natural gas, propane and other certified alternative fuels. Funding available under this program can be used to cover the cost differential between the cleaner fuel and conventional diesel fuel. Note: This funding 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. A list of EPA verified technologies is available at http://www.epa.gov/otaq/retrofit/verif-list.htm. A list of CARB verified technologies is available at http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm

b. ***Verified Idle Reduction Technologies***: An idle reduction project is generally defined as the installation of a technology or device that (1) is installed in one or more of the following vehicle(s) or equipment: a bus, medium-duty or heavy-duty truck, marine engine, locomotive, nonroad engine or vehicle used in construction, handling of freight (including at a port or airport), agriculture, mining, or energy production, or is installed in the ground; (2) reduces unnecessary idling of the main drive engine of such vehicles or equipment; and/or (3) is designed to provide services (such as heat, air conditioning, and/or electricity) to vehicles and equipment that would otherwise require the operation of the main drive engine while the vehicle is temporarily parked or remains stationary. The reduction in idling must also lower emissions. EPA has verified a number of categories of idle reduction technologies: (1) auxiliary power units and generator sets; (2) battery air conditioning systems; (3) thermal storage systems; (4) electrified parking spaces (truck stop electrification); (5) fuel operated heaters; (6) shore connection systems and alternative maritime power, (7) shore connection systems for locomotives, (8) automatic shutdown/start-up system. EPA is particularly interested in projects that combine idle reduction technologies with verified retrofit technologies which will further reduce emissions, e.g., through the addition of exhaust controls such as a diesel particulate filter, diesel oxidation catalyst or crankcase emission control. This funding can cover up to 100% of the cost (labor and equipment) for an idle reduction technology. A list of EPA verified idle reduction technologies is available at www.epa.gov/smartway/transport/what-smartway/verified-technologies.htm.

c. ***Verified Aerodynamic Technologies****:* Trailer aerodynamic devices include gap fairings that reduce the gap between the tractor and the trailer to reduce turbulence, trailer side skirts that minimize wind under the trailer, and trailer rear fairings that reduce turbulence and pressure drop at the rear of the trailer. To improve fuel efficiency, legacy fleets can be retrofitted with aerodynamic trailer fairings or the fairings can be provided as new equipment options. EPA is particularly interested in projects that combine aerodynamic technologies with verified retrofit technologies which will further reduce emissions, e.g., through the addition of exhaust controls such as a diesel particulate filter, diesel oxidation catalyst or crankcase emission control. This funding can cover up to 100% of the cost (labor and equipment) for aerodynamic trailer fairings - either individually or in combination with one another (e.g., skirt & either gap reducer or rear fairings). A list of EPA verified aerodynamic technologies is available at

www.epa.gov/smartway/transport/what-smartway/verified-technologies.htm. Advanced aerodynamic technologies are not eligible for funding if installed on trucks that have NOx aftertreatment.

d. ***Verified Low Rolling Resistance Tires****:* Certain tire models can provide a reduction in NOx emissions and fuel savings, relative to the "best selling" new tires for line haul trucks, when used on all three axles. The options offered include both dual tires and single wide tires (single wide tires replace the double tire on each end of a drive or trailer axle, in effect turning an "18" wheeler into a "10" wheeler). Low rolling resistance tires can be used with lower-weight aluminum wheels to further improve fuel savings. EPA is particularly interested in projects that combine these tires with verified retrofit technologies which will further reduce emissions, e.g., through the addition of exhaust controls such as a diesel particulate filter, diesel oxidation catalyst or crankcase emission control. This funding can cover up to 100% of the costs (labor and equipment) for low rolling resistance tires. A list of EPA verified low rolling resistance tires is available at www.epa.gov/smartway/transport/what-smartway/verified-technologies.htm. Low rolling resistance tires are not eligible for funding if installed on trucks that have NOx aftertreatment or in the case where low rolling resistance tires have already been installed on the truck.

e. ***Certified Engine Repowers***: Repower refers to the removal of an existing engine and its replacement with a newer or cleaner engine that is certified to a more stringent set of engine emissions standards. Repower includes, but is not limited to, diesel engine replacement with an engine certified for use with a cleaner fuel and/or the replacement of a nonroad engine with a highway engine. In order for a repower to be eligible, the repowered vehicle, engine or equipment must continue to perform the same function as before the repower. EPA is particularly interested in projects that combine engine repower with verified technologies which will further reduce emissions, e.g., through the addition exhaust controls such as a diesel particulate filter, diesel oxidation catalyst or crankcase emission control. This funding can cover up to 75% of the cost of an engine repower, which includes labor and equipment. Please see Section III.B for additional information on cost-share requirements.

i. **Repower Criteria**: Repower projects are eligible for funding on the condition that the following criteria are satisfied:

1. The engine being replaced will be scrapped or rendered permanently disabled or returned to the original engine manufacturer for remanufacturing to a certified cleaner emission standard. Drilling a hole in the engine block and manifold while retaining possession of the engine is an acceptable scrapping method. Other methods may be considered and will require prior EPA approval. If scrapped or salvaged engines are to be sold, program income requirements apply (see Section II.G “Program Income”.

2. Evidence of appropriate disposal, including the engine serial number, is required in a final assistance agreement report submitted to EPA.

f. ***Certified Vehicle and Equipment Replacements***: Non-road and highway diesel vehicles and equipment can be replaced under this program with newer, cleaner vehicles and equipment that operate on diesel or alternative fuels and meet a more stringent set of

engine emissions standards. Replacement projects can include the replacement of diesel vehicles/equipment with newer, cleaner diesel or hybrid or alternative fuel vehicles/equipment. The replacement vehicle/equipment must be of the same type and similar gross vehicle weight rating or horsepower as the vehicle/equipment being replaced (e.g., a 300 horsepower bulldozer is replaced by a bulldozer of similar horsepower). The replacement vehicle/equipment must perform the same function as the vehicle/equipment that is being replaced (e.g., an excavator used to dig pipelines would be replaced by an excavator that continues to dig pipelines). These projects can also include the replacement of non-road vehicles/equipment with highway models if the highway models are capable of performing the same functions as the nonroad models. EPA encourages the replacement of older vehicles/equipment containing engines that were manufactured prior to the implementation of emissions standards. This funding covers the incremental costs of new vehicles and equipment. Incremental costs are defined as up to 25% of the cost of the new vehicle or equipment (except for school buses—see provision below). Please see Section III.B for additional information on cost-share requirements.

i. **Replacements for School Buses**: Funding levels will cover up to 25% or 50% of the cost of a replacement school bus, depending on the engine emission certification levels of the replacement bus.
   1. **Twenty-five percent level:** This funding will cover up to 25% for school buses with engines manufactured in model years 2007, 2008 or 2009 that are particulate filter equipped in the case of diesel engines or catalyst equipped in the case of CNG engines and satisfy regulatory requirements for school bus engines manufactured in that model year and do not exceed the limits of particulate matter (PM) at 0.01, nitrogen oxides (NOx) at 2.0, and nonmethane hydrocarbons (NMHC) at 0.40 (expressed in grams per brake horsepower hour, g/BHP-hr).
   2. **Fifty percent Level:** This funding will cover up to 50% of the cost of a replacement school bus with engines manufactured in model year 2007, 2008, or 2009 that satisfy 2010 model year regulatory limits for emissions of PM, NOx and NMHC. The model year 2010 regulatory requirements are: PM at 0.01 grams per brake horsepower hour, NOx at 0.20 and NMHC at 0.14.

ii. **Replacement Criteria**: Replacement projects are eligible for funding on the condition that the following criteria are satisfied:
   1. The vehicle/equipment being replaced will be scrapped or rendered permanently disabled or returned to the original engine manufacturer for remanufacturing to a certified cleaner emission standard. Drilling a hole in the engine block and manifold and disabling the chassis while retaining possession of the vehicle/equipment is an acceptable scrapping method. Other methods may be considered and will require prior EPA approval. Equipment and vehicle components that are not part of the engine or chassis may be salvaged from the unit being replaced (e.g. plow blades, shovels, seats, tires, etc.) If scrapped or salvaged vehicles/parts are to be sold, program income requirements apply. See Section II.G “Program Income.”
   2. Evidence of appropriate disposal, including engine serial number and vehicle identification number (VIN), is required in a final assistance agreement report submitted to EPA.

g. Repower and Replacement Restrictions: The following are not covered under Repowers and Replacements:

- **i.** Emission reductions that would have occurred through normal attrition are considered to be the result of normal fleet turnover and are not eligible for funding under this program. Normal attrition is generally defined as a replacement or repower that is scheduled to take place between now and the end of the project period (September 30, 2010). Normal attrition is typically defined by the vehicle or fleet owner's budget plan, operating plan, standard procedures, or retirement schedule. For example, if a school bus fleet typically retires vehicles after 7 years, a bus that is currently in its 6th or 7th year of service is not eligible for replacement. A bus that is currently in its 5th year of service and has 2 years of useful life remaining is eligible for replacement.
- **ii.** The purchase of new vehicles or equipment to expand a fleet is not covered by this program.

6. Summary of What EPA Will Fund

a. Verified Retrofit Technologies: EPA will fund up to 100% of the cost of eligible exhaust controls and engine upgrades.

b. Verified/Certified Cleaner Fuel Use: EPA will fund the cost differential between the eligible cleaner fuels and conventional diesel fuels.

c. Verified Idle Reduction Technologies: EPA will fund up to 100% of the cost of eligible idle reduction technologies.

d. Verified Aerodynamic Technologies and Low Rolling Resistance Tires: EPA will fund up to 100% of the cost of eligible aerodynamic and tire technologies.

e. Certified Engine Repower: EPA will fund up to 75% of the cost of an eligible engine repower.

f. Certified Vehicle/Equipment Replacement: EPA will fund up to 25% of the cost of an eligible new vehicle or piece of equipment (except for school buses; see below).

- **i. School Bus Replacement:**
  1. For replacement buses that meet EPA's 2010 emissions standards for heavy-duty on-highway vehicles, EPA will fund up to 50% of the cost of an eligible replacement school bus.
  2. For replacement buses that meet EPA's 2007 emissions standards for heavy-duty on-highway vehicles, EPA will fund up to 25% of the cost of an eligible replacement school bus.

7. 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; and/or

b. are in excess of (above and beyond) those required by the applicable mandate.

Emission reduction benefits shall only be calculated for the period preceding the effective date or compliance deadline. This restriction applies to projects across the ten EPA regions. 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.

D. 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 expected project outputs and 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).

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.C "Scope of Work." Award recipients may be provided with additional information and guidance on reporting performance measures and project progress, including those related to the Recovery Act, after award.

1. **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.

2. **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 and 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.** Assisting those most impacted by the current operating conditions;,
- **iii.** Providing investments needed to increase economic efficiency by spurring technological advances in science and health;
- **iv.** Annual pounds or tons of fine particulate matter (PM2.5), nitrogen oxides (NOx), greenhouse gases (GHG) and/or volatile organic compound (VOCs) reduced,
- **v.** Cost effectiveness of project (in $/ton or $/lb);
- **vi.** Health benefits achieved (health benefits may be measured by numbers of illnesses, health care costs, or missed work/school days avoided);
- **vii.** Preservation and/or creation of jobs and the promotion of economic recovery.
- **viii.** Annual gallons of 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 outputs 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. Emission reduction estimates and measurements for a verified technology should be based on demonstrated emissions reductions and emission factors listed on EPA or CARB's verified technology list. Pre-retrofit and post-retrofit emissions testing and/or monitoring are not an eligible use of EPA funds under this assistance agreement program.

E. Supplementary Information

The 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. Available Funding

Assistance agreements funded under this announcement will be awarded and managed by each of EPA's ten regional offices. Applicants must submit their applications to the EPA regional office which covers the project location. Each regional office will only accept applications for projects that take place solely within that EPA region. Each application must be for a project within one region only. Applicants are allowed to submit multiple applications under this RFA so long as each application is for a separate project, is separately submitted, and each project takes place within only one EPA region. If an applicant is selected to receive funding for multiple projects and/or from multiple EPA regional offices, EPA will coordinate and streamline the funding of multiple projects through one award, as appropriate

EPA anticipates awarding a total of approximately $156 million under this announcement, subject to the availability of funds and the quality of applications received. The eligible funding ranges for each EPA regional office are shown below.

1. **Region 1:** Only applications requesting EPA funding between $500,000 and $2,000,000 will be considered. It is anticipated that 8-10 Region 1 assistance agreements will be made from this announcement.
2. **Region 2:** Only applications requesting EPA funding between $1,000,000 and $7,000,000 will be accepted. It is anticipated that 4-9 Region 2 assistance agreements will be made from this announcement.
3. **Region 3**: Only applications requesting EPA funding between $1,000,000 and $7,500,000 will be accepted. It is anticipated that 5-10 Region 3 assistance agreements will be made from this announcement.
4. **Region 4:** Only applications requesting EPA funding between $500,000 and $2,000,000 will be accepted; however, a minimum of $250,000 will be allowed if the project involves retrofitting or upgrading an applicant's entire fleet. It is anticipated that 15-20 Region 4 assistance agreements will be made from this announcement.
5. **Region 5:** Only applications requesting EPA funding between $500,000 and $5,000,000 will be accepted. It is anticipated that 10-30 Region 5 assistance agreements will be made from this announcement.
6. **Region 6:** Only applications requesting EPA funding between $500,000 and $5,000,000 will be accepted. It is anticipated that 3-10 Region 6 assistance agreements will be made from this announcement.
7. **Region 7:** Only applications requesting EPA funding between $500,000 and $5,000,000 will be accepted. It is anticipated that 3-10 Region 7 assistance agreements will be made from this announcement.

8. **Region 8:** Only applications requesting EPA funding between $100,000 and $3,000,000 will be accepted. It is anticipated that 4-6 Region 8 assistance agreements will be made from this announcement.
9. **Region 9:** Only applications requesting EPA funding between $500,000 and $10,000,000 will be accepted. It is anticipated that 5-8 Region 9 assistance agreements will be made from this announcement.
10. **Region 10**: Only applications requesting EPA funding between $500,000 and $3,000,000 will be accepted. It is anticipated that 10 Region 10 assistance agreements will be made from this announcement.

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 original selection date.

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, thereby maintaining the integrity of the competition and selection process.

C. Project Period

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.

D. Funding Type

The funding for selected projects will be in the form of a grant or 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:

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

E. Funding Restrictions

EPA grant or 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.

Grant or 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.

Grant or cooperative agreement funds cannot be used for research and development or emissions testing and/or monitoring activities, including the acquisition cost of emissions testing equipment.

Grant or 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.

Grant or 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 (match) contribution from applicants for projects involving Verified Retrofit Technologies as defined in Section I.C.5.a, and/or Verified Idle Reduction Technologies as defined in Section I.C.5.b, and/or Verified Low Rolling Resistance Tires as defined in Section I.C.5.c.

Projects involving Certified Engine Repowers or Certified Vehicle/Equipment Replacements, as defined in Sections I.C.5.d and e, are subject to the funding limitations and mandatory cost-share requirements summarized under Section I.C.6 "Summary of What EPA Will Fund." Applications that include repowers or replacements *must* indicate on both the SF-424 Application for Federal Assistance and SF-424A Budget Information that these minimum mandatory cost-share levels will be met, or the application will be disqualified during the threshold review. Specifically, the mandatory cost-share funds must 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 mandatory 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.

EPA encourages the use of leveraged funds to enhance and expand the project. Applications that leverage resources beyond EPA's funding and any required cost share, as indicated above, 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 restriction 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. Applicants must submit applications to implement one or more of the diesel emissions reduction solutions set forth in Section 1.C.5.
2. 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 and 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 regional 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.

3. Applications which request EPA assistance funds below or in excess of the amounts specified for the applicable EPA regional office in Section II.A will not be reviewed.

4. Applications that are solely for emissions testing, and/or air monitoring activities, or research and development, or for fueling infrastructure, such as that used for the production and/or distribution of biodiesel, and/or other cleaner fuels, or compressed natural gas fueling stations, are not eligible and will not be reviewed.

5. Applications involving engine repower, vehicle/equipment replacement or school bus replacement are subject to the cost-share and disposal requirements summarized in Section I.B.5.c and d, and the requirements in Section III.B. Applications requesting funds for repower and /or replacement that do not include the appropriate cost-share in the project budget will not be reviewed.

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

7. Applicants must submit their application to the EPA regional office which covers the project location. Each regional office will only accept applications for projects that take place solely within that EPA region. Each application must be for a project within one region only. Applicants are allowed to submit multiple applications under this RFA so long as each application is for a separate project, is separately submitted, and each project takes place within only one EPA region. Applicants requesting funds for projects outside of the EPA region to which the application was submitted, and applications covering projects in more than one region, will not be reviewed.

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

9. 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 appropriate EPA regional contact listed in Section VII of this announcement.

B. Application Submission

Assistance agreements funded under this announcement will be awarded and managed by each of EPA's ten regional offices. Applicants must submit their applications to the EPA regional office which covers the project location. Each regional office will only accept applications for projects that take place solely within that EPA region. Applicants are allowed to submit multiple applications under this RFA so long as each application is for a separate project, and each project takes place within only one EPA region. If an applicant is selected to receive funding for multiple projects and/or from multiple EPA regions, EPA will coordinate and streamline the funding of multiple projects through one award.

The States and /or territories represented by each EPA regional office are identified in Section I.C.3 "Regional Significance," and the EPA regional contact information for each EPA regional office is provided below.

Applicants have the following options to submit their applications: 1) Hard copy by express delivery service to the specified EPA regional contact below, or 2) electronically through email to the specified EPA regional 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 in Section IV.C "Content of Application," regardless of mode of transmission.

1. Hard Copy Submission: Hard copy submissions must be sent using an express delivery service, such as FedEX, UPS, DHL, etc., to the appropriate EPA regional contact mailing address listed in below. Please provide one original of the application package (including signed and completed SF-424 and SF-424A forms), with **no binders or spiral binding.**

All hard copies of application packages must be received by the appropriate EPA regional contact by **Tuesday, April 28, 2009, 4:00 p.m**.

a. Region 1: Halida Hatic
U.S. EPA Region 1 (CAQ)

1 Congress Street, Suite 1100
Boston, MA 02114-2023
Phone: (617) 918-1680

All hard copies of application packages must be received by Halida Hatic by **April 28, 2009, 4:00 p.m. EDT.**

b. Region 2: Matthew Laurita
U.S. EPA Region 2
290 Broadway, Flr. 25
New York, NY 10007
Phone: (212) 637-3895

All hard copies of application packages must be received by Matthew Laurita by **April 28, 2009, 4:00 p.m. EDT.**

c. Region 3: Bill Jones
U.S. EPA Region 3
Air Protection Division (3AP23)
1650 Arch Street
Philadelphia, PA 19103
Phone: (215) 814-2023

All hard copies of application packages must be received by Bill Jones by **April 28, 2009, 4:00 p.m. EDT.**

d. Region 4: Alan Powell
U.S. EPA Region 4
Air, Pesticides and Toxics Management Division
61 Forsyth St., SW
Atlanta, Georgia 30303
Phone: (404) 562-9045

All hard copies of application packages must be received by Alan Powell by **April 28, 2009, 4:00 p.m. EDT.**

e. Region 5: Steve Marquardt
U.S. EPA Region 5
77 West Jackson Blvd., A-18J
Chicago, IL 60604
Phone: (312) 353-3214

All hard copies of application packages must be received by Steve Marquardt by **April 28, 2009, 4:00 p.m. CDT.**

f. Region 6: Gloria Vaughn (6PD)
U.S. EPA Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733
Phone: (214) 665-7535

All hard copies of application packages must be received by Gloria Vaughn by **April 28, 2009, 4:00 p.m. CDT.**

g. Region 7: Linda James
U.S. EPA Region 7
Air Planning and Development Branch
901 N. 5th Street
Kansas City, KS 66101
Phone: (913) 551-7496

All hard copies of application packages must be received by Linda James by **April 28, 2009, 4:00 p.m. CDT.**

h. Region 8: Rebecca Russo
U.S. EPA Region 8
1595 Wynkoop St.
Denver, CO 80202
7th Floor, Mailcode: 8P-AR
Phone: (303) 312-6757

All hard copies of application packages must be received by Rebecca Russo by **April 28, 2009, 4:00 p.m. MDT.**

i. Regions 9: Ceciley Wilder
EPA Region 9
75 Hawthorne Street (AIR 1)
San Francisco, CA 94105
415-947-4143

All hard copies of application packages must be received by Ceciley Wilder by **April 28, 2009, 4:00 p.m. PDT.**

j. Region 10: Lucita Valiere
U.S. EPA Region 10
Office of Air, Waste and Toxics
1200 Sixth Avenue, Suite 900, AWT-107
Seattle, WA 98101-3140
Phone: 206-553-8087

All hard copies of application packages must be received by Lucita Valiere by **April 28, 2009, 4:00 p.m. PDT.**

2. **Email Submission:** Please send an email containing a Adobe pdf files of all required application package materials including signed and completed forms. Emails must be addressed to the appropriate EPA regional contact identified below and include, "Recovery Act Clean Diesel Application - [name of applicant]" in the subject line.

Applicants should be aware that before an award can be made, selectees may need to resubmit hard copies of all forms requiring official signatures if submitting application forms by email.

All email submissions of application packages must be received by the appropriate EPA regional email address by **April 28, 2009, 4:00 p.m.**

a. Region 1: R1.DieselGrants@epa.gov
All email submissions of application packages must be received by **April 28, 2009, 4:00 p.m. EDT.**

b. Region 2: laurita.matthew@epa.gov
All email submissions of application packages must be received by **April 28, 2009, 4:00 p.m. EDT.**

c. Region 3: jones.bill@epa.gov
All email submissions of application packages must be received by **April 28, 2009, 4:00 p.m. EDT.**

d. Region 4: powell.alan@epa.gov
All email submissions of application packages must be received by **April 28, 2009, 4:00 p.m. EDT.**

e. Region 5: mcdi@epa.gov
All email submissions of application packages must be received by **April 28, 2009, 4:00 p.m. CDT.**

f. Region 6: BSCDERA@epa.gov
All email submissions of application packages must be received by **April 28, 2009, 4:00 p.m. CDT.**

g. Region 7: BSCDERA@epa.gov
All email submissions of application packages must be received by **April 28, 2009, 4:00 p.m. CDT.**

h. Region 8: russo.rebecca@epa.gov
All email submissions of application packages must be received by **April 28, 2009, 4:00 p.m. MDT.**

i. Region 9: wilder.ceciley@epa.gov
All email submissions of application packages must be received by **April 28, 2009, 4:00 p.m. PDT.**

j. Region 10: dieselgrants@epa.gov
All email submissions of application packages must be received by **April 28, 2009, 4:00 p.m. PDT.**

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. A sample format for the Project Narrative that applicants can use may be downloaded at www.epa.gov/otaq/eparecovery/prognational.htm**.** 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.
- **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 any mandatory cost-share and leveraged resources, and demonstrate your ability to obtain these funds.
- **vi.** Project period. Provide beginning and ending dates**.**
- **vii.** Multiple projects. Provide name of project, EPA regional office submitted to, and EPA funding requested for any other applications submitted under this RFA.

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. All verified and/or certified 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, engines 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 goal of maximizing job creation and preservation and economic recovery. This section must address 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. Commence expenditures and activities as quickly as possible consistent with prudent management.
7. Track and measure the recipient's progress towards achieving the Recovery Act priorities.

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 – applicants 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 a certified engine configuration or verified technology that has a long expected useful life - applicants should include a description of any certified engine configurations or verified technologies to be used or funded by the project (see Section I.C.5), including expected lifetime of said engines and technologies;
6. Maximize the useful life of any certified engine configuration or verified 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 engines – 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. **Regional Significance**: This section of the work plan must address how the project will address and achieve the Regional Priorities of the EPA regional office which covers the project locations and to which the application is submitted. Regional Priorities for each of the ten EPA regions offices are identified in Section I.C.3 "Regional Significance" of this RFA.

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

   *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.

vi. **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/subgrantees and/or named contractor(s) unless certain conditions/requirements are met. For additional information see Section IV.G "Contracts, Subawards and Partnerships."

vii. **Results – Outputs and Outcomes:** This section of the work plan must include a discussion of the expected quantitative and qualitative outcomes and outputs of the project (See Section I.D), including what measurements will be used to track and measure your progress towards achieving the expected outputs and outcomes, including those related to the 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 the outputs will be tracked, measured and reported. It is suggested that the applicant 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

viii. 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. Mandatory cost-share for repower and replacement projects must be included in the official project budget. See Section III.B for more 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.

ix. 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 should 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.

D. Submission Dates and Time

The closing date for receipt of applications is **Tuesday, April 28, 2009**. All hard copies of application packages must be received by the appropriate EPA regional contact defined in Section IV.A of this RFA **by Tuesday**, **April 28, 2009, 4:00 p.m.** in order to be considered for funding. Electronic submissions must be received via email by **Tuesday, April 28, 2009, 4:00 p.m.** 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 National Clean Diesel RFA Question” in the subject line of your email. Answers will be posted in the Frequently Asked Questions at http://www.epa.gov/otaq/eparecovery/prognational.htm.

In addition, EPA regional offices will host Question and Answer sessions 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/diesel/prgnational.htm as it becomes available.

Frequently asked questions and answers from these teleconferences, 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 SectionV 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.** (6 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**;** **b.** (6 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.	**12**

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 pts) Preserve and/or create jobs and promote economic recovery; maximize job creation and economic benefit; assist those most impacted by the current 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. **b.** (10 pts) Commence expenditures and activities 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.** (3 points) Maximize public health benefits; **b.** (5 points)Are the most cost-effective; **c.** (4 points)Are in areas with high population density, that are poor air quality areas and 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; **d.** (2 points)Include a certified engine configuration or verified technology that has a long expected useful life and maximize the useful life of any certified engine configuration or verified technology used or funded by the eligible entity, conserve diesel fuel and utilize ultra low sulfur diesel fuel (15 parts per million of sulfur content) ahead of EPA's mandate (for non-road projects).	**14**
4. <u>Regional Significance:</u> Under this criterion, applicants will be evaluated based on the extent and quality to which the project demonstrates that it will address and advances the goals and priorities of the EPA regional office which covers the project location, as identified in Section I.C.3 "Regional Significance."	**10**
5. <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 applicants: **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 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	**6**

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.	
6. 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.	**6**
7. 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 expected project outputs and outcomes, including those identified in Section I.D "Results and Anticipated Outcomes/Outputs," And the Recovery Act related goals and priorities. **a**. (8 points) The applicant's plan and approach for tracking, measuring, and reporting its progress towards achieving the Recovery Act related priorities and outputs and outcomes of the project including those identified in Sections 1.C and D 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 its progress towards achieving the environmental related outputs and outcomes of the project including those identified in Section 1.D and E and whether the plan and approach is presented clearly and accurately.	**15**
8. 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 (beyond any required cost shares-See Section III.B) 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.	**4**
9. 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.	**4**
10. Clear Description of the Target Fleet: 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.	**4**

B. Review and Selection Process

Assistance agreements funded under this announcement will be awarded and managed by each of EPA's ten regional offices. Applicants must submit applications to the EPA regional office which covers the project location and the applications will be reviewed by regional review panels in each region. 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 regional 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 EPA regional Approving Official based on this ranking.

C. Other Factors

Final funding decisions will be made by the EPA regional Approving Official based on the rankings and preliminary recommendation of the EPA regional evaluation team. In making the final funding decisions, the EPA regional Approving Official may also consider sector and technology, geographic diversity, the extent to which the project promotes and maximizes 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 regional 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 20, 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. At a minimum, this process can take up to 90 days from the date of award recommendation.

2. EPA anticipates notification to *unsuccessful* applicant(s) will be made via electronic or postal mail June 15, 2009. The notification will be sent to the original signer of the Standard Form 424, Application for Federal Assistance.

3. 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.

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 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) Data 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 performance measures and project progress, 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

Jennifer Keller
Phone: (202) 343-9541
Email: keller.jennifer@epa.gov

Faye Swift
Phone: (202) 343-9147
Email: swift.faye@epa.gov

VIII. OTHER INFORMATION

A. Quantifying Environmental Outputs:

1. 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. 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.

2. 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.

2. Projects Affecting Tribes

If the application involves projects that may affect a federally recognized Tribe or may have an effect on Indian country[5] EPA encourages the applicant to notify the potentially affected Tribe of the proposed project before it submits its application to EPA. EPA believes that such coordination will help ensure that there will not be any avoidable delays in awarding and implementing the project, should the application be selected for funding. If you need assistance or information in identifying or notifying a potentially affected Tribe, please contact the EPA contact for your Region.

5 EPA defines "Indian country" as defined by 18 U.S.C. § 1151. 18 U.S.C. § 1151 defines "Indian Country" as "(a) all land within the limits of any Indian reservation under the jurisdiction of the United States government, notwithstanding the issuance of any patent, and, including rights-of-way running through the reservation, (b) all dependent Indian communities within the borders of the United States whether within the original or subsequently acquired territory thereof, and whether within or without the limits of a state, and (c) all Indian allotments, the Indian titles to which have not been extinguished, including rights-of-way running through the same.

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)