

Diesel Emissions Reduction Program

AGENCY: ENVIRONMENTAL PROTECTION AGENCY (EPA), REGION 5

TITLE: MIDWEST CLEAN DIESEL INITIATIVE

ACTION: REQUEST FOR PROPOSALS (RFP)

RFP Number: EPA-R5-MCDI-2008

CATALOG OF FINANCIAL DOMESTIC ASSISTANCE NUMBER: NO: 66.039

DATES: The closing date and time for receipt of proposals is **June 12, 2008, 6:00 pm Central Daylight Time**. All hard copies of complete proposal packages must be received by [Sharleen Getschman](#) by **June 12, 2008, 6:00 pm Central Daylight Time** in order to be considered for funding. Electronic submissions must be submitted via <http://www.Grants.gov> by **June 12, 2008, 6:00 pm Central Daylight Time**. Proposals received after the closing date and time will not be considered for funding. Final applications, including any additional information which is required by statute from the applicant, will be requested from those eligible entities whose proposal has been successfully evaluated and preliminarily recommended for award.

SUMMARY: This notice announces the availability of funds and solicits proposals for diesel emissions reductions projects in EPA Region 5, which includes the states of Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin.

FUNDING/AWARDS: The total estimated funding for this competitive opportunity is **approximately \$5,000,000**. EPA Region 5 anticipates awarding 10-20 cooperative agreements from this announcement ranging from \$100,000 to \$750,000, subject to availability of funds and the quality of proposals received.

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I. FUNDING OPPORTUNITY DESCRIPTION

A. Background

The U.S. Environmental Protection Agency's (EPA) National Clean Diesel Campaign is announcing the availability of funding assistance through the Energy Policy Act of 2005, Public Law 109-58, signed August 8, 2005 (EPAAct 2005). The Diesel Emissions Reduction National Program authorized by Title VII, Subtitle G (Sections 791 to 797) of the EPAAct 2005 enables EPA to offer cooperative agreements (including agreements to establish innovative financing projects) to eligible organizations and entities on a competitive basis. As part of the Midwest Clean Diesel Initiative (MCDI), EPA Region 5 is soliciting proposals for projects to reduce diesel emissions. Funding will be in the form of cooperative agreements, which must be used to achieve significant reductions in diesel emissions in terms of--(1) tons of pollution produced; and (2) diesel emissions exposure, particularly from fleets operating in areas designated by the Administrator as poor air quality areas.

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 and agriculture.

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

The 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.

This RFP solicits proposals on a competitive basis for cooperative agreements to reduce emissions from existing diesel engines through a variety of strategies, including but not limited to, a variety of diesel emissions reductions solutions such as: add-on emission control retrofit technologies; idle reduction technologies; cleaner fuel use; engine repowers; engine upgrades; and/or vehicle or equipment replacement; and the creation of innovative finance programs to fund diesel emissions reduction projects.

This announcement also allows proposals for cooperative agreements that establish innovative financial programs, such as low cost loans. Recipients of the innovative financing must reside within EPA Region 5 States and Tribal Lands; however, there is no requirement that the eligible vehicles or equipment operate exclusively within the Region's States or Tribal Lands. Through a separate solicitation, EPA Headquarters will offer agreements to eligible applicants to establish national or multi-EPA Regional innovative financial programs for eligible vehicle or equipment owners that reside anywhere in the United States.

B. Scope of Work

1. Diesel Emissions Reduction Program

The Diesel Emissions Reduction Program addresses pollution from heavy duty diesel vehicles and equipment that are currently used for either on-road or non-road¹ applications. Eligible vehicles, engines and equipment may include but are not limited to: buses; medium-duty or heavy-duty trucks; marine engines; locomotives; and non-road engines or vehicles used in: i) construction; ii) handling or cargo (including at a port or airport); iii) agriculture; iv) mining; or v) energy production². Projects may include, but are not limited to, a variety of diesel emissions reduction solutions as described more fully below such as: add-on emission control retrofit technologies; idle reduction technologies; cleaner fuel use; engine repowers; engine upgrades; and/or vehicle or equipment replacement; and the creation of innovative financing programs for diesel emissions reduction projects. All of these options are further described below. Equipment that is used for testing emissions and/or fueling infrastructure costs is not eligible for funding.

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 will be phased in starting in 2008. Emission reductions from retrofits of post-2007 and post-2008 vehicles, engines and equipment will be considered, if the technologies, devices or systems proposed in the proposal package will achieve emissions reductions beyond that required by EPA regulations at the time of engine certification.

Diesel Emissions Reduction Solution Proposal Areas:

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 that currently required by EPA regulations at the time of the engine’s certification. Retrofit technologies may include, but are not limited to, the following: EPA verified emission control technologies (for example, those installed in the exhaust system like oxidation catalysts and particulate matter filters or systems that include crankcase control, like a closed crankcase filtration system, and engine re-calibrations), and California Air Resources Board (CARB) verified emission control technologies. This funding may cover up to 100% of the costs for these emission reduction technologies. 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>.

Idle Reduction Technologies (EPAAct 2005, Section 792(d)(1)(B)): An idle reduction project is 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; a medium-duty or heavy-duty truck; a marine engine; a locomotive; or a non-road engine or vehicle used in construction, handling of cargo (including at a port or airport), agriculture, mining, or energy production, or is installed in the ground and (2) is designed to provide services (such as heat, air conditioning, and/or electricity) to vehicles and

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

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

equipment that would otherwise require the operation of the main drive engine while the vehicle is temporarily parked or remains stationary, and (3) reduces unnecessary idling of such vehicles or equipment. The reduction in idling must also lower emissions. EPA has verified four categories of idle reduction technologies: (1) auxiliary power units and generator sets; (2) battery air conditioning systems and thermal storage systems; (3) electrified parking spaces (truck stop electrification); (4) fuel operated heaters. To determine if a particular technology fits under one of these categories please see <http://www.epa.gov/otaq/diesel/idle-ncdc.htm>.

Cleaner Fuel Use: Cleaner fuels include, but are not limited to, ultra-low sulfur diesel fuel (for non-road vehicles/engines prior to EPA's mandate), biodiesel, compressed natural gas, liquefied natural gas, propane, and emulsions or additives verified by EPA or CARB. Funding available under this program may be used to cover the cost differential between the cleaner fuel and conventional diesel fuel.

Engine Repowers: Repower refers to the removal of an existing engine and its replacement with a newer or cleaner engine that meets a more stringent set of engine emissions standards. Repowers may include engine replacement for use with a cleaner fuel such as compressed natural gas, re-calibrations, and/or other components and/or the addition of newer, cleaner technologies to reduce the emissions from the engines. EPA is particularly interested in engine repowers that include combined verified improvements which will further reduce emissions (e.g., through the addition of verified retrofit technologies such as a diesel particulate filter, diesel oxidation catalyst or crankcase emission control). This funding will cover up to 50% of the cost of an engine repower. Please see the note below regarding repower and replacement proposals for additional eligibility requirements, such as original engine disposal requirements.

Engine Upgrades: Some engines may be able to be upgraded to reduce their emissions by applying manufacturer recommended upgrades or kits to certified or verified configurations. This funding will cover up to 100% of the cost of an engine upgrade. (Please note that the upgrade must be with a manufacturer's kit listed in CARB or EPA's verified lists, or 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.

Vehicle and Equipment Financing: This proposal area applies to low-cost financing for the purchase of vehicles or equipment retrofitted with EPA or CARB verified emission control technologies. This proposal area includes up to 100% financing for used pre-2007 model year on-highway vehicles (e.g., heavy-duty trucks) with verified emission control technologies or up to 100% financing for new or used pieces of equipment (e.g., bulldozer) with verified emission control technologies. These funds can be used to finance the purchase of the entire vehicle or equipment. The purchase of a newer, cleaner vehicle or piece of equipment that has not been retrofitted with a verified emission control technology is not eligible for this proposal area. For these types of projects see the section below on "Vehicle and Equipment Replacement."

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 and equipment with newer, cleaner diesel or hybrid or alternative fuel vehicles/equipment. These projects can also include the replacement of non-road vehicles/equipment with highway models if the engine's operating cycles make the replacement technically feasible. EPA encourages the replacement of older vehicles and equipment containing engines that were manufactured prior to the implementation of emissions standards. As with engine replacements, proposals must specify how the vehicles/equipment will be disposed. 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 the note below regarding repower and replacement proposals for additional eligibility requirements, such as original engine/vehicle/equipment disposal requirements.

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.

- 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 non-methane 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.

Repower and Replacement Proposals are eligible for funding on the condition that the following criteria are satisfied:

- The vehicle, engine, or equipment being replaced will be scrapped or the replaced engine would be returned to the original engine manufacturer for remanufacturing to a cleaner standard;
- The replacement vehicle, engine, or equipment will perform the same function as the vehicle, engine, or equipment that is being replaced (e.g., an excavator used to dig pipelines would be replaced by an excavator that continues to dig pipelines); and
- The replacement vehicle, engine, or equipment will be of the same type and similar gross vehicle weight rating or horsepower as the vehicle, engine, or equipment being replaced (e.g., a 300 horsepower bulldozer is replaced by a bulldozer of similar horsepower).

NOTE for Repower and Replacement Proposals: This program funds the early replacement of vehicles, engines and/or equipment. Emission reductions that result from vehicle, engine, or equipment replacements 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. The purchase of new vehicles or equipment to expand a fleet is not covered by this program. To be

considered a replacement, the purchase of new vehicles, engines, and equipment must be accompanied by the scrapping or remanufacturing of old vehicles, engines and equipment. Furthermore, for engine repowers, EPA requires that the engine being replaced must be scrapped, remanufactured by an original engine manufacturer to a cleaner emission standard or rendered permanently disabled. 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. Evidence of appropriate disposal is required in a final assistance agreement report submitted to EPA.

Innovative Finance Projects

Applicants may submit proposals to establish a Regional innovative financing program that results in diesel emissions reduction activities such as those described in the “Diesel Emissions Reduction Solution Proposal Areas.” Proposed innovative financing may include, but is not limited to, the following: issuance of loan guarantees, equity investments that leverage additional funds, revolving loan funds, or issuance of tax exempt or taxable bonds.

Note, any costs associated with the implementation of the innovative finance program, including administrative costs and expenses to establish the innovative finance program, are capped at 5% of the award, unless otherwise noted below in “Examples of Finance Programs.”

For the financing to be considered “innovative,” the recipient can meet this condition in one of several ways. First, the repayment term can be lengthened and/or the interest rate on a loan can be set at a rate lower than what the loan applicant would typically receive, thereby resulting in lower payments for the retrofitted engine or equipment. Second, the approval rate for the loan can be more flexible than typical for the applicant, thereby approving a loan that would not otherwise be approved for the retrofitted engine or equipment. Innovative projects include those where the loan recipient receives a unique financial incentive (i.e., greater than regular market rates or conditions) for the purchase of retrofitted vehicles or equipment.

In the first scenario, if the recipient (or lender partner) uses a FICO (Fair Isaac Corporation) credit score as a means to set the interest rate, then the recipient (or lender partner) would determine the interest rate and then offer a rate lower for this loan applicant. The interest rate should be set at an amount that provides sufficient incentive to select the loan for the retrofitted engine or equipment with an EPA or CARB verified emission control technology. For example, a sufficient incentive can be an interest rate that results in a monthly payment of \$100-\$200 less for the retrofitted engine or equipment than the non-retrofitted engine or equipment. The objective in this example is to offer a financial incentive to purchase a vehicle or piece of equipment that, as a result of a retrofit, emits less harmful emissions.

In the second scenario, the recipient (or lender partner) would approve a loan that they would not normally approve because the cooperative agreement allows greater flexibility. For example, if a loan applicant seeks a loan for a \$50,000 retrofitted vehicle with an EPA or CARB verified emission control technology but would not normally receive a loan based on this purchase price and the applicant’s credit, the recipient (or partner lender) would approve this loan because the award allows them to assume greater risk. The objective in this example is to increase the

probability of approving a loan for a retrofitted engine or piece of equipment where under circumstances without the award the loan applicant would be denied the loan.

Examples of Finance Programs

(a) Loan Guarantee: The innovative finance program may be used as a loan guarantee whereby the funds are used to guarantee repayment of the loans made by a lending institution. Essentially, the recipient would deposit funds into an escrow account to guarantee all or part of a loan for a retrofitted engine or equipment. Disbursement would not be requested until a guaranteed loan has been made by a participating financial institution. In the usual case, the funds would remain in escrow and returned to the recipient when all borrowers repaid the guaranteed loans. If there is a default, the recipient would use the funds in the escrow account to make the lender whole for its losses. The losses may include the principal loaned out plus interest payments that had accrued at the time of the default (minus any payments made on the loan). The participating financial institutions should use industry standard recovery strategies, as a means to adjust the amount that would make them whole, before requesting payment from the recipient (i.e., the recovered value of the retrofitted engine or equipment at accepted industry rates). In these types of loans, neither the borrowers nor the participating financial institutions should be given the impression that the loans are guaranteed by the Federal Government. The loan is guaranteed by the recipient (or lender partner). The escrow account must be properly structured in accordance with the standards of 64 Comp. Gen. 96, 98 (1984) to ensure that cooperative agreement funds transferred to the recipient are disbursements of assistance funds.

(b) Bonds: The finance program may be used to underwrite the cost of issuing a bond which is then used to create innovative loans to support EPAAct2005 eligible activities. The expense cap of 5% does not apply to bonds. In the case of bonds, the entire award can be used for eligible bond expenses as described below. A bond is a certificate, evidence of a debt, or written promise on which the issuing entity promises to pay the bondholders a specified amount of interest for a specified length of time, and to repay the loan on the expiration date. For EPAAct2005 purposes, the capital raised by issuing a bond would be used to create an innovative finance program that lends funds at low interest rates for the purchase of a retrofitted engine or piece of equipment. There are a number of different types of bonds that may be appropriate for this program including both taxable and tax-exempt bonds.

Eligible bond expenses include, but are not limited to, bond issuance fees, bond counsel and bank attorney fees, underwriter fees, trustee fees, and bond insurance. Applicants are strongly encouraged to speak with the appropriate financial experts, or partner with a State or local agency that has experience in issuing bonds, such as an Economic Development Agency. The recipient must demonstrate their authority to issue bonds and must use the bond funds to create a loan program that meets EPAAct2005's statutory requirements. For more information on the use of bonds to support environmental objectives, please see:

<http://www.epa.gov/efinpage/guidebook.htm>. EPA's Environmental Finance Advisory Board has also issued a recent report on innovative financing for reducing diesel emissions:

<http://www.epa.gov/efinpage/efab/LetterSJ110107.pdf>

(c) *Equity Investment*: An equity investment is the use of cooperative agreement funds to leverage additional funds from a lending institution. For example, the recipient may take the cooperative agreement funds and borrow funds from another lending institution at a lower interest rate based on the cooperative agreement funds available to the recipient. The lower interest rate comes from the blending of cooperative agreement funds and borrowed funds at lower market rates. This investment may lower the recipient's overall cost of capital and enable it to finance retrofitted engines and equipment at a cost lower than if the grantee had not received the award.

(d) *Revolving Loan Fund (RLF)*: An RLF provides funding for a recipient to capitalize a revolving loan fund for EPAAct2005 purposes. An RLF recipient must use at least 85 percent of the awarded funds to capitalize and implement an RLF, while the remaining 15 percent can be used for implementation expenses, such as administrative costs. RLFs generally are used to provide no-interest or low-interest loans which must be used for EPAAct2005 eligible purposes. The difference between an RLF and an equity investment is that the RLF uses the cooperative agreement funds as the sole source of capital for the loan program, whereas an equity investment combines the cooperative agreement funds and leveraged funds for the loan program.

2. Eligible Projects: Summary of What EPA Region 5 Will Fund

- Idling and Retrofit Technologies and Engine Upgrades – EPA Region 5 will fund 100% of the cost of idling or retrofit technologies.
- Cleaner Fuel Use – EPA Region 5 will fund the cost differential between the cleaner fuel and conventional diesel fuel.
- Engine Repower – EPA Region 5 will fund up to 50% of the cost of an engine repower.
- Vehicle/Equipment Replacement – EPA Region 5 will fund up to 25% of the cost of a new vehicle or piece of equipment (except for school buses; see above).
- School Bus Replacement:
 - For buses that meet EPA's 2010 emissions standards, EPA Region 5 will fund 50% of the cost of a replacement school bus.
 - For buses that meet EPA's 2007 emissions standards, EPA Region 5 will fund 25% of the cost of a replacement school bus
- If an innovative finance project involves installation of idle reduction technology or vehicles or equipment retrofitted with a verified emission control technology, then this program will finance up to 100% of the cost of idling reduction technology, or up to 100% of the cost of the vehicle or equipment retrofitted with verified emission control technology.
- If an innovative finance project involves vehicle/equipment replacement, then the program will finance up to 100% of the cost of a newer vehicle or piece of equipment if the existing vehicle or equipment is scrapped or the replaced engine is returned to the original engine manufacturer for remanufacturing to a cleaner standard.

C. EPA's Strategic Plan Linkage and Anticipated Outcomes/Outputs

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 applicants and recipients adequately describe in workplans the environmental

outputs and environmental outcomes to be achieved under assistance agreements (see EPA Order 5700.7, Environmental Results under Assistance Agreements, <http://www.epa.gov/ogd/grants/award/5700.7.pdf>).

1. Linkage to EPA Strategic Plan

All proposals 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 2010...[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/2003sp.pdf>) (<http://www.epa.gov/cfo/plan/plan.htm>). Projects funded under this RFP must reduce emissions from diesel fleets, thereby reducing local and regional air pollution.

2. Outputs:

The term "output" means an environmental activity, effort and/or associated products related to an 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 a cooperative agreement's funding period. Proposals must include a description of how cooperative agreement recipients will track and measure progress towards the environmental goal throughout the project and budget period.

- Expected **outputs** from the projects to be funded under this solicitation may include but are not limited to the following: number of retrofitted engines/vehicles/equipment, annual pounds or tons of fine particulate matter (PM_{2.5}), nitrogen oxides (NO_x), greenhouse gases (GHG) and/or volatile organic compound (VOCs) reduced, cost effectiveness of project (in \$/ton or \$/lb), and health benefits achieved (health benefits may be measured by numbers of illnesses, health care costs, or missed work/school days avoided).
- If you are submitting a proposal to establish an innovative finance project, an expected output may include the number and amount of innovative financing loans awarded.
- To estimate some of the anticipated outputs of your proposal (e.g. pollution reduced), EPA encourages you to use the Diesel Emissions Quantifier found at <http://cfpub.epa.gov/quantifier/view/index.cfm>.
- Another tool 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.
- If you are unable to use these models, please describe your methodology for estimating or determining outputs 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 Request for Proposals.

3. Outcomes:

The term “outcome” means the result, effect or consequence that will occur from carrying out an environmental program or activity that is related to an environmental or programmatic goal or objective. Outcomes may be environmental, behavioral, health-related or programmatic in nature, but must be quantitative. They may not necessarily be achievable within a cooperative agreement’s project and budget period. Proposals 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:

- **Short-term outcomes** such as increased understanding of the environmental or economic effectiveness of the implemented technology; dissemination of the increased knowledge via listserves, websites, journals, and outreach events.
- **Medium-term outcomes** such as widespread adoption of the implemented technology; documented emissions reductions from these and other sources of diesel emissions in multiple states (emission reductions should be calculated using the Diesel Emissions Quantifier tool).
- **Long-term outcomes** such as reductions in the number of children with asthma or documented improved ambient air quality.

- If you are submitting a proposal to establish an innovative finance project, an expected outcome may include the following: (1) Developed innovative finance concepts that result in lower interest rates or higher approval rates as a means to retrofit used pre-2007 on-highway vehicles with EPA or CARB verified emission control technologies, or to retrofit existing engines or equipment with verified idle reduction technologies; and where knowledge of these innovative finance concepts can be disseminated through published articles, posted on websites, and included in general outreach to the public; (2) Built relationships and gained experience among financial institutions offering innovative financing, dealerships or distributors selling eligible cleaner diesel engines and/or equipment, and manufacturers of EPA and/or CARB verified emission control technologies, certified engines, and/or idle reduction technologies, whereby the transactions among the entities above resulted in a transparent, “business as usual” process; and/or (3) Increased understanding of the environmental or economic cost effectiveness of selling eligible cleaner diesel engines and equipment with innovative financing.

Projects funded under this RFP must achieve significant reductions in diesel emissions in terms of tons of pollution produced and diesel emissions exposure, particularly from fleets operating in areas designated by the EPA as poor air quality areas.

D. Statutory Authority

The EPA Act of 2005 provides new diesel emissions reduction grant authority for EPA and authorizes an annual appropriation of up to \$200,000,000 under the Diesel Emissions Reduction portion of the legislation for each of fiscal years 2007 through 2011 to remain available until expended.

II. AWARD INFORMATION

A. What is the amount of funding available?

EPA Region 5 anticipates awarding a total of **approximately \$5,000,000** under this announcement:

B. Partial Funding.

In appropriate circumstances, EPA Region 5 reserves the right to partially fund proposals by funding discrete portions or phases of proposed projects. If EPA decides to partially fund a proposal, it will do so in a manner that does not prejudice any applicants or affect the basis upon which the proposal, or portion thereof, was evaluated and selected for award, and therefore maintains the integrity of the competition and selection process.

C. How many cooperative agreements will EPA Region 5 award in this competition?

EPA Region 5 anticipates awarding 10-20 cooperative agreements from this announcement ranging from \$100,000 to \$750,000, subject to availability of funds and the quality of proposals received.

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

The estimated project period for awards resulting from this solicitation will begin in January 2009. The cooperative agreements funded under this program will have a two-year project period. It is expected that projects will be completed by December 2010.

E. Funding Type.

The funding for selected projects will be in the form of a cooperative agreement. Cooperative agreements permit substantial involvement between EPA and the selected applicants in the performance of the work supported. Although EPA Region 5 will negotiate precise terms and conditions relating to substantial involvement as part of the award process, the anticipated substantial Federal involvement for this project will be:

- close monitoring of the successful applicant's performance to verify the results proposed by the applicant;
- collaboration during performance of the scope of work;
- review substantive terms of proposed contracts;
- approve qualifications of key personnel (EPA will not select employees or contractors employed by the award recipient);
- review and comment on reports prepared under the cooperative agreement (the final decision on the content of reports rests with the recipient).

F. Are there any other funding restrictions or requirements?

EPA Region 5 assistance agreement funds may only be used for the purposes set forth in the cooperative agreement, and must be consistent with the statutory authority for the award. Assistance agreement funds may not be used for matching funds for other federal grants, lobbying, or intervention in Federal regulatory or adjudicatory proceedings, and may not be used to sue the Federal government or any other government entity. It should be noted that emissions testing and/or monitoring activities are not an eligible use of EPA Region 5 funds under this Request for Proposals.

Pursuant to Section 792(d)(2) of the EPA Act of 2005, no funds awarded under this solicitation shall be used to fund the costs of emissions reductions that are mandated under Federal, State or local law. 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.

Equipment that is used for testing emissions and/or fueling infrastructure costs is not eligible for funding.

EPA Region 5 reserves the right to reject all proposals and make no awards under this announcement or to make fewer awards than anticipated. Awards may be in one or more of the areas identified in I.B., the Scope of Work.

EPA Region 5 reserves the right to make additional awards under this announcement (after the original award selections are made) if additional funding becomes available. Any additional selections for awards will be made no later than 6 months after the original selection decisions. The additional selections must be made in accordance with the terms of this announcement and EPA policy.

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: 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. School districts, municipalities, metropolitan planning organizations, cities and counties are all eligible entities under this Request for Proposals within the extent that they fall within the definition above.

In some cases, an eligible entity may partner with others, such as a financial institution or diesel fleet or equipment distributor or dealer, to implement the project. In some cases, an eligible entity may have direct knowledge and experience with finance programs. However, in other cases, an eligible entity may want to consider partnering with financial entities as part of the proposal. Likewise,

eligible entities may want to consider partnering with dealerships and distributors of eligible engines and equipment to ensure meeting future reporting requirements.

B. Cost-Share or Matching

There is no requirement for a matching contribution from applicants. However, EPA encourages the use of leveraged funds to enhance and expand the project. Proposals that leverage resources beyond EPA's funding may receive additional points during the evaluation process. Leveraged funding or other resources need not be for eligible and allowable project costs under the EPA cooperative agreement unless the Applicant proposes to provide a voluntary cost share or match. If EPA accepts an offer for a voluntary cost share/match/participation, applicants must meet their matching/sharing/participation commitment as a condition of receiving EPA funding. Applicants may use their own funds or other resources for voluntary match/cost share/participation if the standards at 40 CFR 30.23 or 40 CFR 31.24, as applicable, are met. Only eligible and allowable costs may be used for voluntary matches/cost shares/participation. Other Federal assistance agreement funds may not be used as voluntary matches or cost shares without specific statutory authority (e.g. HUD's Community Development Block Grants).

C. Threshold Eligibility Criteria

In addition to the applicant eligibility criteria in Section A above, proposals must also meet the following threshold criteria. Failure to meet any of the following criteria in the complete proposal submission will result in disqualification of the proposal 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. Projects must benefit one or more of the following geographic areas of EPA Region 5: Illinois, Indiana, Michigan, Minnesota, Ohio, and/or Wisconsin - including Tribal lands belonging to the federally recognized tribes in these states.
2. Proposals must support Goal 1 of EPA's Strategic Plan by reducing diesel emissions.
3. Proposals must substantially comply with the proposal submission instructions and requirements set forth in Section IV of this announcement or else they will be rejected. However, where a page limit is expressed in Section IV with respect to the narrative proposal, pages in excess of the page limitation will not be reviewed.
 - a. In addition, proposals must be received by EPA Region 5 or received through <http://www.grants.gov>, as specified in Section IV of this announcement, on or before the proposal submission deadline published in Section IV of this announcement. Applicants are responsible for ensuring that their proposal reaches the designated person/office specified in Section IV of the announcement by the submission deadline.
 - b. Proposals 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 submissions, where Section IV

requires proposal receipt by a specific person/office by the submission deadline, receipt by an agency mailroom is not sufficient. Applicants should confirm receipt of their proposal with [Sharleen Getschman at getschman.sharleen@epa.gov](mailto:getschman.sharleen@epa.gov) as soon as possible after the submission deadline—failure to do so may result in your proposal not being reviewed.

4. Proposals in which the applicant is requesting assistance funds in excess of \$750,000 or less than \$100,000 will not be reviewed.
5. Repower and Replacement Proposals are eligible for funding on the condition that the following criteria are satisfied:
 - The vehicle, engine, or equipment being replaced will be scrapped, or the replaced engine would be returned to the original engine manufacturer for remanufacturing to a cleaner standard;
 - The replacement vehicle, engine, or equipment will perform the same function as the vehicle, engine, or equipment that is being replaced (e.g., an excavator used to dig pipelines would be replaced by an excavator that continues to dig pipelines); and
 - The replacement vehicle, engine, or equipment will be of the same type and similar gross vehicle weight rating or horsepower as the vehicle, engine, or equipment being replaced (e.g., a 300 horsepower bulldozer is replaced by a bulldozer of similar horsepower).
6. Proposals to implement Regional innovative financing programs must address diesel emissions reduction activities such as those described in the “*Diesel Emissions Reduction Solution Proposal Areas*” of this announcement. In order to support the EPA Regional focus of this RFP, the recipient must establish an innovative finance program limited to eligible vehicle or equipment owners that reside within Region 5 States and Tribal Lands. **Note**, there is no requirement that the eligible vehicles or equipment operate exclusively within the Region’s States or Tribal Lands. An innovative program includes but is not limited to those where the loan recipient receives a unique financial incentive (i.e., greater than regular market rates or conditions) for the purchase of retrofitted vehicles or equipment.

IV. PROPOSAL AND SUBMISSION INFORMATION

A. How to Obtain Application Package

EPA encourages applicants to obtain proposal materials and apply electronically through <http://www.grants.gov>.

Applicants may also 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 or at <http://epa.gov/ogd/AppKit/supplemental.htm>.

B. Form of Proposal Submission

Applicants have the option to submit their proposals in *one of two ways*: (1) Electronically through the <http://www.grants.gov> website or (2) hard copy by express delivery service, hand delivery or

U.S. Postal Service. All proposals must be prepared and include the information as described in Section IV.C below, regardless of mode of transmission.

1. Hard Copy Submission

Because of the unique situation involving U.S. mail screening, **EPA highly recommends that applicants use an express mail option to submit their proposal packages** (SF 424, SF 424A, Narrative Proposal and Applicant Fleet Description Spreadsheet). Please provide one original of the complete proposal package (including signed and completed SF 424 and SF 424A forms) --**no binders or spiral binding**--to:

Express and Hand Delivery Address (FedEx, UPS, DHL, etc.)

U.S. Environmental Protection Agency
ATTN: Sharleen Getschman
Air and Radiation Division
77 West Jackson Boulevard, MC AR-18J
Chicago, Illinois 60604

U.S. Mail Address (Not recommended)

U.S. Environmental Protection Agency
ATTN: Sharleen Getschman
Air and Radiation Division
77 West Jackson Boulevard, MC AR-18J
Chicago, Illinois 60604

2. Grants.gov Submission

The electronic submission of your proposal must be made by an official representative of your institution who is registered with Grants.gov and is authorized to sign applications for Federal assistance. For more information, go to <http://www.grants.gov> and click on “Get Registered” on the left side of the page. ***Take Notice that the registration process may take a week or longer to complete.** If your organization is not currently registered with Grants.gov, please encourage your office to designate an authorized representative (AOR) and ask that individual to begin the registration process as soon as possible.

To begin the proposal process under this grant announcement, go to <http://www.grants.gov> and click on the “Apply for Grants” tab on the left side of the page. Then click on “Apply Step 1: Download a Grant Application Package” to download the compatible Adobe viewer and obtain the application package. **To apply through grants.gov you must use Adobe Reader applications and download the compatible Adobe Reader version ([Adobe Reader applications are](#) available to download for free on the Grants.gov website. For more information on Adobe Reader please visit the [Help section](#) on grants.gov at <http://www.grants.gov/help/help.jsp> or http://www.grants.gov/aboutgrants/program_status.jsp).**

Once you have downloaded the viewer, you may retrieve the application package by entering the **Funding Opportunity Number, EPA-R5-MCDI-2008**, or the CFDA number that applies to the announcement (**CFDA 66.039**), in the appropriate field. You may also be able to access the proposal package by clicking on the Application button at the top right of the synopsis page for this announcement on <http://www.grants.gov> (to find the synopsis page, go to <http://www.grants.gov> and click on the “Find Grant Opportunities” button on the left side of the page and then go to Search Opportunities and use the Browse by Agency feature to find EPA opportunities).

Grants.gov Proposal Submission Deadline

Your organization’s Authorized Representative (AOR) must submit your complete proposal package as described below, electronically to EPA through Grants.gov (<http://www.grants.gov>) no later than **6:00 p.m. Central Daylight Time on June 12, 2008**.

Proposal Materials

1. The following forms and documents are required to be submitted under this announcement:

- I. Application for Federal Assistance (SF-424)
- II. Budget Information for Non-Construction Programs (SF-424A)
- III. Narrative Proposal (as described in Section IV.C. of the announcement)

The proposal package *must* include all of the following materials in order to be considered complete:

I. Standard Form (SF) 424 – Application for Federal Assistance

Complete the form. There are no attachments. Please be sure to include an organization fax number and email address in Block 5 of the Standard Form SF 424 and also ensure that it is signed and dated.

Please note that the organizational Dun and Bradstreet (D&B) Data Universal Number System (DUNS) number must be included on the SF-424. Organizations may obtain a DUNS number at no cost by calling the toll-free DUNS number request line at 1-866-705-5711 or at <http://Fedgov.dnb.com/webform>. See Section VI, Part C for more information.

II. Standard Form SF 424A – Budget Information

Complete the form. There are no attachments.

The total amount of federal funding requested for the project period should be shown on line 5(e) and on line 6(k) in column 1 of SF-424A, the amount of indirect costs should be entered on line 6(j). The indirect cost rate (i.e., a percentage), the indirect cost rate base (e.g., personnel costs and fringe benefits), and the indirect cost amount itself should also be indicated on line 22.

***If selected for award, applicant(s) will be required to subsequently submit documentation of their current indirect cost rate that has been negotiated with a cognizant Federal agency.**

III. Narrative Proposal

The document should be readable in PDF or MS Word and consolidated into a single file and be prepared in accordance with Section IV.C of this announcement.

****Documents I through III** listed under Proposal Materials above should appear in the “Mandatory Documents” box on the <http://www.grants.gov> Grant Application Package page. For Document IV see below.

For documents I and II, click on the appropriate form and then click “Open Form” below the box. The fields that must be completed will be highlighted in yellow. Optional fields and completed fields will be displayed in white. If you enter an invalid response or incomplete information in a field, you will receive an error message. When you have finished filling out each form, click “Save.” When you return to the electronic Grant Application Package page, click on the form you just completed, and then click on the box that says, “Move Form to Submission List.” This action will move the document over to the box that says, “Mandatory Completed Documents for Submission.”

For document number III, the Narrative Proposal, and document number IV, the Applicant Fleet Description Spreadsheet, you will need to attach electronic files. Prepare your narrative proposal as described above in Section IV.C of this announcement and save the document to your computer as an MS Word or PDF file. Prepare your Applicant Fleet Description Spreadsheet as described above and save the document as a Microsoft Excel document. When you are ready to attach the narrative proposal to the application package, click on “Project Narrative Attachment Form,” and open the form. Click “Add Mandatory Project Narrative File,” and then attach your narrative proposal (previously saved to your computer) using the browse window that appears. You may then click “View Mandatory Project Narrative File” to view it. Enter a brief descriptive title of your project in the space beside “Mandatory Project Narrative File Filename;” the file name should be no more than 40 characters long. To attach the Applicant Fleet Description Spreadsheet, click “Add Optional Project Narrative File” and proceed as before. If there are other attachments that you would like to submit to accompany your proposal, you may click “Add Optional Project Narrative File” and proceed as before. When you have finished attaching the necessary documents, click “Close Form.” When you return to the “Grant Application Package” page, select the “Project Narrative Attachment Form” and click “Move Form to Submission List.” The form should now appear in the box that says, “Mandatory Completed Documents for Submission.”

Once your proposal package has been completed and saved, send it to your Authorized Representative (AOR) for submission to EPA through <http://www.grants.gov>. Please

advise your AOR to close all other software programs before attempting to submit the application package through <http://www.Grants.gov>.

In the “Application Filing Name” box, your AOR should enter your organization’s name (abbreviate where possible), the fiscal year (e.g., FY08), and the grant category (e.g., [xxxxx]). The filing name should not exceed 40 characters. From the “Grant Application Package” page, your AOR may submit the application package by clicking the “Submit” button that appears at the top of the page. The AOR will then be asked to verify the agency and funding opportunity number for which the application package is being submitted. If problems are encountered during the submission process, the AOR should reboot his/her computer before trying to submit the application package again. [It may be necessary to turn off the computer (not just restart it) before attempting to submit the package again.] If the AOR continues to experience submission problems, he/she may contact Grants.gov for assistance by phone at 1-800-518-4726 or email at <http://www.grants.gov/help/help.jsp> or contact Sharleen Getschman at getschman.sharleen@epa.gov.

Proposal packages submitted thru <http://www.grants.gov> will be time/date stamped electronically.

2. The Application Fleet Description is preferred and not required.

The Applicant Fleet Description Spreadsheet is an excel file. It is divided into three sections: Company and Project Manager Information, Project Information, and Fleet Information. The purpose of this spreadsheet is to organize and summarize details of the project including specifics about engines, vehicles and/or equipment. For directions on filling out the spreadsheet, read the section titled "READ ME" which is located on the first tab of the excel file. It can be downloaded from <http://www.epa.gov/otaq/diesel/documents/appl-fleet.xls> or it can be emailed to you directly by emailing went.jennifer@epa.gov.

C. Content of Proposal Submission

All proposal submissions, regardless of mode of transmission, must contain a completed and signed SF-424, Application for Federal Assistance, a completed SF-424A, Budget Information—Non-Construction Programs, a Narrative Proposal and an Applicant Fleet Description Spreadsheet. Non-Construction Programs,” can be found at <http://www.epa.gov/ogd/AppKit/supplemental.htm> and <http://www.grants.gov>.

Narrative Proposal

The Narrative Proposal (1-3 below) cannot exceed a maximum of 8 single-spaced typewritten pages, including the Summary Page. Pages in excess of 8 will not be considered. Supporting materials, such as resumes and letters of support, can be submitted as attachments and are not included in the 8-page limit. The Applicant Fleet Description Spreadsheet is also not included in the 8-page limit.

1. Summary Page

- a. Project Title
- b. Applicant Information. Include applicant (organization) name, address, contact person, phone number, fax and e-mail address.
- c. Funding Requested. Specify the amount you are requesting from EPA.
- d. Total Project Cost. Specify total cost of the project. Identify funding from other sources, including cost share or in-kind resources.
- e. Project period. Provide beginning and ending dates (e.g., January 1, 2009 to December 31, 2010).

2. Narrative Work Plan

****The Narrative must explicitly describe how the proposed project meets the guidelines established in Sections I-III (including the threshold eligibility criteria in Section III.C) of this announcement and address each of the evaluation criteria set forth in Section V.**

The Work Plan must include the following:

- a. **Project Summary/Approach: This section should contain the following components:**
 - i. A description of the air quality of the area served by the eligible entity;
 - ii. The quantity of air pollution produced by the diesel fleets in the area served by the eligible entity;
 - iii. A project description, including:
 - a. Any certified engine configurations or verified technologies to be used or funded by the eligible entity; and
 - b. The means by which the project will achieve a significant reduction in diesel emissions;
 - iv. An evaluation of the quantifiable and unquantifiable benefits of the emissions reductions of the proposed project (applicants can use the Diesel Emissions Quantifier tool found at the National Clean Diesel Campaign website at: <http://cfpub.epa.gov/quantifier/view/index.cfm>);
 - v. An estimate of proposed project costs and the cost-effectiveness of emission reductions (dollar/ton reduction);
 - vi. A description of the age and expected lifetime control of the equipment used or funded by the eligible entity;
 - vii. A description of the diesel fuel available in the areas to be served by the eligible entity, including the sulfur content of the fuel;
 - viii. Provisions for the monitoring and verification of the project;
 - ix. Information on project partners and their various roles, and leveraged resources; and
 - x. Information on the sustainability of the project beyond the cooperative agreement period.
 - xi. If you are submitting a proposal to establish an innovative finance program, you should address the following components:

- (a) Provide an opinion from your legal counsel that demonstrates your legal authority (or the legal authority of your partner) to perform the actions necessary to manage an innovative financing program. At a minimum, legal authority must include the ability to hold funds, make loans, enter into loan agreements, and collect repayments. This authority may be based on statute, regulation, or other authority. Attach your counsel's legal opinion (does not count against page limit)
- (b) Describe your business concept and the main innovative finance product(s) you will offer borrowers. Include loan structure; interest and repayment rates; a multi-year timeline for managing the finance program; complimentary products/services you or a partner will offer (if applicable); program incentives, and how the balance of projected loans will promote the long-term availability (including the ability to revolve, if applicable) of the finance project
- (c) Present your market analysis, including your target market. Detail the types of borrowers (e.g., small businesses, owner-operators, or drayage operators), and the territory (e.g. national, ports) you will target.
- (d) Describe your process for selecting borrowers. Include how you will develop criteria for applicant selection, and how you will ensure that borrower eligibility determinations are made in accordance with the provisions of EPAAct2005.
- (e) Present both the management and operational teams that will oversee and implement all phases of work under this cooperative agreement, including fund management and vehicle or equipment selection. Include information on the qualifications of staff and institutions the applicant may use for fleet selection, environmental, financial, analytical, legal, and record keeping activities to ensure the use of prudent lending practices. Successful management of an innovative finance program requires a dedicated project manager and staff; in many cases, at least 50 percent of a single staff person's time.
- (f) A description of the air quality of the area served by the eligible entity (if providing innovative financing regionally, state this fact because the vehicles or equipment may not be known until loans are issued and may travel outside of the Region);
- (g) The quantity of air pollution produced by the diesel fleets in the area served by the eligible entity (if providing innovative financing regionally, state this fact because the engines or equipment may not be known until loans are issued and may travel outside of the Region);
- (h) A fleet project description (if providing innovative financing regionally, state this fact and provide a best estimate of (a), (b), and (c) below), including:
 - a. Any verified retrofit technologies to be used or funded by the eligible entity (e.g., diesel flow through filters);
 - b. A description of the age and expected lifetime control of the equipment used or funded by the eligible entity; and
 - c. The means by which the project will achieve a significant reduction in diesel emissions;
- (i) An evaluation of the quantifiable and unquantifiable benefits of the emissions reductions of the proposed project (applicants can use the Diesel Emissions

Quantifier tool found at the National Clean Diesel Campaign website at:
<http://cfpub.epa.gov/quantifier/view/index.cfm>);

- (j) An estimate of proposed project costs and the cost-effectiveness of emission reductions as funded by the innovative financing program (dollar/ton reduction);
- (k) Provisions for the monitoring and verification of the project, particularly reporting on items vi, vii, and viii above when loans have been made; ;
- (l) Information on project partners and their various roles, and leveraged resources; and
- (m) Information on the sustainability of the project beyond the cooperative agreement's project period.

b. Programmatic Priorities

Please address how the project meets the programmatic priorities listed below.

- i. Maximize public health benefits;
- ii. Are the most cost-effective;
- iii. 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);
- iv. 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;
- v. Include a certified engine configuration or verified technology that has a long expected useful life;
- vi. Maximize the useful life of any certified engine configuration or verified technology used or funded by the eligible entity;
- vii. Conserve diesel fuel; and
- viii. Utilize ultra low sulfur diesel fuel (15 parts per million of sulfur content) ahead of EPA's mandate (for non-road projects).

c. Past Performance

- i. **Programmatic Capability:** Identify federally funded assistance agreements (an assistance agreement is a grant or cooperative agreement and not a contract) similar in size, scope and relevance to the proposed project that your organization performed within the last three years (no more than 5 agreements, and preferably EPA agreements) and describe (i) whether and how you were able to successfully complete and manage those agreements and (ii) your history of meeting the reporting requirements under those agreements, including submitting acceptable final technical reports. 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 in the proposal.

In addition, provide information on your organizational experience and plan 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.

- ii. **Reporting on Environmental Results--Outcomes and Outputs:** Identify the federally funded assistance agreements (an assistance agreement is a grant or cooperative agreement and not a contract) that your organization performed within the last three years (no more than 5 agreements, and preferably EPA agreements), and describe how you documented and/or reported on whether you were making progress towards achieving the expected results (e.g., outputs and outcomes) under those agreements. If you were not making progress, please indicate whether and how you documented why not. In evaluating applicants under this factor 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 environmental results past performance information, please indicate this in the proposal.

d. Environmental Results—Outcomes and Outputs

Identify the expected quantitative and qualitative outcomes of the project (See Section I), including what measurements will be used to track your progress towards achieving the outcomes and how the results of the project will be evaluated. Identify the expected project outputs and how progress towards achieving the outputs will be tracked and measured.

e. Leveraging

Demonstrate 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) and/or that 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 cooperative agreement unless the Applicant proposes to provide a voluntary cost share or match. If EPA accepts an offer for a voluntary cost share/match/participation, applicants must meet their matching/sharing/participation commitment as a condition of receiving EPA funding. Applicants may use their own funds or other resources for voluntary match/cost share/participation if the standards at 40 CFR 30.23 or 40 CFR 31.24, as applicable, are met. Only eligible and allowable costs may be used for voluntary matches/cost shares/participation. Other Federal grants may not be used as voluntary matches or cost shares without specific statutory authority (e.g. HUD's Community Development Block Grants).

3. Detailed Budget Narrative

A detailed itemized budget and budget narrative is also required to be a part of the work plan. This proposed budget must have budget categories that reflect those on the standard form 424a. An example budget is provided below that indicates what portion of the cost will be paid by EPA and what portion will be paid by the applicant or other partners.

1. Personnel:

Indicate salaries and wages, by job title of all individuals who will be supplemented with these funds.

| | | |
|---|------------|------------------|
| For example: | EPA | Applicant |
| * Fleet Manager @ \$600/wk x 12 weeks = | \$7,200 | \$0 |

(or)

| | | |
|--|-----------------------|-----------------------|
| * Fleet Manager @ \$15/hr x 40 hrs/wk x 12/wks = | \$0 | \$7,200 |
| Total = | <u>\$7,200</u> | <u>\$7,200</u> |

2. Fringe Benefits:

Indicate all mandated and voluntary benefits to be supplemented with these funds.

| | | |
|--------------|------------|------------------|
| For example: | EPA | Applicant |
|--------------|------------|------------------|

| | | |
|----------------------------------|-------|-----|
| * Health Insurance- | | |
| 1 FTE @ \$35/month x 12/months = | \$420 | \$0 |

| | | |
|-------------------------------|-------|-----|
| * Dental – | | |
| 1 FTE @ \$40/mo x 12/months = | \$480 | \$0 |

| | | |
|----------------|---------------------|-------------------|
| Total = | <u>\$900</u> | <u>\$0</u> |
|----------------|---------------------|-------------------|

3. Travel:

Indicate number of individuals traveling, destination, number of trips, and reason for travel.

| | | |
|--------------|------------|------------------|
| For example: | EPA | Applicant |
|--------------|------------|------------------|

| | | |
|---|-----|-------|
| * Site Visit to Regional Transportation Warehouse | | |
| Local Travel Mileage - 1000 miles x \$0.36 = | \$0 | \$360 |

| | | |
|--|-------|-----|
| *Strategic Meeting with Co-applicants | | |
| Air Fare for 1 person to Chicago, IL = | \$250 | \$0 |

| | | |
|---|------|-----|
| Per diem for 2 days @ \$40/day for 1 person = | \$80 | \$0 |
|---|------|-----|

| | | |
|----------------------------------|------|-----|
| Hotel for 1 night for 1 person = | \$75 | \$0 |
|----------------------------------|------|-----|

| | | |
|----------------|---------------------|---------------------|
| Total = | <u>\$405</u> | <u>\$360</u> |
|----------------|---------------------|---------------------|

4. Equipment:

Identify items to be purchased such as air quality related instruments used in support of work plan objectives. Provide an estimated cost for each item. Make sure you can support your cost estimate. EPA policy defines equipment as items costing \$5,000 or greater. Indicate if your organization's definition differs.

| | | |
|---|------------|------------------|
| For example: | EPA | Applicant |
| * 15 Diesel Particulate Filters @ \$6000/each | \$45,000 | \$45,000 |

| | | |
|----------------|------------------------|------------------------|
| Total = | <u>\$45,000</u> | <u>\$45,000</u> |
|----------------|------------------------|------------------------|

5. Supplies:

Indicate any items to be purchased that will be used in support of air project workplan objectives.

| | | |
|--|-------------------|---------------------|
| For example: | EPA | Applicant |
| * 50 DOC and anti-idling pamphlets for community members @ \$2 each | \$0 | \$100 |
| * Copying and postage costs | \$0 | \$100 |
| Total = | <u>\$0</u> | <u>\$200</u> |

6. Contractual:

Indicate any proposed contractual items that are reasonable and necessary to carry out the workplan objectives. Examples of contractual items include training from equipment manufacturer, installation of retrofit equipment by 3rd party, etc.

| | | |
|--|-----------------------|-----------------------|
| For example: | EPA | Applicant |
| * Fleet mechanic training on retrofitting, anti-idling workshop 50 mechanics @ \$100/each | \$5000 | \$0 |
| * Installation of DOCs 20 units @ \$75/each [\$15.00 per sample = 15 x 52 = \$780] | \$0 | \$1,500 |
| Total= | <u>\$5,000</u> | <u>\$1,500</u> |

7. Other:

Indicate general (miscellaneous) expenses necessary to carry out the objectives stated in the workplan.

| | | |
|--|---------------------|---------------------|
| For example: | EPA | Applicant |
| * Office needs (postage, phone, fax, etc.) = | \$150 | \$150 |
| * Office space (utilized for project-related activities such as installation, etc.) \$120/mo x 2/mo = | \$240 | \$0 |
| Total= | <u>\$390</u> | <u>\$150</u> |

8. Total Direct Charges:

Summary of all costs associated with each object-class category.

| | | |
|------------------|------------------------|------------------------|
| For example: | EPA | Applicant |
| * Total = | <u>\$58,895</u> | <u>\$54,410</u> |

9. Total Indirect Costs:

Organization must provide documentation of a federally approved indirect cost rate (percentage) reflective of proposed project/grant period. Applicant should indicate if organization is in negotiations with appropriate federal agency to obtain a new rate.

| | | |
|---|-----------------------|-------------------|
| For example: | EPA | Applicant |
| * IDC Rate is 10% of total direct charges = | <u>\$5,889</u> | <u>\$0</u> |

10. Total Cost:

Indicate overall figure of all direct and indirect costs

| | | |
|-------------------------|------------------------|------------------------|
| For example: | EPA | Applicant |
| * Total Budget = | <u>\$64,784</u> | <u>\$54,410</u> |

Management Fees: When formulating budgets for proposals/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 may not 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.

4. Applicant Fleet Description Spreadsheet. This is not included in the 8-page limit.

The Applicant Fleet Description Spreadsheet is an excel file. It is divided into three sections: Company and Project Manager Information, Project Information, and Fleet Information. The purpose of this spreadsheet is to organize and summarize details of the project including specifics about engines, vehicles and/or equipment. For directions on filling out the spreadsheet, read the section titled "READ ME" which is located on the first tab of the excel file. It can be downloaded from <http://www.epa.gov/otaq/diesel/documents/appl-fleet.xls> or it can be emailed to you directly by emailing went.jennifer@epa.gov.

5. Optional Attachments. These are not included in the 8-page limit.

- a. Resumes. Provide resumes or curriculum vitae for all key personnel working on the proposed project.
- b. Support Letters. Specifically indicate how supporting organizations will assist in the project.

D. Contracts and Subawards/Subgrants

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

EPA awards funds to one eligible applicant as the recipient even if other eligible entities 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.

If successful applicants intend to use EPA grant funds to purchase goods or services under the grant, such applicants must compete the contracts for those goods and services and conduct cost and price analyses to the extent required by the procurement provisions of 40 CFR Part 30 or 31. The regulations also contain limitations on consultant compensation. While applicants are not required to identify contractors or consultants in their proposal if they do so it does not relieve the applicant of its obligations to comply with competitive procurement requirements, nor does it guarantee that costs incurred for such contractor/consultant will be eligible under the grant/cooperative agreement. Please note that applicants may not award sole source contracts to consulting, engineering or other firms

assisting applicants with the proposal based solely on the firm's role in preparing the proposal.

Successful applicants may award subgrants (also referred to as subawards) of financial assistance to fund partnerships under the EPA grant/cooperative agreement provided the recipient complies with applicable requirements for subgrants/subawards including those contained in 40 CFR Parts 30 or 31, as appropriate. Subgrants/subawards do not have to be competed; however, successful applicants cannot use subgrants/subawards to avoid requirements in EPA grant regulations for competitive procurement by using subgrants/subawards to acquire commercial services or products from for-profit organizations. EPA will not be a party to subgrant/subaward agreements.

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

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

- (i) an applicant's named subawardees/subgrantees identified in the proposal if the applicant demonstrates in the proposal 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;
- (ii) an applicant's named contractor(s), including consultants, identified in the proposal if the applicant demonstrates in its proposal 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 noncompetitive 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 evaluation process unless the applicant complies with these requirements.

E. Submission Dates and Time

In order to be considered for funding, all complete hard copy proposal packages must be received by Sharleen Getschman by the deadline of **June 12, 2008, 6:00 pm Central Daylight Time**. Electronic submissions must be submitted via <http://www.Grants.gov> by **June 12, 2008, 6:00 p.m.**,

Central Daylight Time. Incomplete proposals or proposals received after the closing date and time will not be considered for funding.

A final (full) application will be requested only from the eligible entity whose proposal has been preliminarily recommended for award. Additional instructions for final application packages, including requirements for providing any additional information required by law, will be provided when the applicant is notified of the tentative selection.

F. Confidential Business Information

It is recommended that confidential business information (“CBI”) **not** be included in your proposal/application. However, if CBI is included and clearly and properly claimed and identified in your proposal/application, it will be handled in accordance with 40 CFR Part 2.203. Applicants must clearly indicate which portion(s) of their proposal/application they are claiming as CBI. EPA will evaluate such claims in accordance with 40 CFR Part 2. If no claim of confidentiality is made, EPA is not required to make the inquiry to the applicant which is otherwise required by 40 CFR Part 2.204(2) prior to disclosure. Note that under 40 CFR 30.36, data produced under an award is subject to the Freedom of Information Act.

G. Pre-Proposal 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 proposals, provide informal comments on draft proposals, or provide advice to applicants on how to respond to ranking criteria. Applicants are responsible for the content of their proposals.

EPA will respond to questions in writing from individual applicants regarding threshold eligibility criteria, administrative issues related to the submission of the proposal, and requests for clarification about the announcement. Please submit written questions to [Shari Holloway at Holloway.Shari@epa.gov](mailto:Shari.Holloway@epa.gov).

Please type “Diesel RFP Question” in the subject line of your email. All questions and answers will be posted to the website <http://www.epa.gov/midwestcleandiesel> no later than 7 business days after we receive them.

V. PROPOSAL REVIEW INFORMATION

Only those proposals 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 proposal submittal. Each proposal will be rated under a points system, with a total of 100 points possible.

A. Evaluation Criteria [100 Points]

| Criteria | Points |
|--|-----------|
| <p>1. <u>Scope of Work/Project Summary Approach:</u> Under this criterion, the EPA will evaluate the extent and quality to which the narrative proposal includes a well-conceived strategy for addressing the requirements in Section I, Part B and Section IV, Part C. 2(a) and includes a well-conceived, logical strategy for achieving – by the project end date – the anticipated environmental results associated with the proposed project.</p> | 19 |
| <p>2. <u>Programmatic Priorities:</u> Under this criterion, the EPA will evaluate the extent and quality to which the proposed project addresses the programmatic priorities stated in Section IV, Part C. 2(b).</p> | 20 |
| <p>3. <u>Past Performance--Programmatic Capability and Reporting on Environmental Results:</u> Under this criterion, the EPA will evaluate the applicant’s technical ability to successfully complete and manage the proposed project taking into account the following factors: (i) (2 pts) the applicant’s past performance in successfully completing and managing federally funded assistance agreements (<u>assistance agreements include Federal grants and cooperative agreements but not Federal contracts</u>) similar in size, scope and relevance to the proposed project performed within the last 3 years, (ii) (2 pts) the applicant’s history of meeting reporting requirements on federally funded assistance agreements (<u>assistance agreements include Federal grants and cooperative agreements but not Federal contracts</u>) 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 (iii) (2 pts) the applicant’s past performance in documenting and/or reporting on progress towards achieving the expected outcomes and outputs (e.g., results) under federally funded assistance agreements (<u>assistance agreements include Federal grants and cooperative agreements but not Federal contracts</u>) performed within the last 3 years; and, if such progress was not made whether the documentation and/or reports satisfactorily explained why not. In evaluating applicants under these factors in Section V, EPA will consider the information provided by the applicant and may also consider relevant information from other sources, including information from EPA files and from current and prior Federal agency grantors (e.g., to verify and/or supplement the information provided by the applicant).</p> | 6 |
| <p>4. <u>Environmental Results – Outcomes and Outputs:</u> Under this criterion, the EPA 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, Part C.</p> | 10 |
| <p>5. <u>Budget/Resources:</u> Under this criterion, the EPA will evaluate the extent and quality to which the proposed project addresses budget information in Section IV, Part C.3: (i) (5 pts) Whether the proposed project budget is appropriate to accomplish the proposed goals, objectives, and measurable environmental outcomes; (ii) (5 pts) whether the budget provides dollar amounts correlating to</p> | 10 |

| | |
|--|-----------|
| each budget category designated for each major activity. | |
| 6. <u>Clear Description of the Target Fleet:</u> (10 pts) Under this criterion, applicants will be evaluated on the degree to which detailed information on the fleet (vessel(s), vehicle(s) and/or equipment) is provided on the Applicant Fleet Description Spreadsheet, described in Section IV, Part C.4. | 10 |
| 7. <u>Leveraging Resources and Partnering:</u> (10 pts) Under this criterion, applicants will be evaluated based on the extent they demonstrate how they will coordinate the use of EPA funding with other Federal and/or non-Federal sources of funds to leverage additional resources to carry out the proposed project(s). Leveraged funding or other resources need not be for eligible and allowable project costs under the EPA cooperative agreement unless the Applicant proposes to provide a voluntary cost share or match. If EPA accepts an offer for a voluntary cost share/match/participation, applicants must meet their matching/sharing/participation commitment as a condition of receiving EPA funding. Applicants may use their own funds or other resources for voluntary match/cost share/participation if the standards at 40 CFR 30.23 or 40 CFR 31.24, as applicable, are met. Only eligible and allowable costs may be used for voluntary matches/cost shares/participation. Other Federal grants may <u>not</u> be used as voluntary matches or cost shares without specific statutory authority (e.g. HUD's Community Development Block Grants). | 10 |
| 8. <u>Staff Expertise/Qualifications:</u> (5 pts) 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 proposed project. | 5 |
| 9. <u>Regional Significance:</u> (10 pts) Under this criterion, applicants will be evaluated based on the extent to which the project reduces emissions in areas with poor air quality and supports clean diesel coalitions. | 10 |

B. Review and Selection Process

Each proposal will be evaluated by a review team using the evaluation criteria described above. Each proposal will be given a numerical score and will be rank-ordered according to the numerical score. Preliminary funding recommendations will be provided to the Approval Official based on this ranking.

C. Selection Recommendations

Final funding decisions will be made by the Approval Official based on the rankings and preliminary recommendation of the EPA evaluation team. In making the final funding decisions, the Approval Official may also consider (1) programmatic priorities; (2) geographic diversity; and/or (3) distribution of fleet diversity. Once final decisions have been made, funding packages will be developed and processed through the EPA Assistance Section and an award will be made by the EPA Award Official.

VI. AWARD ADMINISTRATION INFORMATION

A. Award Notices

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

Proposal Notifications.

1. EPA anticipates notification to the *successful* applicant will be made via telephone, electronic or postal mail by **July 25, 2008**. The notification will advise the applicant that its Proposal has been successfully evaluated and recommended for award. The notification will be sent to the original signer of the application. The notice shall require submission of a Final Application. (*Refer to Section IV.B, Form of Proposal Submission and Section IV.C Content of Proposal Submission*)

This notification, which advises that the applicant's proposal 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 by **July 25, 2008**. The notification will be sent to the original signer of the application.

B. Administrative and National Policy Requirement

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 proposal to their State Point of Contact (SPOC) for review, pursuant to Executive Order 12372, Intergovernmental Review of Federal Programs. This review is not required with the initial proposal and not all States require such a review. *Federally-recognized Tribal governments are not required to comply with this procedure.*

C. DUNS Number

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/webform>.

D. 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. Additional reporting components to include in the Quarterly reports may be attached to the Award document. 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. Additional reporting components to include in the Final report may be attached to the Award document. The schedule for submission of quarterly reports will be established by EPA, after the cooperative agreement is awarded.

E. 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 <http://www.exchangenetwork.net>.

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 pre-award 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). In addition, non-profit applicants that qualify for funding may, depending on the size of the award, be required to fill out and submit to the Grants Management Office the Administrative Capabilities Form, with supporting documents, contained in Appendix A of EPA Order 5700.8.

VII. AGENCY CONTACTS

For further information, contact:

U.S. Environmental Protection Agency
Steve Marquardt
Phone: 312-353-3214
E-mail: marquardt.steve@epa.gov