

AGENCY: U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA), Region 4
TITLE: Southeast Diesel Collaborative (SEDC) FY 2008-2009 Diesel Program
ACTION: Request for Proposals (RFP)
RFP Number: EPA-R4-SEDC-2008/09

CATALOG OF FINANCIAL DOMESTIC ASSISTANCE NUMBER (CFDA): 66.039

DATES: The closing date and time for receipt of proposals is 5:00 PM (Eastern) on June 12, 2008. All hard copies of proposal packages must be **received** by Alan Powell by **5:00 PM (Eastern), June 12, 2008**. Electronic submissions must be submitted via www.grants.gov by **5:00 PM (Eastern), June 12, 2008**. Proposals received after the closing date and time will not be considered for funding. Final applications will be requested from those eligible entities whose proposals have been successfully evaluated and preliminarily recommended for award. All instructions for final application packages, including requirements for providing any additional information required by law, will be provided at the time an applicant is notified of its preliminary selection.

In addition, EPA Region 4 will host two Question and Answer sessions via teleconference on April 23, 2008 and May 14, 2008, call-in number: 1-866-299-3188 access code 4045629127#. Each call will begin promptly at 2:00 PM Eastern and end after the last question is answered.

SUMMARY: This notice announces the availability of funds and solicits proposals for diesel emissions reduction projects in EPA Region 4, which includes the states of Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee and Tribal lands belonging to the Federally-recognized tribes in these states.

FUNDING/AWARDS: The total estimated funding for this competitive opportunity is approximately \$3.6 million. EPA Region 4 anticipates awarding 5-10 assistance agreements ranging from \$250,000 to \$750,000 in Federal funding, subject to the availability of funds and quality of proposals received. However, EPA Region 4 reserves the option to fund a project at an amount lower than \$250,000 if the proposed project involves retrofitting or upgrading an applicant's *entire* fleet.

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I. FUNDING OPPORTUNITY DESCRIPTION

A. Background

EPA's 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 (EPAct2005). The Diesel Emissions Reduction National Program, authorized by Title VII, Subtitle G (Sections 791 to 797) of EPAct2005, enables EPA to offer assistance agreements (including agreements to establish innovative financing projects) to eligible organizations and entities on a competitive basis. As part of SEDC, EPA Region 4 is soliciting proposals for projects to reduce diesel emissions in EPA Region 4. Funding will be in the form of assistance 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 EPA Administrator as poor air quality areas.

Diesel emissions account for 6.3 million tons of oxides of nitrogen (NO_x) and 305,000 tons of particulate matter (PM) in the national mobile emissions inventory (2004). The emissions are from a variety of onroad and nonroad vehicles, such as those used for construction, the handling of cargo, agriculture, mining, energy production¹, freight, and transit.

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 nonroad engine standards taking effect over the next decade, millions of diesel engines already in use will continue to emit large amounts of nitrogen oxides, particulate matter, and air toxics which contribute to serious public health problems. These problems cause thousands of premature deaths, hundreds of thousands of asthma attacks, millions of lost work days, and numerous other negative health impacts every year.

B. Scope of Work

Funding under the Diesel Emissions Reduction National Program is used to address pollution from heavy duty diesel vehicles and equipment that are currently used for either onroad or nonroad² applications. Eligible vehicles, engines, and equipment may include, but are not limited to: buses; medium-duty or heavy-duty trucks; marine engines; locomotives; and nonroad engines or vehicles used in: i) construction; ii) handling of cargo; iii) agriculture; iv) mining; v) energy production, vi) freight, or vii) transit. Equipment that is used for testing and/or fueling infrastructure costs is not eligible for funding. Projects may include a variety of diesel emissions reduction strategies including, but not limited to: retrofit technologies; idle reduction technologies; cleaner fuel use; engine repowers; engine upgrades; and/or vehicle or equipment replacement; and the creation of regional innovative finance programs to fund diesel emissions reduction projects. All of these strategies are further described below.

1 Eligible nonroad engines used for energy production include, but are not limited to, stationary generators and pumps.

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

EPA Region 4 is also 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.C, proposals will be evaluated to the extent 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;
- development of state or regional agriculture irrigation pump/engine improvement programs focused on reducing diesel emissions through a combination of retrofits and improvements in pump efficiency;
- agriculture equipment retrofit projects;
- community and local government-based diesel emission reduction programs; and
- innovative approaches to ensure widespread upgrading/retrofitting of nonroad construction equipment.

NOTE: New emission standards in the highway sector took effect in 2007 and will affect future model year highway heavy-duty vehicles and engines. For nonroad 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 will achieve emissions reductions beyond that required by EPA regulations at the time of engine certification.

Diesel Emissions Reduction Strategy 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 recalibrations), 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: 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 nonroad 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 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 (e.g., 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>. This funding may cover up to 100% of the costs for these idle reduction technologies.

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; recalibrations and/or upgrading other components; or the addition of newer, cleaner technologies to reduce emissions from the engines. EPA is particularly interested in engine repower projects that are combined with other verified improvements (e.g., addition of a diesel particulate filter, diesel oxidation catalyst, or crankcase emission control), which will further reduce emissions. This funding will cover up to 50% of the cost of an engine repower. Please see the special note in this section below regarding "Repower and Replacement Proposals" for additional eligibility 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. The upgrade must be with a manufacturer's kit listed in EPA's or CARB's verified lists or an EPA-certified configuration. Also, this funding cannot be applied to the entire cost of an engine rebuild, but only the emissions-reducing upgrade kit.

Vehicle and Equipment Replacements: Nonroad 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 nonroad 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. 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 special note below regarding "Repower and Replacement Proposals" for additional eligibility requirements.

Replacements for School Buses: Funding levels will cover up to either 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, 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.

SPECIAL NOTE: Repower and Replacement Proposals

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 will 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 will 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).

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 also 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 technical report submitted to EPA.

Regional Innovative Finance Projects: These projects must involve establishing a Regional innovative financing program that results in diesel emissions reduction activities, such as those associated with the other Diesel Emissions Reduction Strategy Areas described above. 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.

Please note that 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 assistance award, unless otherwise noted below in “Examples of Finance Programs.”

For the financing to be considered “innovative,” the assistance agreement 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 assistance agreement 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 assistance agreement recipient (or lender partner) would approve a loan that they would not normally approve because the assistance 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 grant 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 assistance 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 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 its 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 award funds to leverage additional funds from a lending institution. For example, the recipient may take the award funds and borrow funds from another lending institution at a lower interest rate based on the award funds available to the recipient. The lower interest rate comes from the blending of award 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 recipient 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 award funds as the sole source of capital for the loan program, whereas an equity investment combines the award funds and leveraged funds for the loan program.

Financing for Retrofitted Vehicles and Equipment: Low-cost financing can be offered for the purchase of vehicles or equipment retrofitted with EPA- or CARB-verified emission control technologies. This 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 these types of projects, see the paragraph above on “Vehicle and Equipment Replacements.”

For proposals to establish innovative regional financial programs, such as low cost loans, recipients of the innovative financing must reside within the EPA Region 4 states and Tribal Lands. However, there is no requirement that the eligible vehicles or equipment operate exclusively within the EPA Region 4 states or Tribal lands. Under a separate solicitation, EPA headquarters may award assistance agreements to establish national or multi-EPA Regional innovative financial programs for eligible vehicle or equipment owners that reside anywhere in the United States.

Eligible Projects: Summary of What EPA Region 4 Will Fund

- Retrofit and Idling Technologies and Engine Upgrades – EPA Region 4 will fund 100% of the cost of idling or retrofit technologies.
- Cleaner Fuel Use – EPA Region 4 will fund the cost differential between the cleaner fuel and conventional diesel fuel.
- Engine Repower – EPA Region 4 will fund up to 50% of the cost of an engine repower.
- Vehicle/Equipment Replacement – EPA Region 4 will fund up to 25% of the cost of a new vehicle or piece of equipment (except for school buses; see below).
- School Bus Replacement:
 - For buses that meet EPA’s 2007 emissions standards, EPA Region 4 will fund 25% of the cost of a replacement school bus.
 - For buses that meet EPA’s 2010 emissions standards, EPA Region 4 will fund 50% of the cost of a replacement school bus.
- Innovative Financing – EPA Region 4 will fund 100% of the cost to establish a regional innovative finance project that funds any of the eligible projects above.

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

Pursuant to Section 6(a) 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 work plans the anticipated 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 2003-2008 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>). 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 an assistance agreement funding period. Proposals must include a description of how recipients will track and measure the progress of each output throughout the assistance agreement 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 and dissemination of the increased knowledge via listserves, websites, journals, and outreach events.

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 an assistance agreement funding 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;
- **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) including the annual tons or pounds of fine particulate matter (PM_{2.5}), nitrogen oxides (NO_x), greenhouse gases (GHGs), and/or volatile organic compound (VOCs) reduced, cost effectiveness of project (in Federal dollars spent per ton reduced or Federal dollars spent per pound reduced; please see III.B for additional details);
- **Long-term outcomes** such as reductions in the number of children with asthma or documented improved ambient air quality and health benefits achieved (health benefits

may be measured by numbers of illnesses, health care costs, or missed work/school days avoided).

To estimate some of the anticipated outcomes 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 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's 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.

As was mentioned earlier, projects funded under this RFP must 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 EPA Administrator as poor air quality areas.

Special Note RE: Outputs and Outcomes for Innovative Finance Projects:

In many cases, the applicant may not be able to determine outputs or outcomes without information from the loan recipient (i.e., diesel fleet owner). In such cases, the applicant must require the loan recipient to submit this information. Here are some examples of what the anticipated outputs and outcomes might be for a regional innovative finance project.

Outputs

- Number of loans awarded;
- Innovative finance concepts that result in lower interest rates or higher approval rates as a means to replace older vehicles or equipment with cleaner engines or equipment or to retrofit existing engines or equipment with verified idle reduction technologies or emission control devices and, where knowledge of these innovative finance concepts can be disseminated, published articles, website postings, and other general public outreach;
- Relationships built and experience gained 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 result in a transparent, "business as usual" process;
- Increased understanding of the environmental or economic cost effectiveness of selling eligible cleaner diesel engines and equipment with innovative financing.

Outcomes

- **Short-term outcomes** such as increased understanding of the environmental or economic effectiveness of the low cost loan program;
- **Medium-term outcomes** such as 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) including the annual tons or pounds of PM2.5, NOx, GHGs and/or VOCs reduced, cost effectiveness of project (in Federal dollar spent per ton reduced or Federal dollar spent per pound reduced; please see III.B for additional details);
- **Long-term outcomes** such as reductions in the number of children with asthma or documented improved ambient air quality and health benefits achieved (health benefits may be measured by numbers of illnesses, health care costs, or missed work/school days avoided).

D. Supplementary Information

EPAAct2005 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 under this announcement?

EPA Region 4 anticipates awarding a total of approximately \$3.6 million under this announcement.

B. Partial Funding

In appropriate circumstances, EPA Region 4 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 any portion thereof, was evaluated and selected for award and therefore maintains the integrity of the competition and selection process.

C. How many agreements will EPA Region 4 award in this competition?

EPA Region 4 anticipates awarding a total of approximately 5-10 assistance agreements, each ranging between \$250,000 and \$750,000 in Federal funding. However, EPA Region 4 reserves the option to fund a project at an amount lower than \$250,000 if the proposed project involves retrofitting or upgrading an applicant's *entire* fleet.

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

The assistance agreements funded under this program will have a 2-year project/budget period. The estimated start date is October 1, 2008, with an end date of September 30, 2010.

E. Funding Type

The funding for selected projects will be provided in the form of a grant agreement as defined by 31 U.S.C. § 6304. Grant agreements generally require minimal involvement and routine oversight by EPA

F. Are there any other funding restrictions or requirements?

EPA Region 4 assistance agreement funds may only be used for the purposes set forth in the agreement and must be consistent with the statutory authority for the award. The funding may not be used as matching funds under other Federal assistance agreements, for lobbying or intervention in Federal regulatory or adjudicatory proceedings, or to sue the Federal government or any other government entity. Refueling infrastructure or emissions testing are not an eligible use of EPA Region 4 funds under this Request for Proposals.

Pursuant to Section 792(d)(2) of EPAAct2005, 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.

EPA Region 4 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 Section I.B., Scope of Projects.

EPA Region 4 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 six 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 EPAAct2005: 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. City, county, or municipal agencies, school districts, metropolitan planning organizations, and nonprofits (regardless of 501(c)(3) status) are all examples of eligible entities under this Request for Proposals, provided that they fall within the definition above.

B. Cost Matching and Leveraging

While there is no requirement for a matching contribution by applicants under this funding opportunity, any proposed projects involving engine repowers, vehicle/equipment replacements, or school bus replacements are subject to the funding limitations summarized under *Eligible Projects: Summary of What EPA Region 4 Will Fund* in Section I.B.

In addition, applicants who propose forms of leveraging may score better under the leveraging factor in Section V. Applicants should demonstrate in their proposal 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) 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 assistance 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).

Any form of proposed leveraging that is evaluated under a section V ranking criteria must be included in the proposal and the proposal must describe how the applicant will obtain the leveraged resources and what role EPA funding will play in the overall project.

C. Threshold Eligibility Criteria

In addition to the applicant eligibility criteria in Section III.A above, proposals must also meet all the following threshold criteria. Failure to meet any of the following criteria 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 4: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina and/or Tennessee, including Tribal lands belonging to the Federally-recognized tribes in these states.
2. a. 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, proposals that fail to include the Applicant Fleet Description Spreadsheet 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.

b. In addition, proposals must be received by EPA or through 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.

c. 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 Alan Powell at 404/562-9045 or powell.alan@epa.gov as soon as possible after the submission deadline—failure to do so may result in your proposal not being reviewed.

3. While there is no requirement for a matching contribution by applicants under this funding opportunity, any proposed projects involving engine repowers, vehicle/equipment replacements, or school bus replacements are subject to the funding limitations summarized under *Eligible Projects: Summary of What EPA Region 4 Will Fund* in Section I.B.
4. Proposals in which the applicant is requesting assistance funds in excess of \$750,000 or less than \$250,000 will not be reviewed, with one major exception: EPA Region 4 reserves the option to fund a project at an amount as low as \$100,000 if the proposed project involves retrofitting or upgrading an applicant's *entire* fleet.
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 will 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. If you are submitting a proposal to establish an innovative regional finance program, the proposal must be to implement a regional innovative financing program for diesel emissions reduction activities such as those described in *Diesel Emissions Reduction Strategy Areas* in Section I of this announcement. In order to support the EPA Regional focus of this RFP, the proposal must be for the establishment of an innovative finance program limited to eligible vehicle or equipment owners that reside within Regions 4 States, Territories, and Tribal Lands. Note, there is no requirement that the eligible

vehicles or equipment operate exclusively within the Region's States, Territories or Tribal Lands. An innovative program includes 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 an Application Package

EPA encourages applicants to obtain proposal application materials electronically through <http://www.grants.gov>. Applicants may also download individual application forms from the EPA Office of Grants and Debarment website located at: http://www.epa.gov/ogd/grants/how_to_apply.htm. To obtain a hard copy of materials, please send an email or written request to the Agency contact listed in Section VII of this announcement.

B. Form of Proposal Submission

Applicants have the option to submit their proposals in *one of two ways*: 1) Electronically through the www.grants.gov website, or 2) hard copy by express delivery service, hand delivery, or U.S. Postal Service. All proposals must include all of the information requested in Section IV.C below, regardless of mode of submission.

1. www.grants.gov Submission

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. ***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 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-R4-SEDC-2008/09, 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).

Your organization’s AOR must submit your complete proposal package as described below electronically to EPA through Grants.gov (<http://www.grants.gov>) no later than **5:00 p.m. EST June 12, 2008**. Proposal packages submitted through Grants.gov will be time/date stamped electronically.

Special instructions for those who choose to submit their proposal package electronically via www.grants.gov

The SF424, SF424A, and Proposal Narrative should appear in the “Mandatory Documents” box on the www.grants.gov Grant Application Package page. See below instructions for the Applicant Fleet Description Spreadsheet.

For the SF424 and SF424A, 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.”

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.

For the Narrative Proposal and 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 a PDF or MS Word 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 AOR for submission to EPA through www.grants.gov. Please advise your AOR to close all other software programs before attempting to submit the application package through 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 www.grants.gov for assistance by phone at 1-800-518-4726 or email at <http://www.grants.gov/help/help.jsp> or contact Alan Powell at 404/562-9045. Applicants should confirm receipt of their submission with Alan Powell by phone (404-562-9045) or email at powell.alan@epa.gov. Failure to do so may result in the proposal not being reviewed.

2. **Hard Copy Submission**

Because of the unique situation involving U.S. mail screening, **EPA highly recommends that applicants who choose to submit a hard copy of their proposal package use an express mail option to transmit their proposal packages** (i.e., Standard Form (SF) 424, SF 424A, Narrative Proposal, and Applicant Fleet Description Spreadsheet). Please provide one original of the proposal package (including signed and dated SF 424 and SF 424A forms) and five copies to:

U.S. Environmental Protection Agency
ATTN: Alan Powell

Air, Pesticides and Toxics Management Division
61 Forsyth St., SW
Atlanta, GA 30303

Note: Hand delivered proposals must meet the same time and date deadlines as those submitted electronically. Accessing the Sam Nunn Atlanta Federal Center can be time consuming. As such, applicants should account for this when arranging for hand deliveries. In addition, each applicant must request that its hand-delivered proposal be date and time confirmed to document timely submission. EPA Region 4 will not extend the deadline for any delays resulting from hand delivery.

C. **Proposal Materials**

All proposal submissions, regardless of mode of transmission, **must** contain: a completed and signed Standard Form (SF) 424, Application for Federal Assistance; a completed SF424A, Budget Information—Non-Construction Programs; a Narrative Proposal; **and** an Applicant Fleet Description Spreadsheet.

1. **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 and also ensure that the form 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.

2. **SF 424A – Budget Information**

Complete the form. There are no attachments. The total amount of Federal funding requested should be shown on line 5(e) and on line 6(k) in column 1 (column 2 is used for any contributions by the applicant). 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, applicants will be required to submit documentation of their current approved indirect cost rate that has been negotiated with a cognizant Federal agency. In addition, when formulating their budgets, 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.

3. Narrative Proposal

The Narrative Proposal (items a-c below) cannot exceed a maximum of eight single-spaced typewritten pages (12 pt. font or larger), including the Summary Page. Pages in excess of eight 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. Please limit resume submissions to two pages per person. The Applicant Fleet Description Spreadsheet is also not included in the 8-page limit. The Narrative Proposal should be readable in either PDF or MS Word and consolidated into a single file.

a. Summary Page

--Project Title

--Applicant Information: Include applicant (organization) name, address, contact person, and contact person's phone number, fax number, and email address.

--Federal Funding Requested: Specify the amount you are requesting from EPA.

--Total Project Cost: Specify total cost of the project, including any funding or in-kind services to be provided by applicant or other sources.

--Project Period: Provide anticipated beginning and ending dates.

b. Work Plan

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

The Work Plan must include the following (i-iv):

i. Project Summary/Approach:

This section should address the following:

--A description of the air quality of the area served by the eligible entity;

--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;

--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>);

--An estimate of proposed project costs and the cost-effectiveness of emission reductions (EPA funded dollar/ton reduction);

--A description of the age and expected lifetime control of the equipment used or

- funded by the eligible entity;
- A description of the diesel fuel available in the areas to be served by the eligible entity, including the sulfur content of the fuel;
- Provisions for the monitoring and verification of the project;
- Information on project partners and their various roles, and leveraged resources;
- Information on the sustainability of the project beyond the assistance agreement period;
- Information on how the project addresses the regional priorities in Section I; and
- A summary page of model inputs and outputs from the Diesel Emissions Quantifier or other methodology used to calculate emission reductions should be included as an attachment. This is not part of the 8-page limit.

Note: If you are submitting a proposal to establish an innovative finance program, you should also address the following components:

- A. Provide an opinion from your legal counsel that demonstrates your legal authority 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. This is not part of the 8-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 7-year timeline for managing the finance program, complimentary products/ services you or a partner will offer, 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 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 the 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 and 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.

ii. National Programmatic Priorities

Please address how the proposed project meets each of the national programmatic priorities listed below.

- Maximizes public health benefits;

- Is the most cost-effective;
- Is 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);
- Is 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;
- Includes a certified engine configuration or verified technology that has a long expected useful life;
- Maximizes the useful life of any certified engine configuration or verified technology used or funded by the eligible entity;
- Conserves diesel fuel; and
- Utilizes ultra low sulfur diesel fuel (15 parts per million of sulfur content) ahead of EPA's mandate (for nonroad projects).

iii. Past Performance

A. Programmatic Capability: Submit a list of 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 and you will receive a neutral score for this factor under Section V.

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/qualifications, staff knowledge, and resources or the ability to obtain them, to successfully achieve the goals of the proposed project.

B. Reporting on Environmental Results--Outcomes and Outputs:

Submit a list of 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 and you will receive a neutral score for this factor under Section V.

iv. Environmental Results—Outputs and Outcomes

Identify the anticipated environmental outputs and outcomes for the project (see Section I.C.2 and 3), including the performance measures that will be used to track your progress towards achieving the anticipated outputs and outcomes and how the results of the project will be evaluated.

v. Leveraging: Applicants should demonstrate in their proposal 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) 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 assistance 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).

Any form of proposed leveraging that is evaluated under a section V ranking criteria must be included in the proposal and the proposal must describe how the applicant will obtain the leveraged resources and what role EPA funding will play in the overall project.

c. Detailed Budget Narrative

To justify the cost, please provide details about each one of the budget categories under which funding is allocated in your SF 424A. For example, if funding will be used for Personnel, please provide details about the individuals who will be “billing” to the project, such as salary and percent of time charged to the project.

If funding will be used for Equipment and Supplies, please provide details about the specific purchases to be made.

Note: 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 applicants cognizant 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 scope of work.

4. Applicant Fleet Description Spreadsheet

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. Attachments [These are not included in the 8-page limit.]

- a. Resumes. Provide resumes or curriculum vitae for all principal investigators and any other key personnel.
- b. Support Letters. Letters should specify exactly how the organization will support the proposed project. It is not enough for the organization to simply state that it thinks the project is a good idea.
- c. Summary page of model inputs and outputs.
- d. Legal opinion (if proposing an innovative finance 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 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 cooperative/assistance 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 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) (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

A complete proposal package must be submitted as described in Section IV.B.1 no later than 5:00 p.m. EST on June 12, 2008.

F. Confidential Business Information

It is recommended that confidential business information (“CBI”) **not** be included in your proposal/application. However, if CBI is included 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 email all questions to Alan Powell at powell.alan@epa.gov and type “Diesel RFP Question” in the subject line. All questions and answers will be posted to the SEDC website <http://www.southeastdiesel.org/> no later than 10 business days after they are submitted.

In addition, EPA Region 4 will host two Question and Answer sessions via teleconference on [<30 days after publication and 30 days before close of solicitation], call-in number: 1-866-299-3188 access code 4045629127#. Each call will begin promptly and end after the last question is answered. Questions and answers from the two teleconferences will also be posted to the SEDC website no later than 10 business days after each teleconference.

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. Each proposal will be rated using a points system, with a total of 100 points possible.

A. Evaluation Criteria

Criteria	Points
1. Project Summary/Approach: Under this criterion, the Agency will evaluate the following factors: (i) the extent and quality to which the proposal includes a well-conceived strategy and addresses all of the requirements for the project summary/approach requirements described in IV.C [20 points], and (ii) the extent to which the proposal sets forth a reasonable time schedule for the execution of the tasks associated with the project [5 points].	25

<p>2. <u>National Programmatic Priorities:</u> Under this criterion, the Agency will evaluate the extent and quality to which the proposed project addresses the national programmatic priorities listed in Section IV C (3) of the RFP.</p>	<p>10</p>
<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 (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, (ii) (3 pts) the applicant’s 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 (iii) (3 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 (assistance agreements include Federal grants and cooperative agreements but not Federal contracts) performed within the last 3 years; and, if such progress was not made whether the documentation and/or reports satisfactorily explained why not, (iv) (2 points) the applicants organizational experience and plan for timely and successfully achieving the objectives of the proposed project, and (v) (2 points) the applicants staff expertise/qualifications, staff knowledge, and resources or the ability to obtain them, to successfully achieve the goals of the proposed project. 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 information (items i, ii, and iii above), please indicate this in the proposal and you will receive a neutral score for these factors (e.g., 1 point for item i).</p>	<p>10</p>
<p>4. <u>Environmental Results – Outcomes and Outputs:</u> Under this criterion, the Agency will evaluate: (i) the extent to which the applicant identified well-defined outputs and outcomes for the project [20 points], and (ii) the effectiveness and quality of the applicant’s plan for tracking and measuring its progress toward achieving those outputs and outcomes [10 points].</p>	<p>30</p>
<p>5. <u>Budget/Resources:</u> Under this criterion, the Agency will evaluate whether the proposed budget is appropriate to accomplish the proposed outputs and outcomes for the project.</p>	<p>5</p>
<p>6. <u>Use of Other Leveraged Resources and Cost Effectiveness:</u> a. Under this criterion, applicants will be evaluated based on the extent and quality to which they demonstrate in their proposal how they will coordinate the use of EPA funding with other Federal and/or non Federal sources of funds to leverage</p>	

<p>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 assistance 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).(10 points)</p> <p>b. Applicants will also be evaluated based on the cost effectiveness of their proposal (5 points)</p>	15
<p>7. Regional Priorities: Under this criterion, applicants will be evaluated based on the extent to which the project advances the goals and priorities of the Regional Diesel Collaborative as described in Section I.</p>	5

B. Review and Selection Process

Each proposal will be evaluated by a review team using the evaluation criteria listed above. Each proposal will be given a numerical score and rank-ordered according to its numerical score. Preliminary recommendations will be provided to the Approval Official based on these rankings.

C. Selection Recommendations

Final funding decisions will be made by the Approval Official based on the preliminary recommendations of the EPA evaluation team. In making the final funding decisions, the Approval Official may also consider geographic and sector (onroad, nonroad/construction, agriculture, and public fleets) diversity, and the statutory funding allocation in EPAAct2005.

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 September 15, 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.

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 selection.

2. EPA anticipates notification to *unsuccessful* applicant(s) will be made via electronic or postal mail by September 15, 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. 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.

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 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:

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