AGENCY: ENVIRONMENTAL PROTECTION AGENCY (EPA)

TITLE: SmartWay Finance Program
FY 2011 Request for Proposals (RFP)

ACTION: Request for Proposals (RFP)

RFP No.: EPA-OAR-OTAQ-11-03

CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 66.039

IMPORTANT DATES:

December 6, 2010	RFP OPENS
February 10, 2010	RFP CLOSES – PROPOSALS DUE
April 2011	ANTICIPATED NOTIFICATION OF SELECTIONS
June 2011	ANTICIPATED AWARDS

The closing date for receipt of proposals is **Thursday, February 10, 2011**. All hard copies of proposal packages must be received by the appropriate EPA contact by **Thursday, February 10, 2011, 4:00 PM EST** in order to be considered for funding. Electronic submissions submitted through grants.gov must be received by the appropriate EPA contact by **Thursday, February 10, 2011, 4:00 PM EST.** Proposals received after the closing date and time will not be considered for funding. See Section IV of the RFP for the EPA contact and further submission information.

SUMMARY:

EPA's SmartWay Program and National Clean Diesel Campaign (NCDC) are announcing the availability of funding assistance to create finance programs, such as low cost leases or revolving loan programs, to achieve significant reductions in diesel emissions throughout the United States. The SmartWay Finance Program is soliciting proposals for projects that reduce diesel emissions through the creation of national, tribal, regional, state or local finance program(s). Finance programs include, but are not limited to, those that provide the loan recipient a specific financial incentive (i.e., longer terms or lower rates) to purchase or lease eligible retrofitted vehicles or equipment. The proposed finance program should maximize the total project funds available for financing eligible diesel emission reduction solutions and be sustainable to maintain the program.

Eligible diesel emission reduction solutions include verified emission control technologies such as retrofit devices and engine upgrades; verified idle reduction technologies; certified engine repowers, and/or vehicle or equipment replacement.

Eligible diesel vehicles, engines and equipment include buses; medium-duty or heavy-duty trucks; marine engines, locomotives and other non-road engines, equipment or vehicles used in

construction, handling of cargo (including at a port or airport), agriculture, mining or energy production (including stationary generators and pumps).

Eligible entities include regional, State, local, or tribal agencies (or intertribal consortia) or port authorities with jurisdiction over transportation or air quality, and nonprofit organizations or institutions that a) represent or provide pollution reduction or educational services to persons or organizations that own or operate diesel fleets; or b) have, as their principal purpose, the promotion of transportation or air quality.

FUNDING/AWARDS:

The total estimated funding available under this RFP is approximately $6 million. EPA anticipates awarding approximately 1-2 cooperative agreement(s) under this announcement, subject to availability of funds, the quality of proposals received and other applicable considerations.

Summary of What EPA Will Fund

Under this RFP, EPA will consider funding finance programs that involve:

- **Verified Retrofit Technologies:** The cooperative agreement award can be used to finance up to 100% of the cost of eligible exhaust controls and engine upgrades.
- **Verified Idle Reduction Technologies:** The cooperative agreement award can be used to finance up to 100% of the cost of eligible idle reduction technologies.
- **Verified Aerodynamic Technologies and Low Rolling Resistance Tires:** The cooperative agreement award can be used to finance up to 100% of the cost of eligible aerodynamic and tire technologies.
- **Certified Engine Repower:** The cooperative agreement award can be used to finance up to 100% of the cost of an eligible engine repower.
- **Certified Vehicle/Equipment Replacement:** The cooperative agreement award can be used to finance up to 100% of the cost of newer, cleaner (i.e. higher tier) vehicles or equipment.

Pursuant to 42 U.S.C. 16132(d)(2), no funds awarded under this RFP shall be used to fund the costs of emissions reductions that are mandated under Federal, State, Tribal or local law.

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I. FUNDING OPPORTUNITY DESCRIPTION

A. Background

Reducing emissions from diesel engines is one of the most important air quality challenges facing the country. In 2009, nationwide diesel emissions from mobile sources alone accounted for approximately 300,000 tons of directly emitted Fine Particulate Matter ($PM_{2.5}$) and 6.4 million tons of Nitrogen Oxide (NO_X), which contribute to the formation of ozone and additional fine particles. These emissions come from approximately 11 million engines in the existing diesel fleet. Even with more stringent heavy-duty highway and non-road engine standards taking effect over the next decade, millions of diesel engines already in use will continue to emit large amounts of nitrogen oxides, particulate matter and air toxics, which contribute to serious public health problems, including asthma, lung cancer and various other cardiac and respiratory diseases. These problems result in thousands of premature deaths, millions of lost work days, and numerous other negative health impacts every year. Non-road vehicles and equipment are particularly important to target because they generally have longer useful lives than highway vehicles. EPA is especially interested in projects that involve: 1) non-road engines or equipment used in port or rail activities; 2) marine engines; or 3) non-road engines or equipment used in construction, handling of cargo, agriculture, mining or energy production.

To meet the environmental challenges associated with emissions from legacy diesel engines, EPA established the SmartWay Program and the National Clean Diesel Campaign (NCDC). SmartWay is a public-private initiative designed to address the environmental impact of the U.S. transportation system, with an initial focus on freight transport. The SmartWay Program works together with NCDC to promote diesel emission reduction strategies. The SmartWay Program has pioneered innovative approaches to emission reductions, such as the development of low-cost financing for the purchase of fuel saving vehicle equipment and emission control devices. Many of the technologies promoted in SmartWay reduce NOx and PM by reducing fuel consumption, thus providing greenhouse gas reductions and promoting energy security. NCDC

comprises regulatory programs to address new engines and innovative programs to address the millions of diesel engines already in use, by promoting emission control devices. Working collaboratively, SmartWay and NCDC mobilize diverse partners to work together to create awareness of the urgency of the public health problems associated with diesel emissions and to accelerate the use of technologies. The most stringent emissions standards for non-road engines lag behind similar standards for highway engines. In addition, development and market penetration of emission reduction technologies for non-road engines lag behind those of highway engines.

B. Program History

The Diesel Emissions Reduction National Program (DERA) authorized by Title VII, Subtitle G (Sections 791 to 797) of the Energy Policy Act of 2005 (EPAct 2005), codified at 42 U.S.C. 16131 et seq., enables EPA to offer funding assistance to eligible entities on a competitive basis. In Fiscal Year (FY) 2008, the inaugural year of funding for the SmartWay Finance Program, three cooperative agreements totaling $3.4 million were awarded to create finance programs. In addition, on February 17, 2009, President Barack Obama signed the American Recovery and Reinvestment Act of 2009 (Public Law No. 111-05) (Recovery Act), which provided funding for DERA. Under the Recovery Act SmartWay Finance Program competition, EPA awarded five assistance agreements totaling $30 million for DERA projects that demonstrated the ability to be commenced expeditiously, reduced diesel emissions, and maximized job creation and/or preservation and economic recovery through the creation of finance programs. In 2010, EPA awarded four assistance agreements totaling $13.5 million.

Information on all of the funded projects can be found at http://epa.gov/cleandiesel/projects/. Specific details about these agreements can be found at www.epa.gov/smartway/transport/what-smartway/financing-clean-diesel-info.htm.

Note: While DERA offers funding assistance for eligible projects that significantly reduce diesel emissions in accordance with the DERA statute and as outlined in this announcement, another EPA program, "Climate Showcase Communities," funds grants on a competitive basis for communities[1] to develop plans and implement projects which reduce greenhouse gas emissions. Applications submitted under this RFP must be for eligible, emission reduction finance projects under DERA. More detailed information for local governments, Federally recognized tribes, and inter-tribal consortia interested in proposing demonstration, development, and implementation projects which reduce greenhouse gas emissions but are otherwise ineligible for DERA grants, can be found on EPA's Climate Showcase Communities Grant program website at http://www.epa.gov/statelocalclimate/local/showcase/.

C. Scope of Work

[1] More detailed information for local governments, federally recognized tribes and inter-tribal consortia interested in proposing demonstration, development, and implementation projects which reduce greenhouse gas emissions but are otherwise ineligible for DERA grants, can be found on EPA's Climate Showcase Communities Grant program website at http://www.epa.gov/statelocalclimate/local/showcase/.

This section outlines the goals, objectives and eligible project activities to be funded under this RFP. Applicants must specifically address in their proposal package how the project will meet each goal and objective within the scope of the eligible activities.

1. National Programmatic Priorities:

A principal objective of the assistance under this program is to achieve significant reductions in diesel emissions in terms of tons of pollution produced and reductions in diesel emissions exposure, particularly from vehicles, engines and equipment operating in areas designated by the Administrator as poor air quality areas (identified in part c.ii, below).

Under Section V of the RFP, applicants will be evaluated based on the extent and quality to which the proposed project addresses the National Programmatic Priorities. Priority for funding under this RFP will go to projects that:

- **a.** Maximize public health benefits[2];
- **b.** Are the most cost-effective[3];
- **c.** Serve areas:
  - **i.** with the highest population density;
  - **ii.** that are poor air quality areas (including nonattainment[4] or maintenance of national ambient air quality standards for a criteria pollutant; Federal Class I areas[5]; or areas with toxic air pollutant concerns);
  - **iii.** that receive a disproportionate quantity of air pollution from diesel fleets; including ports, rail yards, terminals, and distribution centers; or
  - **iv.** that use a community-based multi-stakeholder collaborative process to reduce toxic emissions;
- **d.** Include a certified engine configuration or verified technology that has a long expected useful life;
- **e.** Maximize the useful life of any certified engine configuration or verified technology used or funded by the eligible entity; and
- **f.** Conserve diesel fuel; and
- **g.** Use diesel fuel with a sulfur content of less than or equal to 15 parts per million, as the Administrator determines to be appropriate.[6]

2. Finance Programs for Diesel Emission Reductions:

The goal of this SmartWay Finance Program solicitation is to create national, tribal, regional, state or local finance programs that implement eligible diesel emission reduction solutions and

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[2] See Appendix D for information on how to determine public health benefits.
[3] See Appendix E for suggested cost-effectiveness methodology.
[4] EPA's areas of nonattainment for criteria air pollutants can be found at: www.epa.gov/air/oaqps/greenbk/

[5] Federal Class I areas are National Parks, Wilderness Areas and National Monuments that are accorded special protection from visibility impairment under section 162(a) of the Clean Air Act. A list of Class I areas can be found at: www.epa.gov/air/visibility/program.html.
[6] Low-sulfur diesel is now a nationwide requirement, therefore part g will not be awarded criteria evaluation points under Section V.A.4

save fuel. An applicant's proposal must address whether, how, and to what extent the applicant's project would use the requested federal funds and/or leverage additional funds/resources to maximize the environmental and economic benefits of its proposed project. Methods for maximizing the environmental and economic benefits of the proposed project can include, but are not limited to:

1*) Leveraging additional third party funds/resources*: Securing additional funds/resources from third parties that directly augment the applicant's proposed finance program or project (see Section III.B);
2) *Providing a voluntary cost-share*: Proposing a voluntary cost-share of allowable costs to increase the funding committed to the applicant's proposed finance program or project (see Section III.B); and/or
3) *Growing federal funds*: Developing an approach to use the federal funds to increase the total project funds available for the finance program.

For example, if an applicant requests $2 million in federal funds to establish a revolving loan program, the applicant could maximize the environmental and economic benefits of the project by: 1) leveraging $5 million in private funds for a revolving loan program by using the $2 million in federal funds as collateral in a loan guarantee; or 2) committing a voluntary cost-share to the project by, for example, proposing to use $1 million of the applicant's own funding or cash donations from a non-Federal third party to establish a $3 million revolving loan program; and/or 3) using the cooperative agreement funds as collateral or for underwriting the cost of a bond offering to raise $10 million to capitalize a revolving loan fund.

Finance programs must include specific financial incentives to purchase or lease vehicles or equipment retrofitted with emission reduction technology or to purchase the emission reduction equipment itself. A specific financial incentive can include, but is not limited to:

- Longer repayment periods;
- Lower interest rates; and/or
- More flexible qualification requirements (i.e., approving borrowers who would not typically be approved).

The loan or lease conditions set by the applicant (or proposed subrecipient or lender partner, etc.) must provide sufficient incentive to encourage the purchase of a retrofitted vehicle or equipment that emits less harmful emissions, such as a diesel tractor that includes an emission control technology, rather than the non-retrofitted vehicle or equipment. An example of a sufficient incentive is setting an interest rate at a certain percentage below current market rate to encourage the purchase of a retrofitted vehicle or equipment. Another example of a sufficient incentive is a longer loan term that results in a lower monthly payment and allows a borrower, who would not typically receive a loan based on the borrower's credit, to receive a loan for a retrofitted vehicle. When determining the interest rates for each loan made under the finance program, applicants should consider program sustainability to maintain the finance program. Applicants should demonstrate the sustainability of the proposed finance program beyond the grant performance period. For example, a finance program is sustainable if it continues to fund eligible projects beyond the four-year grant performance period (i.e., loans are repaid and then funds are loaned out again for eligible projects).

EPA is soliciting proposals that would either establish new finance programs or expand existing finance programs. EPA encourages innovative approaches not previously funded through this program. EPA will fund cooperative agreements selected under this announcement as new awards rather than through amendments to existing awards.

3. Types of Finance Programs

Finance programs may include, but are not limited to, the following: loan guarantees, issuance of tax exempt or taxable bonds for low cost loans, revolving loans, or leases. The examples discussed below could apply to either a loan or lease program. Lease programs finance the use of a vehicle, engine or equipment, whereas loan programs finance the purchase of a vehicle, engine or equipment. In all cases, the participating financial institutions should use industry standard recovery strategies, such as global positioning system (GPS) devices and automatic shut-off systems, as a means to minimize losses and maximize vehicle recovery in the case of defaults. GPS devices can also be a useful technology for assessing the portion of the emission reductions that occurs in poor air quality areas, which is a programmatic priority. If a default does occur, the cooperative agreement recipient shall work with the lender to determine the amount that would make them whole before requesting payment using cooperative agreement funds (i.e., the recovered value of the retrofitted engine or equipment at accepted industry rates) to compensate the lender for its losses.

a. ***Loan Guarantee*:** The finance program may be a loan guarantee whereby the funds are used to guarantee repayment of the loans or leases made by a lending institution. Essentially, the cooperative agreement recipient would deposit funds into an escrow account to guarantee all or part of a loan for the purchase of a retrofitted vehicle or equipment that has been upgraded with verified retrofit technology, for the purchase of a new replacement vehicle with a verified technology or certified engine configuration installed, or for the purchase of a verified idle reduction technology or other verified technology. 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 be returned to the cooperative agreement recipient when all borrowers repaid the guaranteed loans. If there is a default, the cooperative agreement recipient (after going through the standard industry recovery practices) would use the funds in the escrow account to compensate the lender for its losses. The losses may include the principal loaned out (minus any payments made on the loan). 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 loans are guaranteed by the cooperative agreement recipient (or subrecipient or lender partner, etc.). 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. Note: The cooperative agreement award funds and any program income generated from the cooperative agreement award funds may not be used to pay for costs incurred for interest on borrowed capital.

b. ***Bonds*:** 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. The cooperative agreement award funds may be used as collateral or to underwrite the cost of issuing a bond (provided that the costs are allowable under the applicable cost principles, 2 CFR Part 225 or Part 230), which is then used to create finance programs to support eligible activities. The requirement of using at least 85% of the cooperative agreement funds for financing (as defined in Section III.D) does not apply to bonds. However, the bond value must be at least five times the amount of the cooperative agreement award. For example, a cooperative agreement award of $1 million must secure a bond of at least $5 million. The capital raised by issuing a bond would be used to create a finance program that lends funds to borrowers with extended terms or at better than market interest rates for an eligible diesel emission reduction solution. There are a number of different types of bonds that may be appropriate for this program including both taxable and tax-exempt bonds.

In the case of bonds, eligible bond expenses may include, but are not limited to, bond issuance fees, bond counsel and bank attorney fees, underwriter fees, trustee fees and bond insurance to the extent such costs are allowable under the applicable Office of Management and Budget (OMB) cost principles. Applicants are strongly encouraged to partner with a State or local agency that has the authority and/or experience in issuing bonds, such as an economic development agency. The cooperative agreement award recipient must demonstrate that they or their subrecipient or partnering organization have the authority to issue bonds and must use the bond funds to create a loan or lease program that meets the criteria defined in this RFP. If cooperative agreements funds are used to issue a bond, then the cooperative agreement award recipient must set up a contract (competition requirements apply) or subgrant, depending on the transaction and relationship between the parties. For more information on the use of bonds to support environmental objectives, please see: www.epa.gov/efinpage/guidebook.htm. Note: The cooperative agreement award funds and any program income generated from the cooperative agreement award funds may not be used to pay for costs incurred for interest on borrowed capital. For 40 CFR Part 30 recipients, principal and interest payments made on loans originating from bond funds are not considered program income. These funds can be used to make interest and principal payments to the bondholders.

c. ***Revolving Loan Fund (RLF):*** A cooperative agreement award recipient may use cooperative agreement award funds to capitalize a revolving loan or lease fund to be used for eligible diesel emission reduction solutions as defined by 42 U.S.C. 16131 et seq. and this RFP. RLFs are used to provide low-interest loans, extended terms, or lower cost lease programs. Additional funds could be added to the cooperative agreement award funds to expand the amount of available loan funds. The repayment of loans will also enable additional loans to be made.

D. Use of Funds

1. **Eligible Diesel Vehicles, Engines and Equipment:** Projects must include diesel emission reduction solutions from one or more of the following diesel emission source types:

   a. Buses;
   b. Medium-duty or heavy-duty trucks;
   c. Marine engines;
   d. Locomotives; or
   e. Non-road engines, equipment or vehicles used in:
      i. Construction;
      ii. Handling of cargo (e.g., ports or railyards);
      iii. Agriculture;
      iv. Mining; or
      v. Energy production (including stationary generators and pumps).[7]

2. **Eligible Diesel Emissions Reduction Solutions:** Projects must include one or more of the following diesel emissions reduction solutions that utilize a certified engine configuration and/or a verified technology.

   a. Verified Retrofit Technologies: A "retrofit" project is defined broadly to include any technology, device, fuel or system that when applied to an existing diesel engine achieves emission reductions beyond what is currently required by EPA regulations at the time of the engine's certification.

   A list of eligible, EPA verified retrofit technologies is available at http://epa.gov/cleandiesel/verification/verif-list.htm; a list of eligible, CARB verified retrofit technologies is available at www.arb.ca.gov/diesel/verdev/vt/cvt.htm. Technologies proposed for funding under this category must be specifically named on one of these lists, and may only be used for the vehicle application specified on the list. The technologies include:

   i. Exhaust Controls: Exhaust Controls include pollution control devices installed in the exhaust system (such as oxidation catalysts and particulate matter filters), or systems that include crankcase emission control (like a closed crankcase filtration system). The financing can cover up to 100% of the cost (labor and equipment) for an eligible exhaust control.

   ii. Engine Upgrades: Generally, an engine upgrade involves the removal of parts on a certified engine configuration and replacement with parts that cause the engine to represent an engine configuration which is certified to meet more stringent federal emission standards. Some engines are able to be upgraded to reduce their emissions by applying manufacturer upgrades that are retrofits verified by EPA or CARB as a package of components demonstrated to achieve specific levels of emission

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

reductions. Some engines are able to be upgraded to a cleaner EPA certified configuration through the application of a "kit" (the "kit" may not necessarily be verified as a retrofit by EPA or CARB, but the "kit" must be used to rebuild the engine to an engine configuration which is certified to meet more stringent federal emission standards. For example, a tier 0 non-road engine could be upgraded to a certified tier 1 non-road configuration).

The financing can cover up to 100% of the cost (labor and equipment) of an engine upgrade with a manufacturer upgrade that is a retrofit verified by EPA or CARB as a package of components demonstrated to achieve specific levels of emission reductions. In the case of an engine upgrade with a "kit" applied at the time of rebuild, this funding cannot be applied to the entire cost of the engine rebuild, but only the incremental cost of the upgrade "kit" and associated labor costs for installation. Note: Engine upgrades may not be available for all engines, and not all upgrades may achieve an emissions benefit. To be funded, the upgrade must result in an emissions benefit by meeting a more stringent emission standard or verified level of reduction. For an engine to be eligible for an upgrade, the engine must be currently operating and performing its intended function.

b. Verified Idle Reduction Technologies: An idle reduction project is generally defined as the installation of a technology or device that reduces unnecessary idling of the main drive engine of diesel vehicles or equipment and/or is designed to provide services (such as heat, air conditioning, and/or electricity) to vehicles and equipment that would otherwise require the operation of the main drive engine while the vehicle is temporarily parked or remains stationary. The reduction in idling will conserve diesel fuel and must also lower emissions. The financing can cover up to 100% of the cost (labor and equipment) for an eligible, verified idle reduction technology. EPA is currently testing and reviewing the use of Auxiliary Power Units (APUs) and generators with 2007 and newer certified engine configurations on long haul Class 8 vehicles. For this RFP, APUs and generators are not eligible for vehicles with 2007 or newer certified engine configurations on long haul Class 8 vehicles. Please note that APUs and generators are eligible for installation on long haul Class 8 vehicles with 2006 and older engine configurations.

A list of EPA verified idle reduction technologies is available at www.epa.gov/smartway/transport/what-smartway/verified-technologies.htm. Technologies proposed for funding under this category must be specifically named on this list, and a given technology may only be used for the non-road application for which it is verified. The technology categories include:

i. Auxiliary power units and generator sets;
ii. Battery air conditioning systems;
iii. Thermal storage systems;
iv. Electrified parking spaces (truck stop electrification);
v. Fuel operated heaters;

vi. Shore connection systems and alternative maritime power;
vii. Shore connection systems for locomotives; and
viii. Automatic shutdown/start-up systems for locomotives.

Please note that technologies for the electrification of engines/vehicles/equipment other than those specifically listed above cannot be considered verified idle reduction technologies, but may be eligible as a Repower (removal of a diesel engine and its replacement with an electric power source, see Section e, below) or a Replacement (replacement of a diesel powered engine/vehicle/equipment with an eligible electric engine/vehicle/equipment, see Section f, below).

c. Verified Aerodynamic Technologies and Verified Low Rolling Resistance Tires: To improve fuel efficiency, long haul Class 8 trucks can be retrofitted with aerodynamic trailer fairings or the fairings can be provided as new equipment options. Certain tire models can provide a reduction in NOx emissions and fuel savings, relative to the "best selling" new tires for Class 8 trucks, when used on all three axles.

The financing can cover up to 100% of the cost (labor and equipment) for aerodynamic technologies or low rolling resistance tires.

A list of EPA verified aerodynamic technologies is available at www.epa.gov/smartway/transport/what-smartway/verified-technologies.htm, and includes:

i. Gap fairings that reduce the gap between the tractor and the trailer to reduce turbulence;
ii. Trailer side skirts that minimize wind under the trailer; and
iii. Trailer rear fairings that reduce turbulence and pressure drop at the rear of the trailer.

A list of EPA verified low rolling resistance tires is available at www.epa.gov/smartway/transport/what-smartway/verified-technologies.htm, and includes both dual tires and single wide tires (single wide tires replace the double tire on each end of a drive or trailer axle, in effect turning an "18" wheeler into a "10" wheeler).

Aerodynamic technologies and low rolling resistance tires are not eligible for funding if installed on trucks that have NOx exhaust controls, such as Selective Catalytic Reduction (SCR). In addition, low rolling resistance tires are not eligible for funding where these type of tires have already been installed on the truck.

d. Certified Engine Repowers: Repower refers to the removal of an existing engine and replacing it with a newer, cleaner engine that is certified to a more stringent set of engine emissions standards. Repower includes, but is not limited to, diesel engine replacement with an engine certified for use with a cleaner fuel and/or the replacement of a non-road engine with a highway engine. The repowered engine must have a similar horsepower rating as the engine being replaced (e.g., a 300 horsepower engine is replaced by an

engine of similar horsepower). The financing can cover up to 100% of the cost (labor and equipment) of an eligible engine repower.

For a repower that involves the removal of an existing diesel propulsion engine and its replacement with a genset(s), the electric generator in a genset together with the newer, cleaner engine are both eligible costs of the repower, subject to the cost-share requirement defined above

For a stationary or auxiliary diesel powered electric generator (genset), repower means the removal of the existing diesel engine from the genset and replacing it with a new, cleaner engine. Only the newer, cleaner engine (labor and equipment) is an eligible cost of the repower, subject to the cost-share requirement defined above.

i. **Repower Criteria:** Repower projects are eligible for funding on the condition that the replaced engine is properly disposed of. Evidence of appropriate disposal, including the engine serial number, is required in a final assistance agreement report submitted to EPA. Drilling a hole in the engine block and manifold while retaining possession of the engine is an acceptable scrapping method. Other methods may be considered and will require prior EPA approval. If scrapped or salvaged engines are to be sold, program income requirements apply. The engine being replaced will be scrapped or rendered permanently disabled or returned to the original engine manufacturer for remanufacturing to a certified cleaner emission standard.

e. **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 use engines certified by EPA and, if applicable, CARB to meet a more stringent set of engine emissions standards. Replacement projects can include the replacement of diesel vehicles/equipment with newer, cleaner diesel or hybrid or alternative fuel vehicles/equipment. The replacement vehicle/equipment must be of the same type and similar gross vehicle weight rating or horsepower as the vehicle/equipment being replaced (e.g., a 300 horsepower bulldozer is replaced by a bulldozer of similar horsepower). The replacement vehicle/equipment must perform the same function as the vehicle/equipment that is being replaced (e.g., an excavator used to dig pipelines would be replaced by an excavator that continues to dig pipelines).

i. For a stationary or auxiliary diesel powered electric generator (genset), replacement means the removal of the entire genset and its replacement with a newer, cleaner genset. The electric generator in a genset together with the newer, cleaner engine is an eligible cost of the replacement, subject to the cost-share requirement defined above.
ii. Replacement Criteria: All replacement projects must result in a net emissions decrease. Scrapping the original engine or returning it to the original engine manufacturer for remanufacturing to a certified cleaner emission standard are both approved methods to ensuring that net emissions decrease as a result of this financing. EPA will also consider other methods of achieving a net emissions reduction that will require prior EPA approval. If the engine is scrapped, equipment and vehicle

components that are not part of the engine or chassis may be salvaged from the unit being replaced (e.g. plow blades, shovels, seats, tires, etc.). If scrapped or salvaged vehicles/parts are to be sold, program income requirements apply.

f. **Repower and Replacement Restrictions:** This restriction applies to all repower and replacement projects as defined above in Sections d and e. The following activities **are not eligible** for funding under this RFP:
   (1) Repower or 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. Normal attrition is generally defined as a replacement or repower that is scheduled to take place between now and the end of the project period. Normal attrition is typically defined by the vehicle or fleet owner's budget plan, operating plan, standard procedures, or retirement schedule. For example, if a construction fleet typically retires vehicles after 20 years, a vehicle within that fleet that is currently in its 18th or 19th year of service is not eligible for replacement. A vehicle within that fleet that is currently in its 17th year of service and has 3 years of useful life remaining (as defined by the fleet's retirement schedule) is eligible for replacement.
   (2) The purchase of new vehicles or equipment to expand a fleet is not covered by this program.

E. Linkage to EPA Strategic Plan and Anticipated Outputs/Outcomes

EPA Order 5700.7, "Environmental Results under EPA Assistance Agreements," requires that all assistance agreements be aligned with the Agency's Strategic Plan. EPA requires that grant applicants and recipients adequately address environmental outputs and outcomes to be achieved under assistance agreements. Grantees will be expected to report progress toward the attainment of project outputs and outcomes during the performance period. Applicants will be evaluated on the effectiveness of their plan for tracking and measuring progress toward achieving anticipated outputs and outcomes.

EPA Order 5700.7, Environmental Results under Assistance Agreements, may be found at: www.epa.gov/ogd/grants/award/5700.7.pdf.

1. **Linkage to EPA Strategic Plan:** EPA's Strategic Plan defines goals, objectives, and sub-objectives for protecting human health and the environment. Projects funded under this RFP will support Goal 1 of EPA's 2006-2011 Strategic Plan, Clean Air and Global Climate Change; Objective 1.1: Healthier Outdoor Air, which states, "Through 2011…[EPA will]…protect human health and the environment by attaining and maintaining health-based air-quality standards and reducing the risk from toxic air pollutants." Specifically, these projects will 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 work product related to an environmental goal or objective that will be produced by a grantee

during the funding period. Outputs may be quantitative or qualitative but must be measurable during an assistance agreement funding period.

Expected outputs from the projects to be funded under this announcement include but are not limited to:

- Number and amount of loans/leases awarded
- Total amount of funds available for loans/leases (e.g, EPA award funds and other public or private funds)
- Number of purchased or retrofitted engines/vehicles/equipment

Other potential outputs may include but are not limited to:

- Hours of idling reduced
- Adoption of an idle-reduction policy
- Amount of funds dispersed to sub-recipients
- Dissemination of project/technology information via list serves, websites, journals and outreach events

Quarterly progress reports and a final report will also be required outputs, as specified in Section VI.D of this RFP.

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, and may not necessarily be achievable within an assistance agreement funding period.

   Expected outcomes from the projects to be funded under this announcement include but are not limited to:

   <u>Intermediate Outcomes:</u>

   - Annual pounds or tons of fine particulate matter (PM2.5), nitrogen oxides (NOx), greenhouse gases (GHG) such as carbon dioxide (CO_2) and black carbon and/or volatile organic compounds (VOCs) reduced; and/or
   - Annual gallons of diesel fuel saved.

   <u>End Outcomes:</u>

   - Developed finance program that maximizes and/or sustains EPA award funds.
   - Documented improved ambient air quality.
   - Health benefits achieved (health benefits may be measured by numbers of illnesses, health care costs, or missed work/school days avoided, reduced mortality from air pollution). Monetary health benefits must be described consistent with the instructions provided in Appendix D.

   Other potential outcomes may include but are not limited to:

   - Changes in driver behavior regarding idling practices.

- An increased understanding of the environmental or economic effectiveness of the implemented technology.
- Increased public awareness of project and results.
- Widespread adoption of the implemented technology.

The following are questions to consider when developing output and outcome measures of quantitative and qualitative results:
i) What are the measurable short term and longer term results the project will achieve?
ii) How does the plan measure progress in achieving the expected results (including outputs and outcomes) and how will the approach use resources effectively and efficiently?

F. Supplementary Information

The Diesel Emissions Reduction National Program (DERA) is authorized by Title VII, Subtitle G (Sections 791 to 797) of the Energy Policy Act of 2005, Public Law 109-58, signed August 8, 2005 (EPAct 2005) and codified at 42 U.S.C. 16131 et seq.

II. AWARD INFORMATION

A. Available Funding

EPA anticipates awarding a total of approximately $6 million under this announcement, subject to the availability of funds, the quality of proposals received, and other applicable considerations.

EPA anticipates awarding 1-2 cooperative agreement(s) under this announcement ranging in value from $1 million to $6 million subject to the availability of funds, the quality of evaluated proposals, and other applicable considerations.

EPA reserves the right to make additional awards under this announcement, consistent with Agency policy, if additional funding becomes available after the original selections. Any additional selections for awards will be made no later than 6 months from the date of the original selections.

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

B. Partial Funding

In appropriate circumstances, EPA reserves the right to partially fund proposals by funding discrete portions or phases of proposed projects. If EPA decides to partially fund a project, 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, thereby maintaining the integrity of the competition and selection process.

C. Project Period

The estimated project period for awards resulting from this solicitation will begin on June 1, 2011, with an expected project completion date no later than May 30, 2015.

D. Funding Type

The funding for selected projects will be in the form of a cooperative agreement. Cooperative agreements permit substantial involvement between EPA and the selected applicants in the performance of the work supported. Although EPA will negotiate precise terms and conditions relating to substantial involvement as part of the award process, the anticipated substantial Federal involvement for this project will be in the form of technical assistance, development of outputs, and oversight. Specifically, substantial federal involvement will take the form of monitoring the project by EPA during the project period; participation and collaboration between EPA and the recipient in program content; review of project progress, and quantification and reporting of results.

E. Program Income

Program income is allowable under the Diesel Emissions Reduction National Program and should be used to defray administrative costs and supplement the award. In accordance with 40 C.F.R.§ 30.24(b)(1) or 31.25(g)(2), as applicable, the successful applicant shall add program income to the funds awarded by the EPA and use the program income under the same terms and conditions of the cooperative agreement to further eligible project or program objectives. In accordance with 40 C.F.R. § 30.2(x), or 31.25(b), as applicable, program income shall be defined as the gross income earned by the successful applicant that is directly generated by a supported activity or earned as a result of the cooperative agreement award.

Program income may be used to cover administrative costs, but is subject to the cap on such costs defined in Section III.D. (i.e., the cap on administrative costs applies both to the award funds and program income).

Loans and subgrants made with a combination of program income and direct funding from EPA will be subject to all terms and conditions applicable to each cooperative agreement. Interest earned on non-Federal funds is not program income; interest earned on cooperative agreement award funds is program income.

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 EPAct 2005 and CFDA 66.039:

1. A regional, State, local or tribal agency (or intertribal consortium) or port authority with jurisdiction over transportation or air quality; and
2. A nonprofit organization or institution that:

a. represents or provides pollution reduction or educational services to persons or organizations that own or operate diesel fleets; or
b. has, as its principal purpose, the promotion of transportation or air quality.

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

Non-profit organization, as defined by OMB Circular A-122, located at 2 CFR Part 230, means any corporation, trust, association, cooperative, or other organization which is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest, is not organized primarily for profit; and uses its net proceeds to maintain, improve, and/or expand its operations. For this purpose, the term "non-profit organization" includes non-profit institutions of higher education and hospitals. Non-profit organizations described in Section 501(c)(4) of the Internal Revenue Code that engage in lobbying activities as defined in Section 3 of the Lobbying Disclosure Act of 1995 are not eligible to apply.

Federally recognized Indian tribal governments are defined as any Indian tribe, band, nation, or other organized group or community (including Native villages) certified by the Secretary of the Interior as eligible for the special programs and services provided by him through the Bureau of Indian Affairs as well as any organization or intertribal consortium that represents federally recognized tribes.

An “intertribal consortium” is defined as a partnership between two or more tribes that is authorized by the governing bodies of those tribes to apply for and receive assistance under this program. Intertribal consortia are eligible to receive assistance under this program only if the consortium demonstrates that all members of the consortium meet the eligibility requirements for the program and authorize the consortium to apply for and receive assistance by submitting to EPA documentation of (1) the existence of the partnership between Indian tribal governments, and (2) authorization of the consortium by all its members to apply for and receive the assistance.

B. Leveraged Resources and Voluntary Cost-Share

Although leveraging and/or cost-sharing are not required as a condition of eligibility under this competition, under Section V of this announcement EPA will evaluate proposals based on the extent and quality to which the applicant proposes to maximize the environmental and economic benefits of its proposed project through its use of the federal funds requested and/or leveraging additional funds/resources, including voluntary cost-shares.

Leveraging is when an applicant proposes to provide its own additional funds/resources or those from third party sources to support or complement the project they are awarded under the competition which are above and beyond the EPA grant funds awarded. Any leveraged funds/resources, and their source, must be identified in the Budget Detail portion of the proposal (See Section IV of the announcement). Note: Growing federal funds through the use of EPA award funds as collateral (e.g. bond, loan guarantee) is not considered “leveraged

funds/resources," but if proposed, it must also be included in the Budget Detail portion of the Proposal. Letters of support for the leveraged funds/resources must be included in order to be considered as part of the evaluation. The letters of support should include specific information regarding the type and amount of leveraged funds/resources provided.

1. **Voluntary cost share** is a form of leveraging. Voluntary cost sharing is when an applicant voluntarily proposes to legally commit to provide costs or contributions to support the project when a cost share is not required. Applicants who propose to use a voluntary cost share **must** include the costs or contributions for the voluntary cost share in the project budget on the SF-424. If an applicant proposes a voluntary cost share, the following apply:

    - A voluntary cost share is subject to the match provisions in the grant regulations (40 CFR 30.23 or 40 CFR 31.24, as applicable).
    - A voluntary cost share may only be met with eligible and allowable costs.
    - The recipient may not use other sources of federal funds to meet a voluntary cost share unless the statute authorizing the other federal funding provides that the federal funds may be used to meet a cost share requirement on a federal grant.
    - The recipient is legally obligated to meet any proposed voluntary cost share that is included in the approved project budget. If the proposed voluntary cost share does not materialize during grant performance, then EPA may reconsider the legitimacy of the award and/or take other appropriate action as authorized by 40 CFR Parts 30 or 31 as applicable.

    Note: Voluntary cost-share funds included in an approved project budget become part of the cooperative agreement award funds (i.e. Federal funds) and as such are subject to the same terms and conditions of the cooperative agreement; interest earned on voluntary cost-share funds is program income and therefore shall be added to the funds awarded by EPA and used to further eligible project or program objectives.

2. **Other leveraged funding/resources that are not identified as a voluntary cost share.** This form of leveraging may be met by funding from another federal grant, from an applicant's own resources, or resources from other third party sources. This form of leveraging should not be included in the budget on the SF-424 and the costs need not be eligible and allowable project costs under the EPA assistance agreement. While this form of leveraging should not be included in the budget on the SF-424 , the grant workplan should include a statement indicating that the applicant is expected to produce the proposed leveraging consistent with the terms of the announcement and the applicant's proposal and include any other funding/resources in the Budget Detail portion of the Work Plan. If applicants propose to provide this form of leveraging, EPA expects them to make the effort to secure the leveraged resources described in their proposals. If the proposed leveraging does not materialize during grant performance, then EPA may reconsider the legitimacy of the award and/or take other appropriate action as authorized by 40 CFR Parts 30 or 31 as applicable.

C. Threshold Eligibility Criteria

Only proposals from eligible applicants (see Section III.A of this RFP) that meet all of the threshold eligibility criteria will be evaluated against the ranking criteria in Section V of this RFP. Applicants deemed ineligible for funding consideration as a result of the threshold eligibility review will be notified with 15 calendar days of the ineligibility determination.

1. Applicants must submit proposals to implement national, tribal, regional, state or local finance programs for diesel emission reduction solutions such as those described in Section I.C. "Scope of Work." A finance program includes those where the loan or lease recipient receives a specific financial incentive (i.e., longer terms or lower rates) for the purchase of retrofitted vehicles or equipment.

2. Proposal Content and Submission
   - **a.** Proposals must substantially comply with the proposal submission instructions and proposal content requirements set forth in Section IV and Appendix B of this RFP or else they will not be reviewed.
   - **b.** Where a page limit is expressed in Section IV of this RFP with respect to the Project Narrative, pages in excess of the page limitation will not be reviewed.
   - **c.** Proposals must be received by EPA through one of the specified methods in Section IV of this RFP on or before the deadline published in Section IV of this RFP. Proposals received after the deadline will be considered late and not further considered unless the applicant can clearly demonstrate that it was late due to EPA mishandling or because of technical problems associated with www.grants.gov. For hard copy submissions, where Section IV of this RFP requires proposal receipt by a specific person/office by the deadline, receipt by an agency mailroom is not sufficient. Applicants should confirm receipt of their proposal with the EPA contact identified in Section IV of this RFP as soon as possible after the deadline; failure to do so may result in your proposal not being reviewed.
   - **d. Hard copy proposals will only be accepted via an express delivery service. Proposals will NOT be accepted via fax or standard 1st class mail delivery by U.S. Postal Service.**

3. Proposals that do not include one or more of the eligible diesel emission reduction solutions set forth in Section I.D.2 of this RFP are not eligible and will not be reviewed.

4. Proposals which request EPA assistance funds below $1 million are not eligible and will not be reviewed.

5. 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 2011…[EPA will]…protect human health and the environment by attaining and maintaining health-based air-quality standards and reducing the risk from toxic air pollutants."

D. Funding Restrictions

If a submitted proposal includes the following ineligible activities, that portion of the proposal will be ineligible for funding and may render the entire proposal ineligible for funding.

1. **Restriction for Mandated Measures:** Pursuant to Section 792(d)(2) of the EPAct of 2005, no funds awarded under this RFP shall be used to fund the costs of emissions reductions that are mandated under Federal, State, Tribal or local law. The restriction applies when the mandate takes effect (the effective date) for any affected vehicles, engines or equipment.

   If the project takes place in an affected area, or includes affected vehicles, engines or equipment, the Applicant must clearly demonstrate that emission reductions funded with EPA funds:
   a. will be implemented prior to the effective date of the mandate; and/or
   b. are in excess of (above and beyond) those required by the applicable mandate.

   If applicable, emission reduction benefits shall only be calculated for the period preceding the effective date or compliance deadline. Please see Appendix C for instructions on calculating emission reductions. Voluntary or elective emission reduction measures shall not be considered "mandated," regardless of whether the reductions are included in a State Implementation Plan.

2. No funds awarded under this RFP shall be used for matching funds for other federal grants, lobbying, or intervention in Federal regulatory or adjudicatory proceedings, and cannot be used to sue the Federal government or any other government entity.

3. No funds awarded under this RFP shall be used for retrofit technologies on EPA's or CARB's, "Formerly Verified Technologies" lists: www.epa.gov/otaq/retrofit/deleted-list.htm, www.arb.ca.gov/diesel/verdev/verdev.htm. No funds awarded under this RFP shall be used for idle reduction technologies on EPA's "Previously Verified Idle Reduction Technologies" list: http://www.epa.gov/smartway/transport/what-smartway/verified-technologies.htm#idle.

4. No funds awarded under this RFP shall be used for emissions testing and/or air monitoring activities (including the acquisition cost of emissions testing equipment), or research and development.

5. No funds awarded under this RFP shall be used for fueling infrastructure, such as that used for the production and/or distribution of biodiesel, compressed natural gas, liquefied natural gas, and or other cleaner fuels.

6. No funds awarded under this RFP shall be used for engine rebuilds, or portions thereof, that are considered general engine maintenance.

7. At least 85 percent of the cooperative agreement funds must be used to directly finance eligible diesel emission reduction strategies. In other words, no more than fifteen percent of the cooperative agreement funds may be used for any costs associated with the development, establishment, and administration of the finance program.

8. No funds awarded under this RFP shall be used for funding subsidies or rebates towards the purchase of vehicles and/or equipment.

Terms and conditions will be established for each cooperative agreement that may contain additional restrictions or requirements.

IV. PROPOSAL AND SUBMISSION INFORMATION

A. How to Obtain a Proposal Package

Applicants can download the individual grant application forms (Application for Federal Assistance SF-424, and Budget Information for Non-Construction Programs SF-424A) from EPA's Office of Grants and Debarment website at: www.epa.gov/ogd/forms/forms.htm.

Please refer to the Proposal Submission Checklist in Appendix F to ensure that all required materials have been included in your proposal package.

To obtain a hard copy of materials, please call 1-877-NCDC-FACTS (1-877-623-2322) or email cleandiesel@epa.gov.

B. Proposal Submission

Applicants have the following options to submit their proposals: a) Hard copy by express delivery service or hand delivery to the EPA contact listed below, or b) electronically through www.grants.gov as explained in Appendix A.

Proposals will not be accepted via fax, email, or standard 1st class mail delivery by U.S. Postal Service.

All proposals must be prepared, and include the information, as described in Section IV.C of this RFP, regardless of mode of submission.

1. **Hard Copy Submission**: Hard copy submissions must be hand delivered or sent using an express delivery service, such as FedEX, UPS, DHL, etc., to the EPA contact mailing address listed below. Please provide one original of the proposal package (including signed and completed SF-424 and SF-424A forms), as well as two photocopies of the complete proposal package. Binders or spiral binding will not be accepted. All hard copies of proposal packages must be **received** by the EPA contact by Thursday, February 10, 2011, 4:00 p.m. eastern standard time (EST).

2. **Grants.gov Submission:**

   Please see Appendix A, Grants.gov Submission Instructions

   Proposal Submission Deadline: Your organization's authorized official representative (AOR) must submit your complete proposal electronically to EPA through Grants.gov

(http://www.grants.gov) no later than February 10, 2011, 4:00 p.m. eastern standard time (EST).

3. **Proposal Hardcopy Submission Contact:**

   Tyler Cooley
   U.S. EPA
   1310 L Street, NW (Room 347D)
   Washington, DC 20005
   All proposal packages must be received by February 10, 2011, 4:00 p.m. eastern standard time (EST).

C. Content of Proposal Package

The proposal package *must* include all of the following materials:

1. **Grant Application Forms**:
   a. **Standard Form (SF) 424, Application for Federal Assistance.** Complete the form (available at www.epa.gov/ogd/forms/forms.htm). Please be sure to include the Applicant organization fax number and email address in Block 5 of the Standard Form 424.

      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.

   b. **Standard Form (SF) 424A , Budget Information.** Complete the form (available at www.epa.gov/ogd/forms/forms.htm). 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) of SF-424A, the amount of indirect costs should be entered on line 6(j). The indirect cost rate (i.e., a percentage), the base (e.g., personnel costs and fringe benefits), and the amount should also be indicated on line 22.

2. **Project Narrative**: The Project Narrative must substantially comply with the specific instructions, format and content requirements as defined below and in Appendix B. The Project Narrative includes the following components:
   - Cover Page
   - Workplan (sections 1-7)

   The project narrative (including the cover page) shall not exceed thirteen (13) single-spaced pages in length. Pages refer to one-side of a single spaced typed page. Font size should be no smaller than 10 and the proposal must be submitted on 8 ½" x 11" paper. Pages in excess of the 13-page limit will not be considered.

3. **Additional Attachments:** These documents are required, but are not included in the 13-page limit for the project narrative. They should be submitted as attachments to the project narrative.

   - **Letters of Support or Commitment:** Specifically indicate how supporting organizations will assist in the project, including any additional leveraged resources or funds provided. For example, provide amount of the leveraged funds or financing, minimum expected leveraged funds ratio, line of credit, etc.
   - **Legal Authority:** 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 a finance 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.
   - **Financial Soundness of Applicant:** Provide documented history of your financial and accounting soundness (e.g., financial audit reports, year end reports or annual financial statements, etc.)
   - **Resumes (Optional):** Provide resumes or curriculum vitae for all principal investigators and any other key personnel. Although resumes are optional, they are strongly encouraged.

D. Submission Dates and Time

The closing date and time for receipt of proposal submissions, regardless of mode of submission, is Thursday, February 10, 2011, 4:00 p.m eastern standard time (EST). All hard copies of proposal packages must be received by the appropriate EPA contact defined in Section IV.B of this RFP by Thursday, February 10, 2011, 4:00 p.m. EST in order to be considered for funding. All electronic submissions of proposal packages must be submitted to www.grants.gov by Thursday, February 10, 2011, 4:00 p.m. EST in order to be considered for funding.

E. Confidential Business Information

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

F. Pre-Proposal Assistance and Communications

All applicants are encouraged to review the Frequently Asked Questions (FAQ) document posted at www.epa.gov/otaq/diesel/prgfinance.htm for further clarification of this Request for Proposals.

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 written questions to cleandiesel@epa.gov. Please type "Finance RFP Question" in the subject line of your email. All questions and answers will be posted in the FAQ document at www.epa.gov/otaq/diesel/prgfinance.htm.

All questions submitted via email by 5:00 pm eastern standard time (EST) each Friday during the RFP open period will be answered and posted in the FAQ document by 5:00 pm EST the following week. The deadline for submitting questions via email is Friday, January 28, 2011, at 5:00 pm EST.

In addition, EPA will host a Question and Answer session regarding this Request for Proposals via webinar. EPA will attempt to answer any appropriate questions in this public forum. Dates, times, and participant information for Question and Answer sessions will be posted at www.epa.gov/otaq/diesel/prgfinance.htm as it becomes available. Questions and answers from these teleconferences will also be posted in the FAQ document at www.epa.gov/otaq/diesel/prgfinance.htm.

G. Contracts, Subawards and Partnerships

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

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

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

that applicants may not award sole source contracts to consulting, engineering or other firms assisting applicants with the proposal solely based on the firm's role in preparing the proposal.

A successful applicant cannot use subgrants or subawards to avoid requirements in EPA grant regulations for competitive procurement by using these instruments to acquire commercial services or products from for-profit organizations to carry out its assistance agreement. The nature of the transaction between the recipient and the subawardee or subgrantee must be consistent with the standards for distinguishing between vendor transactions and subrecipient assistance under Subpart B Section .210 of OMB Circular A-133 , and the definitions of subaward at 40 CFR 30.2(ff) or subgrant at 40 CFR 31.3, as applicable. EPA will not be a party to these transactions. Applicants acquiring commercial goods or services must comply with the competitive procurement standards in 40 CFR Part 30 or 40 CFR Part 31.36 and cannot use a subaward/subgrant as the funding mechanism.

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

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

a. an applicant's named subawardees/subgrantees identified in the proposal 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.

b. 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 non-competitive sole-source award consistent with the regulations will be made to the contractor(s), that efforts were made to provide small and disadvantaged businesses with opportunities to compete, and that some form of cost or price analysis was conducted. EPA may not accept sole source justifications for contracts for services or products that are otherwise readily available in the commercial marketplace.

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

V. PROPOSAL REVIEW INFORMATION

Only those proposals that meet the threshold criteria in Section III.C of this RFP 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

Criteria	Points
1. <u>Project Summary and Overall Approach:</u> Under this criterion, applicants will be evaluated based on: **a.** (13 pts) the extent and quality to which the applicant addresses the requirements in Section I.C.2-3 and Appendix B for Sub-Section 1 "Project Summary" and whether the narrative proposal includes a well-conceived, logical strategy for achieving – by the project end date – the anticipated results associated with the project. **b.** (2 pts) whether the project describes an innovative approach that has not been previously funded through this program.	**15**
2. <u>Maximize Effect of Project/Sustain Federal Funds:</u> Under this criterion, applicants will be evaluated based on: a. (11 pts) Whether, how, and to what extent the applicant's project would use the requested federal funds and/or leverage additional funds/resources to maximize the environmental and economic benefits of its proposed project. This includes evaluating (i) whether the applicant proposes to leverage additional third party funds/resources or provide a voluntary cost-share that directly augments the applicant's proposed finance program or project and/or (ii) the applicant's approach to using the federal funds to increase the total project funds available for the finance program. If leveraging and/or voluntary cost-share is proposed, applicants will also be evaluated based on the type of leveraging proposed, how the applicant will obtain the leveraged resources, the likelihood the leveraging will materialize during grant performance, and what role it will play in the overall project. b. (4 pts) The extent the finance program can be sustained and maintained beyond the grant performance period.	**15**
3. <u>Results – Outcomes and Outputs</u>: Under this criterion, applicants will be evaluated based on: **a.** (8 pts) the extent and quality to which the applicant identifies and quantifies the expected project outputs and outcomes, including those identified in Section I.E of the RFP. **b.** (8 pts) the effectiveness of the applicant's plan for tracking and measuring its progress toward achieving the expected project outputs and outcomes, including those identified in Section I.E of the RFP.	**16**
4. <u>National Programmatic Priorities</u>: Under this criterion, applicants will be evaluated on the extent and quality to which the proposed project addresses the National Programmatic Priorities stated in Section I.C.1 of the RFP. a. (8 pts) Maximize public health benefits; b. (6 pts) Are the most cost-effective;	**23**

c. (5 pts) Are in areas with high population density, that are poor air quality areas; that are areas that receive a disproportionate quantity of air pollution from diesel fleets, including ports, rail yards, terminals, and distribution centers; or that use a community-based multi-stakeholder collaborative process to reduce toxic emissions. In order to identify disproportionately impacted areas, applicants should include community/neighborhood level information including socioeconomic data about the community and how the community will benefit from the project; d. (2 pts) Maximize the useful life of any certified engine configuration or verified technology used or funded by the eligible entity. Applicants should provide information on engine maintenance plans or other efforts to maintain engines and pollution control devices; e. (2 pts) Conserve diesel fuel.	
5. **<u>Target Fleets:</u>** Under this criterion, applicants will be evaluated based on the extent to which their project targets: 1.) non-road engines or equipment involved in port or rail activities; 2.) marine engines; or 3.) non-road engines or equipment used in construction, handling of cargo, agriculture, mining or energy production.	**10**
6. **<u>Past Performance--Programmatic Capability and Reporting on Results:</u>** Under this criterion, applicants will be evaluated based on their technical ability to successfully complete and manage the project taking into account their: **a.** (4 pts) past performance in successfully completing and managing federally funded assistance agreements (assistance agreements include Federal grants and cooperative agreements but not Federal contracts) similar in size, scope, and relevance to the proposed project performed within the last 3 years; **b.** (2 pts) history of meeting reporting requirements on federally funded assistance agreements (assistance agreements include Federal grants and cooperative agreements but not Federal contracts) similar in size, scope, and relevance to the proposed project performed within the last 3 years and submitting acceptable final technical reports under those agreements; and **c.** (2 pts) past performance in documenting and/or reporting on progress towards achieving the expected outcomes and outputs (e.g., results) under federally funded assistance agreements (assistance agreements include Federal grants and cooperative agreements but not Federal contracts) similar in size, scope and relevance to the proposed project performed within the last 3 years; and, if such progress was not made whether the documentation and/or reports satisfactorily explained why not. If you do not have any relevant or available past performance or reporting information, please indicate this in the appropriate section of the Work Plan and you will receive a neutral score for these factors under Section V of this RFP. A neutral score is half of the total points available for any subset of points. If you do not provide any response for this item, you may receive a score of zero (0) for these factors.	**8**

7. **<u>Staff Expertise/Qualifications</u>:** Under this criterion, applicants will be evaluated based on their organizational experience, staff expertise/qualifications, staff knowledge, and resources or the ability to obtain them, to successfully achieve the goals of the proposed project.	**5**
8. **<u>Budget/Resources</u>:** Under this criterion, applicants will be evaluated based on: **a.** (4 pts) the extent and quality to which the applicant addresses the requirements in Appendix B for Section 8 "Budget Detail" of the Work Plan**;** **b.** (4 pts) whether the project budget is appropriate to accomplish the proposed goals, objectives, and measurable environmental outcomes.	**8**

B. Review and Selection Process

Each eligible 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. Other Factors

Final funding decisions will be made by the EPA Approving Official based on the rankings and preliminary recommendation of the EPA review panel. In making the final funding decisions, the EPA Approving Official may also consider sector (fleet type), technology diversity, geographic diversity, and the funding priorities of the statutory funding allocation (EPAct 2005).

EPAct 2005 specifies that EPA shall provide not less than 50 percent of funds available for a fiscal year under the Diesel Emissions Reduction National Program to eligible entities for the benefit of public fleets. For the purposes of this RFP, emissions reductions for the benefit of public fleets include, but are not limited to, projects involving: municipal fleets; public or private equipment contracted for public works; public or private vehicles and equipment that serve public ports. **Please note that this is calculated at the national level and is not a factor in the evaluation and initial ranking of proposals**. Once preliminary funding decisions are made by the Approving Official the national program calculates the percent of funding proposed for the benefit of public fleets to ensure the national program mandate of 50 percent will be met. If the national program mandate is not met by the preliminary funding decisions, the Approving Official may also consider the benefit of public fleets in the final funding decision.

Once final decisions have been made a funding recommendation will be developed and forwarded to the EPA Award Official for approval.

VI. AWARD ADMINISTRATION INFORMATION

A. Award Notices

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

1. **Successful Applicants:** EPA anticipates notification to the successful applicant will be made via telephone, electronic or postal mail by April 15, 2011. 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 Standard Form 424, Application for Federal Assistance.

   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.

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

2. **Unsuccessful Applicants**: EPA anticipates notification to unsuccessful applicant(s) will be made via electronic or postal mail by April 15, 2011. The notification will be sent to the original signer of the Standard Form 424, Application for Federal Assistance.

B. General Administrative and National Policy Requirements

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

Executive Order 12372, Intergovernmental Review of Federal Programs, may be applicable to awards resulting from this announcement. Applicants selected for funding may be required to provide a copy of their application to their State Point of Contact (SPOC) for review, pursuant to Executive Order 12372, Intergovernmental Review of Federal Programs. Not all states require such a review. A listing of State Point of Contacts (SPOC) may be viewed at:
http://www.whitehouse.gov/omb/grants_spoc

For the purpose of responding to this RFP, applicants may choose to not respond to question #19 on the SF 424 form; EPA will provide additional guidance on the intergovernmental review process to those applicants selected for funding.

C. Central Contractor Registration (CCR) and Data Universal Numbering System (DUNS) Requirements

Unless exempt from these requirements under OMB guidance at 2 CFR Part 25 (e.g., individuals), applicants must:

1. Be registered in the CCR prior to submitting an application or proposal under this announcement. CCR information can be found at https://www.bpn.gov/ccr/

2. Maintain an active CCR registration with current information at all times during which it has an active Federal award or an application or proposal under consideration by an agency, and

3. Provide its DUNS number in each application or proposal it submits to the agency.

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://www.dnb.com.

If an applicant fails to comply with these requirements, it will, should it be selected for award, affect their ability to receive the award.

D. Reporting Requirement

These grants will be subject to the requirements of the Federal Funding Accountability and Transparency Act. In addition, 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 grants are awarded.

Award recipients may be provided with additional information and guidance on reporting performance measures and project progress after 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 administrative capability reviews consistent with Sections 8b, 8c and 9d of EPA Order 5700.8 - Policy on Assessing Capabilities of Non-Profit Applicants for Managing Assistance Awards (www.epa.gov/ogd/grants/award/5700_8.pdf) and any additional terms on administrative capability in the grant agreement.

H. Program Income

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

I. Subaward and Executive Compensation Reporting

Applicants must ensure that they have the necessary processes and systems in place to comply with the subaward and executive total compensation reporting requirements established under OMB guidance at 2 CFR Part 170, unless they qualify for an exception from the requirements, should they be selected for funding.

J. Use of Grant Funds

An applicant that receives an award under this announcement is expected to manage assistance agreement funds efficiently and effectively and make sufficient progress towards completing the project activities described in the work-plan in a timely manner. The assistance agreement will include terms/conditions implementing this requirement.

VII. AGENCY CONTACTS

Tyler Cooley
Phone: (202) 343-9561
E-mail: cooley.tyler@epa.gov

Ken Adler
Phone: (202) 343-9402
E-mail: adler.ken@epa.gov

APPENDIX A

Grants.gov Proposal Submission Instructions
For Announcement Number EPA-OAR-OTAQ-11-03

General Application Instructions

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. *Note 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 official 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-OAR-OTAQ-11-03, 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).

Proposal Submission Deadline: Your organization's AOR must submit your complete proposal package electronically to EPA through Grants.gov (http://www.grants.gov) no later than Thursday, February 10, 2011, 4:00 p.m. EST.

Please submit *all* of the proposal materials described below

Proposal Materials

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. Project Narrative-prepared as described in Section IV and Appendix B of the announcement.
IV. Other Attachments as described in Section IV.C.3 of the announcement.

The proposal package *must* include all of the following materials:

I. Standard Form (SF) 424, Application for Federal Assistance
Complete the form. There are no attachments. Please be sure to include organization fax number and email address in Block 5 of the Standard Form SF 424.

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.

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) of SF-424A. If indirect costs are included, the amount of indirect costs should be entered on line 6(j). The indirect cost rate (i.e., a percentage), the base (e.g., personnel costs and fringe benefits), and the amount should also be indicated on line 22.

III. Project Narrative
Prepared in accordance with the instructions in Section IV.C. and Appendix B of the announcement. The document should be readable in PDF format and consolidated into a single file.

IV. Other Attachments
Other Attachments include Letters of Support or Commitment, Legal Authority, Financial Soundness, and Optional Resumes prepared in accordance with the instructions in Section IV.C.3 of the announcement. The documents included in the Other Attachments section should be readable in PDF format and consolidated into a single file.

Application Preparation and Submission Instructions

Documents I through III listed under Proposal Materials above should appear in the "Mandatory Documents" box on the Grants.gov Grant Application Package page.

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 III, you will need to attach electronic files. Prepare your project narrative proposal as described in Section IV.C. and Appendix B of the announcement and save the document to your computer as a PDF file. When you are ready to attach it to the application package, click on "Project Narrative Attachment Form," and open the form. Click "Add Mandatory Project Narrative File," and then attach it (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 filename should be no more than 40 characters long. If there are other attachments as described above that you need to submit to accompany your project narrative, 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 you have finished filling out all of the forms/attachments and they appear in one of the "Completed Documents for Submission" boxes, click the "Save" button that appears at the top of the Web page. It is suggested that you save the document a second time, using a different name, since this will make it easier to submit an amended package later if necessary. Please use the following format when saving your file: "Applicant Name – FY11 – Assoc Prog Supp – 1st Submission" or "Applicant Name – FY 11 Assoc Prog Supp – Back-up Submission." If it becomes necessary to submit an amended package at a later date, then the name of the 2nd submission should be changed to "Applicant Name – FY11 Assoc Prog Supp – 2nd Submission."

Once your proposal package has been completed and saved, send it to your AOR for submission to U.S. EPA through Grants.gov. Please advise your AOR to close all other software programs before attempting to submit the proposal package through Grants.gov.

In the "Application Filing Name" box, your AOR should enter your organization's name (abbreviate where possible), the fiscal year (e.g., FY11), and the grant category (e.g., Assoc Prog Supp). 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 proposal 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 Tyler Cooley at 202-343-9561.

Proposal packages submitted thru grants.gov will be time/date stamped electronically.

If you have not received a confirmation of receipt from grants.gov within 30 days of the proposal deadline, please contact **Tyler Cooley.** Failure to do so may result in your proposal not being reviewed.

APPENDIX B

Project Narrative Instructions, Format, and Content

Instructions: The Project Narrative must substantially comply with the specific instructions, format and content requirements defined below.

The Project Narrative must not exceed a maximum of 13 single-spaced typewritten pages, including the Cover Page. Pages in excess of the 13-page limit will not be considered. Supporting materials, such as legal authority, resumes, financial soundness, and letters of support/commitment can be submitted as attachments and are not included in the 13-page limit.

A. Cover Page: The cover page must include the following information:

- Project Title
- Applicant Information
  - Applicant (Organization) Name
  - Address
  - Contact person
  - Phone number
  - Fax
  - E-mail address
  - DUNS number
- Eligible Entity**:** Using the criteria outlined under Section III.A of this RFP, explain how you are an eligible entity.
- Funding Requested: Specify the amount you are requesting from EPA.
- Total Project Cost: Specify total cost of the project (i.e., EPA funds and additional non-EPA funds). Identify funding from other sources, including in-kind resources. (Be sure to include letters from banks or other financial institutions that document the availability of these funds for purposes of supporting the objectives of the cooperative agreement.)
- Type of Project: Specify the type of finance program proposed (e.g., loan, bond), target fleet type(s) (e.g. port, construction, locomotive, agriculture, mining, marine, other), and geographic area covered by the finance program (e.g., national, Iowa, Fairfax County, etc.)
- If applicable, any community representatives participating in collaborative processes should be identified and contact information provided.

B. Work Plan: Applicants must ensure that the Work Plan addresses the evaluation criteria in Section V of this announcement by using the sub-section headings 1 - 8 below which correspond with the evaluation criteria headings in Section V of this RFP. Each evaluation criterion will be evaluated based on the information provided by the applicant under each corresponding section heading in the applicant's Work Plan.

Sub-Section 1. Project Summary and Overall Approach

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

a. **Business Concept:** Describe your business concept and the main finance program(s) you will offer borrowers.

   Include the following:
   - finance program structure, including interest and repayment rates as applicable;
   - a multi-year timeline for managing the finance program (include milestones for expending the funds expeditiously, e.g., percent of funds expended);
   - a summary budget table that provides a 10-year projection that includes the rate at which the cooperative agreement award funds will grow; and
   - program incentives that you or a partner will offer (if applicable).

b. **Market Analysis:** Present your market analysis, including your target market. Detail the types of borrowers (e.g., small businesses, owner-operators, etc.), and the territory (e.g. national, ports) you will target.

c. **Fleet Project Description:** A fleet project description provides a best estimate of (1), (2), and (3) below):
   (1) Number of retrofitted vehicles or equipment with verified technologies to be used or funded by the eligible entity (e.g., diesel flow through filters);
   (2) A description of the age and expected lifetime control of the equipment used or funded by the eligible entity; and
   (3) The means by which the project will achieve a significant reduction in diesel emissions.

d. **Selection Process:** Describe your process for selecting borrowers. Include how you will develop criteria for applicant selection, how you will ensure that borrower eligibility determinations are made in accordance with the provisions of EPAct2005, and how you might use the SmartWay Finance Center web site (www.smartwayfinancecenter.com/) as a mechanism to market your finance program and select/process loan or lease proposals.

e. **Loss Minimization:** Explain your process for vehicle and/or equipment repossession in case of defaults. Include discussion of strategies (e.g., GPS devices, automatic shut-offs) used to minimize loss risk. For the use of GPS devices explain whether this is a standard business practice for these loans or leases, and whether their use raises any privacy concerns.

f. **Air Quality of the Area:** A description of the air quality of the area served by the eligible entity (if providing financing nationally, state this fact upfront. Understand that vehicles or equipment may not be known until loans are issued and the vehicles or equipment may travel throughout the United States).

g. **Quantity of Air Pollution:** The quantity of air pollution produced by the diesel fleets in the area served by the eligible entity (if providing financing nationally, state this fact

upfront. Understand that vehicles or equipment may not be known until loans are issued and the vehicles or equipment may travel throughout the United States).

h. **Monitoring and Verification:** Provisions for the monitoring and verification of the project when loans have been made, including scrappage requirements and, particularly reporting on items included in the Air Quality of the Area and Quantity of Air Pollution sections above.

i. **Project Partner Roles:** Provide information on project partners and their various roles, including any additional leveraged resources or funds provided.

Sub-Section 2. Maximize Effect of Project/Sustain Federal Funds

This section of the work plan must include a discussion of your method for maximizing the effect of the project and/or sustaining federal funds.

a. **Maximize Effect of Project:** Applicants must describe whether, how, and to what extent the applicant's project would use the requested federal funds and/or leverage additional funds/resources, including voluntary cost-shares, to maximize the environmental and economic benefits of its proposed project. This includes describing (i) whether the applicant proposes to leverage additional third party funds/resources or provide a voluntary cost-share that directly augments the applicant's proposed finance program or project and/or (ii) the applicant's approach to use the federal funds to increase the total project funds available for the finance program. Applicants must also describe the type of leveraging proposed, how the leveraged funds/resources will be obtained, the likelihood the leveraging will materialize during grant performance, and what role it will play in the overall project.

   Applicants should provide an estimate of proposed project costs and the cost-effectiveness of emission reductions as funded by the finance program (dollar/ton reduction) and discuss how these cost-effectiveness calculations were made. In order to include additional non-EPA funds in the cost-effectiveness calculation, the entity providing the additional funds must provide a signed document stating that the funds will be available. Applicants should follow the instructions in Appendix E of this announcement for calculating the cost-effectiveness of their project.

b. **Sustain Federal Funds:** Provide information on the sustainability of the finance program beyond the grant performance period (i.e., the ability to provide loans for eligible projects). Describe how the balance of projected loan funds, after the project period, will promote the long-term availability (including the ability to revolve, if applicable) of the finance project. Applicants that want to provide loans or leases for new non-road vehicles, engines and equipment must clearly document in their proposal the procedures and funds that will be used to implement a scrappage program. Procedures for clearly documenting the emission reductions from the scrapped vehicles must also be provided so that EPA can accurately assess the emission benefits of the program.

Sub-Section 3. Results – Outputs and Outcomes

This section of the work plan must include a discussion of the outputs and outcomes of the project as defined in Section I.E of this RFP. Specific outputs and outcomes should be included.

Please include:

- An evaluation of the quantifiable and unquantifiable benefits of the emission reductions of the proposed project. If GPS devices are included in the vehicles, explain whether this information will be used to document the quantity and location of emission reductions.
- How the finance program will maximize the total project funds of the finance program available for eligible diesel emission reduction solutions.
- How the finance program will be sustained.

In addition, applicants must describe what measurements will be used to track and measure their progress towards achieving the expected outputs and outcomes and how the results of the project will be evaluated. Project cost effectiveness should be reported in dollars per ton of emissions reduced, with EPA funds only and with the EPA funds combined with any additional, non-EPA funds.

Applicants should follow the instructions in **Appendix C** of this announcement for calculating emissions reductions.

It is suggested that the applicant fill out and include the following table, or something similar, in this section of the work plan.

Anticipated Outputs and Outcomes		
Activities	Outputs	Outcomes

Example Outputs and Outcome Table

Anticipated Outputs and Outcomes		
Activities	*Outputs*	*Outcomes*
Provides loans to retrofit 10 loaders	*# of technology installed = 10 DPFs*	*Lifetime Emissions Reductions = 0.4 tons PM, 2.97 tons CO.*

Sub-Section 4. National Programmatic Priorities

This section of the work plan must address how the project will achieve each of the following programmatic priorities.

- Maximize public health benefits;

- Are the most cost-effective – applicants should follow the instructions in Appendix E of this announcement for calculating the cost-effectiveness of their project.

- Are in areas with high population density, in areas with poor air quality areas (including nonattainment or maintenance of national ambient air quality standards for a criteria pollutant; Federal Class I areas; or areas with toxic air pollutant concerns) - applicants should include a description of the air quality of the area affected by the project;

- Are in areas that receive a disproportionate quantity of air pollution from diesel fleets, including truck stops, ports, rail yards, terminals, and distribution centers or that use a community-based multi-stakeholder collaborative process to reduce toxic emissions – applicants should include information on the quantity of air pollution produced by the diesel fleets in the area affected by the project;

- Include a certified engine configuration or verified technology - applicants should include a description of any certified engine configurations or verified technologies to be used or funded by the project;

- Maximize the useful life of any certified engine configuration or verified technology used or funded by the eligible entity – applicants should include information on the age and expected lifetime of the vehicles, engines and/or equipment targeted for emissions reductions;

- Conserve diesel fuel (with the associated environmental benefit of reducing greenhouse gas emissions).

Sub-Section 5. Innovative Vehicles, Engines or Equipment

This section of the work plan must state if your project includes categories of vehicles, engines or equipment that have not typically been funded through this program. These categories include those involved in port activities; marine engines; locomotives; and non-road engines, equipment, or vehicles used in construction, handling of cargo, agriculture, mining or energy production.

Sub-Section 6. Past Performance-Programmatic Capability and Reporting on Results

This section of the work plan must include a list of federally funded assistance agreements (assistance agreements include Federal grants and cooperative agreements but not Federal contracts) similar in size, scope and relevance to the proposed project that your organization performed within the last three years (no more than three assistance agreements and preferably EPA agreements). For each agreement listed, include the Project Title, Assistance Agreement Number, and Funding Agency, and fully address the following evaluation criteria:

- whether, and how, the applicant was able to successfully complete and manage those agreements;

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

Please Note - In evaluating applicants under these factors as described in Section V of this RFP, EPA will consider the information provided by the applicant and may also consider relevant information from other sources, including information from EPA files and from current and prior Federal agency grantors (e.g., to verify and/or supplement the information provided by the applicant).

If you do not have any relevant or available past performance or reporting information, please indicate this and you will receive a neutral score for these factors under Section V of this RFP. A neutral score is half of the total points available in a subset of possible points. If you do not provide any response for this item, you may receive a score of zero (0) for these factors.

Sub-Section 7. Staff Expertise/Qualifications

This section of the work plan must include information on your organizational experience for timely and successfully achieving the objectives of the proposed project, staff expertise/qualification, staff knowledge, and resources or the ability to obtain them, to successfully achieve the goals of the proposed project.

- Present both the management and operational teams that will oversee and implement all phases of work under this cooperative agreement, including 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 a finance program requires a dedicated project manager and staff.

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

Sub-Section 8. Budget/Resources Detail

This section of the work plan is a detailed description of the budget found in the SF-424A, and must include a detailed discussion of how EPA funds will be used. Applicants must **itemize** costs related to personnel, fringe benefits, travel, equipment, supplies, contractual costs, other direct costs, indirect costs, and total costs.

If the project budget includes any leveraged funds/resources, including voluntary cost-shares, the Budget Detail portion of the Work Plan must include a detailed description of how the applicant will obtain the leveraged funds/resources, including voluntary cost-shares, and how the

leveraged funding will be used. If EPA accepts an offer for a voluntary cost-share, applicants must meet their sharing commitment as a legal condition of receiving EPA funding. If the proposed cost-share is to be provided by a third-party, a letter of commitment is required. Any form of cost-share included in the Budget Detail must also be included on the SF 424 and SF 424A. Please see Section III.B of this RFP for more detailed information on cost-share.

Applicants should use the following instructions, budget object class descriptions, and example table to complete the Budget Detail section of the work plan.

- **Personnel - List all staff positions by title. Give annual salary, percentage of time assigned to the project, and total cost for the budget period.** This category includes only direct costs for the salaries of those individuals who are employees of the applicant and will perform work directly for the project. If the applicant organization is including staff time (in-kind services) as a cost-share, this should be included as Personnel costs. Personnel costs do not include: (1) costs for services of consultants, contractors, consortia members, or other partner organizations, which are included in the "Contractual" category; (2) costs for employees of subrecipients under subawards, which are included in the "Other" category; or (3) effort that is not directly in support of the proposed project, which may be covered by the organization's negotiated indirect cost rate. The budget detail must identify the personnel category type by Full Time Equivalent (FTE), including percentage of FTE for part-time employees, number of personnel proposed for each category, and the estimated funding amounts.
- **Fringe Benefits - Identify the percentage used, the basis for its computation, and the types of benefits included**. Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to the cost of leave, employee insurance, pensions and unemployment benefit plans.
- **Travel - Specify the mileage, per diem, estimated number of trips in-State and out-of-State, number of travelers, and other costs for each type of travel.** Travel may be integral to the purpose of the proposed project (e.g. inspections) or related to propose project activities (e.g. attendance at meetings). Travel costs identified in this section are for employees of the applicant only. Travel costs do not include: (1) costs for travel of consultants, contractors, consortia members, or other partner organizations, which are included in the "Contractual" category; (2) travel costs for employees of subrecipients under subawards, which are included in the "Other" category.
- **Equipment - Identify each item to be purchased which has an estimated acquisition cost of $5,000 or more per unit and a useful life of more than one year.** Equipment also includes accessories necessary to make the equipment operational. Equipment does not include: (1) equipment planned to be leased/rented, including lease/purchase agreement; or (2) equipment service or maintenance contracts. These types of proposed costs should be included in the "Other" category. Items with a unit cost of less than $5,000 should be categorized as supplies, pursuant to 40 CFR 31.3 and 30.2. The budget detail must include an itemized listing of all equipment proposed under the project.
- **Supplies - "Supplies" means all tangible personal property other than "equipment".** The budget detail should identify categories of supplies to be procured (e.g., laboratory supplies or office supplies). Non-tangible goods and services associated with supplies,

such as printing service, photocopy services, and rental costs should be included in the "Other" category.

- **Contractual - Identify each proposed contract and specify its purpose and estimated cost.** Contractual/consultant services are those services to be carried out by an individual or organization, other than the applicant, in the form of a procurement relationship. Leased or rented goods (equipment or supplies) should be included in the "Other" category. The applicant should list the proposed contract activities along with a brief description of the scope of work or services to be provided, proposed duration, and proposed procurement method (competitive or non-competitive), if known.
- **Other - List each item in sufficient detail for EPA to determine the reasonableness and allowability of its cost.** This category should include only those types of direct costs that do not fit in any of the other budget categories. Examples of costs that may be in this category are: insurance, rental/lease of equipment or supplies, equipment service or maintenance contracts, printing or photocopying, rebates, and subaward costs. Subawards (e.g., subgrants) are a distinct type of cost under this category. The term "subaward" means an award of financial assistance (money or property) by any legal agreement made by the recipient to an eligible subrecipient. This term does not include procurement purchases, technical assistance in the form of services instead of money, or other assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct appropriations. Subcontracts are not subawards and belong in the contractual category. Applicants must provide the aggregate amount they propose to issue as subaward work and a description of the types of activities to be supported.
- **Indirect Charges - If indirect charges are budgeted, indicate the approved rate and base.** Indirect costs are those incurred by the grantee for a common or joint purpose that benefit more than one cost objective or project, and are not readily assignable to specific cost objectives or projects as a direct cost. In order for indirect costs to be allowable, the applicant must have a federal or state negotiated indirect cost rate (e.g., fixed, predetermined, final or provisional), or must have submitted a proposal to the cognizant Federal or State agency.
  Examples of Indirect Cost Rate calculations are shown below:
  1. Personnel (Indirect Rate x Personnel = Indirect Costs)
  2. Personnel and Fringe (Indirect Rate x Personnel & Fringe = Indirect Costs)
  3. Total Direct Costs (Indirect Rate x Total direct costs = Indirect Costs)
  4. Direct Costs minus distorting or other factors such as contracts and equipment
     (Indirect Rate x(total direct cost – distorting factors) = Indirect Costs)

	EPA Funding	** Leveraged Funds
Personnel		
(1) Exec. Dir. @ $50/hr x 4 hrs/week x 52 wks		10,400
(1) Proj. Dir. @ $40/hr x 10 hrs/week x 52 wks	20,800	
(1) Staff Engineer @ $30/hr x	48,000	

40 hrs/week x 40 wks		
(1) Jr. Engineer @ $20/hr x 20hrs/week x 52 wks		20,800
TOTAL PERSONNEL	$68,800	$31,200
Fringe Benefits		
20% of Salary and Wages	20%(68,800)	20%(31,200)
- Retirement, Health Benefits, FICA, SUI	13,760	6,240
TOTAL FRINGE BENEFITS	$13,760	$6,240
Travel		
Local mileage for Project Director: 100 mi/mo @ $0.17/mi x 12 mos.	204	
Local mileage for Staff and Jr. Engineers: 200 mi/mo @ $0.17/mi x 12 mos.	816	
Travel expenses for Project Director to attend Diesel Retrofit Conference in Los Angeles, July 11-15, $325 registration fees plus $218 round-trip air plus 6 days per diem @ $33/day	741	
TOTAL TRAVEL	$ 1,761	
Equipment		
25 DPFs with installation kit @ $10,000 per unit	250,000	
10 New vehicles for Replacement @ $100,000 per unit	250,000	750,000
10 Engines for Repower @ $50,000 per unit	375,000	125,000
TOTAL EQUIPMENT	$ 875,000	$875,000
Supplies		
100 Replacement CCV filters @ $100 per unit	1,000	
TOTAL SUPPLIES	$ 1,000	
Contractual		
Retrofit Installation Services Contract	10,000	

TOTAL CONTRACTUAL	$ 10,000	$10,000
Other		
Lender financing		$1,000,000
TOTAL OTHER	$0	$1,000,000
Indirect Charges		
Federal Negotiated Indirect Cost Rate = 10% (Indirect Rate x Personnel = Indirect Costs)	6,880	***
TOTAL INDIRECT	$6,880	
TOTAL FUNDING	$977,201	$1,922,440
TOTAL PROJECT COST		

** Any leveraged funds/resources must be included in the Budget Detail portion of the Work Plan as detailed in Section III.B of this RFP, but do not need to be included on the SF-424A.
***Please see CFR Part 30.23(e) and CFR Part 31.24(c), Matching or Cost Sharing regarding overhead for indirect costs.

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

C. Additional Attachments: The following documents do not count towards the 13-page limit. See Section IV.C.3 for detailed instructions and applicability. Attachments include:

- **Letters of Support or Commitment**
- **Legal Authority**
- **Financial Soundness Documents**
- **Resumes (Optional)**

APPENDIX C

Quantifying Environmental Outcomes

Diesel Emission Reductions

To estimate the anticipated emission reductions from your project, use the Diesel Emissions Quantifier (DEQ) found at http://www.epa.gov/cleandiesel/quantifier/. For assistance getting started, please review the Step-by-Step instructions guide (http://www.epa.gov/cleandiesel/quantifier/stepbystep.htm). Please note you can average certain fields together; model year, vehicle miles traveled, idling hours, usage rate, and horsepower to minimize the number of DEQ runs required.

From the DEQ results page (example shown below), enter the Lifetime Amount Reduced for each of the listed pollutants (NO_x, PM, HC, CO, CO_2) in Section 2 "Environmental Results," of your Work Plan.

Lifetime	NOx (tons)	PM (tons)	HC (tons)	CO (tons)	CO2 (tons)
Baseline of Entire Fleet	24.4505	0.4202	1.3818	3.7638	2,311.5617
Baseline of Engines Retrofitted	24.4505	0.4202	1.3818	3.7638	2,311.5617
Percent Reduced(%)	0.0%	85.0%	90.0%	90.0%	0.0%
Amount Reduced	0.0000	0.3571	1.2437	3.3874	0.0000
Amount Emitted After Retrofit, Retrofitted Engines	24.4505	0.0630	0.1382	0.3764	2,311.5617
Amount Emitted After Retrofit, Entire Fleet	24.4505	0.0630	0.1382	0.3764	2,311.5617
Capital Cost Effectiveness ($/ton), Retrofitted Engines	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Total Cost Effectiveness ($/ton), Retrofitted Engines	$ 0.00	$ 140,001.30	$ 40,204.08	$ 14,760.45	$ 0.00

For further instruction on using the DEQ, please reference the DEQ User's Guide (http://www.epa.gov/cleandiesel/quantifier/references.htm) and the DEQ tutorial video (http://epa.gov/otaq/diesel/webinar.htm#deq). Additional assistance is available by calling the Clean Diesel Helpline at 877-NCDC-FACTS (877-623-2322) or emailing cleandiesel@epa.gov.

Alternative Methods

If you are unable to use the DEQ, you may utilize the following alternative methods for calculating emission reductions.

- National Mobile Inventory Model (NMIM) - www.epa.gov/otaq/nmim.htm
- Non-road Model (non-road engines, equipment, and vehicles) - www.epa.gov/otaq/nonrdmdl.htm

If an alternative method is used you must thoroughly describe and document your methods within Section 2 "Environmental Results," of your Work Plan.

Restriction for Mandated Measures – Emissions Reduction Worksheet
No funds awarded under this RFP shall be used to fund the costs of emissions reductions that are mandated under Federal, State or local law. The restriction applies when the mandate takes effect (the effective date) for any affected vehicles, engines or equipment.

If the project takes place in an affected area, or includes affected vehicles, engines or equipment, emission reduction benefits shall only be calculated for the period preceding the effective date or compliance deadline. Please see Section III.D.1 of this RFP for more information on the Restriction for Mandated Measures.

If the proposed project takes place in a mandated area, or includes affected vehicles, engines, or equipment, the Applicant must use the following formula to calculate lifetime emission benefits that may be claimed.

Follow the instructions above to run the DEQ. From the DEQ results page (example shown below), enter the Annual Amount Reduced Per Year in the spaces provided below.

Annual	NOx (tons/year)	PM (tons/year)	HC (tons/year)	CO (tons/year)	CO2 (tons/year)
Baseline of Entire Fleet	1.8750	0.0322	0.1060	0.2886	177.2670
Baseline of Engines Retrofitted	1.8750	0.0322	0.1060	0.2886	177.2670
Percent Reduced (%)	0.0%	85.0%	90.0%	90.0%	0.0%
Amount Reduced Per Year	0.0000	0.0274	0.0954	0.2598	0.0000

_____ _____ _____ _____ _____
NOX ($/ton) PM ($/ton) HC ($/ton) CO ($/ton) CO2 ($/ton)
Note: This is the Annual results, not the Lifetime Results.

Retrofit Year = _____ Mandate Compliance Year = _____

Multiply the values for each pollutant by the difference of the mandate year and the retrofit year and enter the calculated lifetime emissions for each of the listed pollutants (NO_x, PM, HC, CO, CO_2) in Section 2 "Environmental Results," of your Work Plan.

For example, if the mandate is slated to occur in 2012 and the retrofit will take place in 2010, then multiple the highlighted values above by 2 (2012 - 2010=2). Thus, the calculated lifetime emissions would be as follows:

0.000*2=	0.027*2=	0.095*2=	0.259*2=	0.000*2=
0.00	0.054	0.190	0.518	0.000
NOX (tons)	PM (tons)	HC (tons)	CO (tons)	CO2 (tons)

APPENDIX D

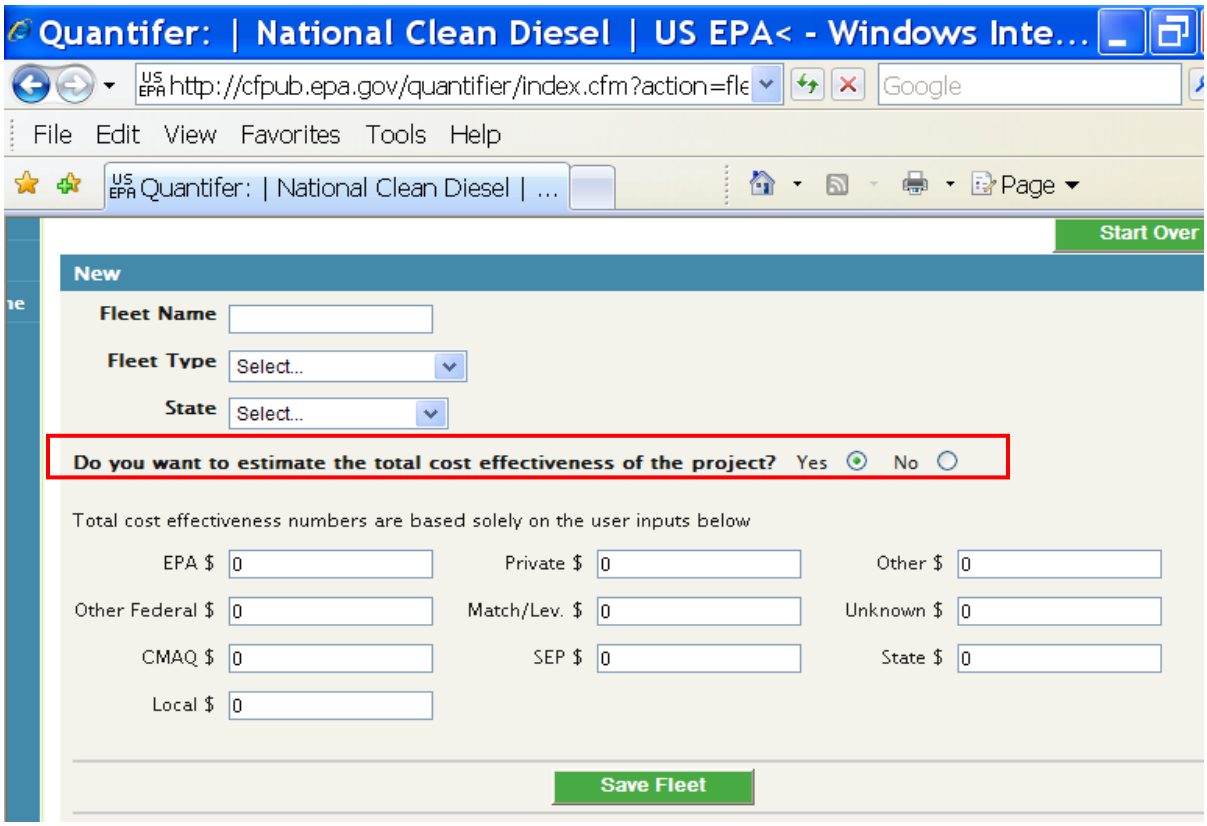
Public Health Benefits Determination

The extent that a project will maximize public health benefits depends on both the population that will experience improvements in air quality due to the project, and the amount of emissions reductions that will take place. Proposals should therefore describe both the population that will be affected by the project and the emission reductions that will result from the project. This description can be qualitative or quantitative. The Diesel Emissions Quantifier (DEQ), which can be found at http://www.epa.gov/cleandiesel/quantifier/, can be used as a source to quantify the health benefits of your project. Note that the DEQ can quantify health benefits from particulate matter (PM) emission reductions, but does not have capability to quantify health benefits from other emission reductions like NOx, CO, HC or CO_2. Please refer to the DEQ instructions page that can be accessed from the DEQ home page for step-by-step instructions on how to calculate PM health benefits from your project.

APPENDIX E
Calculating Cost-Effectiveness Worksheet

To estimate the cost-effectiveness of your project, you may use the Diesel Emissions Quantifier (DEQ) at http://cfpub.epa.gov/quantifier/index.cfm?action=fleet.edit. The cost-effectiveness is based on the amount of funding the applicant is requesting from EPA plus the amount of any cost-share as defined in Section III.B., if applicable.

To determine the cost-effectiveness using the DEQ, enter the dollar amount requested from EPA plus the amount of any cost-share as defined in Section III.B., if applicable, in the DEQ funding information section. To access this section of the DEQ, the user must choose "Yes" for "Do you want to estimate the total cost effectiveness of the project?" as shown below.



From here, enter the total project amount requested from EPA in the EPA field. If a project has multiple fleets (i.e. locomotives and yard hustlers), enter the total amount requested from EPA only once. Enter the amount of any cost-share as defined in Section III.B. in the Match/Leveraged field.

From the results page, use the Total Cost-Effectiveness for each of the five listed pollutants (NO_x, PM, HC, CO, CO_2) in Section 3 "National Programmatic Priorities," of your Work Plan.

You may also manually calculate your cost-effectiveness. See below for example calculations and formats.

Restriction for Mandated Measures
No funds awarded under this RFP shall be used to fund the costs of emission reductions that are mandated under Federal, State or local law. The restriction applies when the mandate takes effect (the effective date) for any affected vehicles, engines or equipment.

If the project takes place in an affected area, or includes affected vehicles, engines or equipment, cost-effectiveness shall only be calculated based on the emission reduction benefits occurring prior to the effective date or compliance deadline. See Section III.D.1 of this RFP for more information of the Restriction for Mandated Measures.

If the proposed project takes place in a mandated area, or includes affected vehicles, engines, or equipment, the Applicant must use the following formulas to calculate the cost-effectives values.

To determine the cost-effectiveness, divide the amount requested from EPA plus the amount of any voluntary cost-share as defined in Section III.B.1, if applicable, by the lifetime emission reductions number previously calculated using the Restriction for Mandated Measures – Emissions Reduction Worksheet in Appendix C. Enter the calculated lifetime Total Cost-Effectiveness for each of the listed pollutants (NO_x, PM, HC, CO, CO_2) in Section 3 "National Programmatic Priorities," of your Work Plan.

For example, given following calculated lifetime emission reductions and $50,000 as the total amount requested plus cost share:

0.00	0.054	0.190	0.518	0.000
NOX (tons)	PM (tons)	HC (tons)	CO (tons)	CO2 (tons)

The Calculated-Cost Effectiveness would be calculated as:

$50,000/0=	$50,000/0.054=	$50,000/0.190=	$50,000/0.518=	$50,000/0.000=
$0	$925,925	$263,157	$96,525	$0
NOX ($/ton)	PM ($/ton)	HC ($/ton)	CO ($/ton)	CO2 ($/ton)

And here is an example of how the cost-effectiveness table could look for an applicant work plan:

Tons Reductions	**NOx**	**PM**	**HC**	**CO**	**CO_2**
Annual (tons/year)	A	B	C	D	E
Lifetime (tons)	F	G	H	I	J
Total Cost-Effectiveness ($/ton)	K	L	M	N	O

A, B, C, D, E = (Lifetime Emission Reductions in tons)/(Life of the Project or Remaining Lifetime of Affected Vehicles)

F, G, H, I, J = Lifetime Emission Reductions in tons
K, L, M, N, O = [($ Amount Requested from EPA)+ (Cost Share $)]/(Lifetime Emission Reductions) in $/ton

APPENDIX F

Proposal Submission Checklist

The proposal package ***must*** include all of the following materials. Use this checklist to ensure that all required materials have been included in your proposal package.

- ☐ Standard Form SF 424 – Application for Federal Assistance
- ☐ Standard Form SF 424A – Budget Information
- ☐ Project Narrative (no more than 13 pages)
  - ☐ Cover Page
  - ☐ Workplan
    - ☐ 1. Project Summary/Approach
    - ☐ 2. Maximize Effect of Project/Sustain Federal Funds
    - ☐ 3. Results – Outcomes and Outputs
    - ☐ 4. National Programmatic Priorities
    - ☐ 5. Priority Projects
    - ☐ 6. Past Performance
    - ☐ 7. Staff Expertise and Qualifications
    - ☐ 8. Detailed Budget Narrative
  - ☐ Additional Attachments (not included in page limit)
    - ☐ 1. Letters of Support or Commitment
    - ☐ 2. Legal Authority
    - ☐ 3. Financial Soundness Documents
    - ☐ 4. Resumes (Optional)