

# **REQUEST FOR PROPOSALS**

## **West Coast Collaborative Diesel Emissions Reduction Program**

**Agency:** U.S. Environmental Protection Agency (EPA), Regions 9 and 10

**Funding Opportunity Name:** West Coast Collaborative Diesel Emissions Reduction Program

**Action:** Request for Proposals (RFP)

**Funding Opportunity Number:** EPA-R10-WCC-2008

**Catalog of Federal Domestic Assistance Number:** 66.039

**DATES:** The closing date and time for receipt of proposals is **Tuesday, July 1, 2008, 5 p.m. Pacific Daylight Time**. All hard copies of proposal packages must be received by Lucita Valiere, EPA Region 10, by **Tuesday, July 1, 2008, 5 p.m. Pacific Daylight Time** in order to be considered for funding. Electronic submissions must be submitted via Grants.gov by **Tuesday, July 1, 2008, 5 p.m. Pacific Daylight Time**. Proposals received after the closing date and time will not be considered for funding. Final applications will be requested from those eligible entities whose proposal has been successfully evaluated and preliminarily recommended for award.

**SUMMARY:** This notice announces the availability of funds and solicits proposals for diesel emissions reductions projects in EPA Regions 9 and 10, which include the states of Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, and Washington – including tribal lands belonging to the federally-recognized tribes in these regions and territories including American Samoa, the Commonwealth of the Northern Mariana Islands, and Guam.

**FUNDING/AWARDS:** The total estimated funding for this competitive opportunity is approximately \$5,100,000. EPA Regions 9 and 10 anticipate awarding approximately six to nine assistance agreements from this announcement, subject to availability of funds and the quality of proposals received. EPA Regions 9 and 10 anticipate making awards ranging from \$500,000 to \$1,000,000.

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## **I. FUNDING OPPORTUNITY DESCRIPTION**

### **A. Background**

The U.S. Environmental Protection Agency (EPA)'s National Clean Diesel Campaign is announcing the availability of funding assistance through the Energy Policy Act of 2005, Public Law 109-58, signed August 8, 2005 (EPAAct 2005). The Diesel Emissions Reduction National Program authorized by Title VII, Subtitle G (Sections 791 to 797) of EPAAct 2005 enables EPA to offer grants and cooperative agreements to eligible organizations and entities on a competitive basis. EPA Regions 9 and 10, as part of the West Coast Collaborative<sup>1</sup>, are soliciting proposals for projects to reduce diesel emissions in EPA Regions 9 and 10. Funding will be in the form of cooperative agreements or grants, which are to be used to achieve significant reductions in diesel emissions in terms of: (1) tons of pollution produced; and (2) diesel emissions exposure, particularly from fleets operating in areas designated by the Administrator as poor air quality areas.

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

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

This RFP solicits proposals on a competitive basis for assistance agreements (grants and cooperative agreements) to reduce emissions from existing diesel engines through a variety of strategies, including those described in Section I (B)(2) below.

### **B. Scope of Work**

#### **1. Project Scope and Programmatic Priorities**

The Diesel Emissions Reduction Program is designed to reduce emissions from existing diesel engines through a variety of strategies and addresses pollution from heavy-duty diesel vehicles and equipment that are currently used for either on-road or non-road<sup>2</sup> applications.

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1. The West Coast Collaborative is a public/private partnership focused on reducing diesel emissions in EPA Regions 9 and 10. More information on the Collaborative is available at [www.westcoastcollaborative.org](http://www.westcoastcollaborative.org).

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

Eligible vehicles, engines, and equipment may include (but are not limited to): buses; medium-duty or heavy-duty trucks; marine engines; locomotives; and non-road engines or vehicles used in: (i) construction; (ii) handling of cargo (including at a port or airport); (iii) agriculture; (iv) mining; or (v) energy production.<sup>3</sup> Projects must address diesel emissions reduction solutions, such as those described in Section I (B)(2) below, including (but not limited to): add-on emission control retrofit technologies; idle reduction technologies; cleaner fuel use; engine repowers; engine upgrades; and/or vehicle or equipment replacement.

In addition to the information described in the “Diesel Emissions Reduction Solution Proposal Areas” listed below, all proposals should describe how they address the following **programmatic priorities** to develop projects that:

- Maximize public health benefits;
- Are the most cost-effective;
- Are in areas with high population density, that are poor air quality areas (including non-attainment or maintenance of national ambient air quality standards for a criteria pollutant; Federal Class I areas; or areas with toxic air pollutant concerns);
- 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;
- Include a certified engine configuration or verified technology that has a long expected useful life;
- Maximize the useful life of any certified engine configuration or verified technology used or funded by the eligible entity;
- Conserve diesel fuel; and
- Utilize ultra low sulfur diesel fuel (15 parts per million of sulfur content) ahead of EPA’s mandate (for non-road projects).

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

## **2. Diesel Emissions Reduction Solution Proposal Areas**

Projects funded under this RFP must achieve significant reductions in diesel emissions in terms of: (1) tons of pollution produced; and (2) diesel emissions exposure, particularly from fleets operating in areas designated by the Administrator as poor air quality areas.

The proposed project must address diesel emissions reduction activities, such as the following:

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

- a. 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. Retrofit technologies may include, but are not limited to, the following: EPA verified emission control technologies (for example, those installed in the exhaust system, like oxidation catalysts and particulate matter filters, or systems that include crankcase control, like a closed crankcase filtration system, and engine re-calibrations); and California Air Resources Board (CARB) verified emission control technologies. This funding may cover up to 100% of the costs for these emissions reduction technologies. A list of EPA verified technologies is available at <http://www.epa.gov/otaq/retrofit/verif-list.htm>. A list of CARB verified technologies is available at <http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm>.
- b. Idle Reduction Technologies:** Per EPA Act 2005, Section 792(d)(1)(B), an idle reduction project is defined as the installation of a technology or device that (1) is installed in one or more of the following vehicle(s) or equipment: a bus; a medium-duty or heavy-duty truck; a marine engine; a locomotive; or a non-road engine or vehicle used in construction, handling of cargo (including at a port or airport), agriculture, mining, or energy production, or is installed in the ground, and (2) is designed to provide services (such as heat, air conditioning, and/or electricity) to vehicles and equipment that would otherwise require the operation of the main drive engine while the vehicle is temporarily parked or remains stationary, and (3) reduces unnecessary idling of such vehicles or equipment. The reduction in idling must also lower emissions. EPA has verified four categories of idle reduction technologies: (1) auxiliary power units and generator sets; (2) battery air conditioning systems and thermal storage systems; (3) electrified parking spaces (truck stop electrification); (4) fuel operated heaters. To determine if a particular technology fits under one of these categories please see <http://www.epa.gov/otaq/diesel/idle-ncdc.htm>.
- c. Cleaner Fuel Use:** Cleaner fuels include, but are not limited to, ultra-low sulfur diesel fuel (for non-road vehicles/engines prior to EPA’s mandate), biodiesel, compressed natural gas, liquefied natural gas, propane, and emulsions or additives verified by EPA or CARB. Funding available under this program may be used to cover the cost differential between the cleaner fuel and conventional diesel fuel.
- d. Engine Repowers:** “Repower” refers to the removal of an existing engine and its replacement with a newer or cleaner engine that meets a more stringent set of engine emissions standards. Repowers may include engine replacement for use with a cleaner fuel such as compressed natural gas, re-calibrations, and/or other components and/or the addition of newer, cleaner technologies to reduce the emissions from the engines. EPA is particularly interested in engine repowers that include combined verified improvements which will further reduce emissions, e.g., through the addition of verified retrofit technologies such as a diesel particulate filter, diesel oxidation catalyst, or crankcase emission control. This funding will cover up to 50% of the cost of an engine repower. Please see the note below regarding repower and replacement

proposals for additional eligibility requirements, such as original engine disposal requirements.

- e. *Engine Upgrades:*** Some engines may be able to be upgraded to reduce their emissions by applying manufacturer recommended upgrades or kits to certified or verified configurations. This funding will cover up to 100% of the cost of an engine upgrade. The upgrade must be with a manufacturer's kit listed in CARB or EPA's verified lists, or an EPA certified configuration. **NOTE:** This funding cannot be applied to the entire cost of an engine rebuild, but only the emissions-reducing upgrade kit.
- f. *Vehicle and Equipment Replacements:*** Non-road and highway diesel vehicles and equipment can be replaced under this program with newer, cleaner vehicles and equipment that operate on diesel or alternative fuels and meet a more stringent set of engine emissions standards. Replacement projects can include the replacement of diesel vehicles and equipment with newer, cleaner diesel or hybrid or alternative fuel vehicles/equipment. These projects can also include the replacement of non-road vehicles/equipment with highway models if the engine's operating cycles make the replacement technically feasible. EPA encourages the replacement of older vehicles and equipment containing engines that were manufactured prior to the implementation of emissions standards. As with engine replacements, proposals must specify how the vehicles/equipment will be disposed of. This funding covers the incremental costs of new vehicles and equipment. Incremental costs are defined as up to 25% of the cost of the new vehicle or equipment (except for school buses—see provision below). Please see the note below regarding repower and replacement proposals for additional eligibility requirements, such as original engine/vehicle/equipment disposal requirements.
- g. *Replacements for School Buses:*** Funding levels will cover up to 25% or 50% of the cost of a replacement school bus, depending on the engine emissions certification levels.

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

**NOTE for Repower and Replacement Proposals:** This program funds the early replacement of vehicles, engines, and/or equipment. Emissions reductions that result from vehicle, engine, or equipment replacements that would have occurred through normal attrition are considered to be the result of normal fleet turnover and are not eligible for funding under this program. The purchase of new vehicles or equipment to expand a fleet is not covered by this program. To be considered a replacement, the purchase of new vehicles, engines, and equipment must be accompanied by the scrapping or remanufacturing of old vehicles, engines, and equipment. Furthermore, for engine repowers, EPA requires that the engine being replaced must be scrapped, remanufactured by an original engine manufacturer to a cleaner emissions standard, or rendered permanently disabled. Drilling a hole in the engine block and manifold while retaining possession of the engine is an acceptable scrapping method. Other methods may be considered. Evidence of appropriate disposal is required in a final assistance agreement report submitted to EPA. Repower and replacement proposals are eligible for funding on the condition that the following criteria are satisfied:

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

### **3. Innovative Financing Mechanisms for Achieving Diesel Emissions Reduction Solution Proposal Areas**

Applicants may use assistance agreement funds to provide innovative financing, including low-cost loans, to accomplish diesel emissions reductions projects such as those described in Section I (B)(2). Proposed innovative financing projects may include, but are not limited to, the following mechanisms: issuance of loan guarantees; equity investments that leverage additional funds; revolving loan funds; or issuance of tax exempt or taxable bonds.

- Innovative Financing Definition:*** Innovative financing projects include those where a loan recipient receives a unique financial incentive (i.e., more desirable than regular market rates or conditions) for the purchase of retrofitted vehicles or equipment; newer, cleaner vehicles or equipment; or idle reduction technologies. For the financing to be considered “innovative,” the recipient of EPA assistance agreement funds (or lender partner) can meet this condition in one of several ways. First, the repayment term can be lengthened and/or the interest rate on a loan can be set at a rate lower than what the loan applicant would typically receive, thereby resulting in lower payments. Second, the approval rate for the loan can be more flexible than typical for the applicant, thereby approving a loan that would not otherwise be approved. For example:

- i. In the first scenario, if the recipient (or lender partner) uses a FICO (Fair Isaac Corporation) credit score as a means to set the interest rate, then the recipient (or lender partner) would determine the interest rate and then offer a rate lower for this loan applicant. The interest rate should be set at an amount that provides sufficient incentive to select the loan for, in this example, the retrofitted engine or equipment with an EPA or CARB verified emission control technology. For example, a sufficient incentive can be an interest rate that results in a monthly payment of \$100-\$200 less for the retrofitted engine or equipment than the non-retrofitted engine or equipment. The objective in this example is to offer a financial incentive to purchase a vehicle or piece of equipment that, as a result of a retrofit, emits less harmful emissions.
  - ii. In the second scenario, the recipient (or lender partner) would approve a loan that they would not normally approve because the award allows greater flexibility. For example, if a loan applicant seeks a loan for a \$50,000 retrofitted vehicle with an EPA or CARB verified emission control technology but would not normally receive a loan based on this purchase price and the applicant's credit, the recipient or lender partner would approve this loan because the award allows them to assume greater risk. The objective in this example is to increase the probability of approving a loan for a retrofitted vehicle where under circumstances without the award the loan applicant would be denied the loan.
- b. *Financing Options for Retrofitted Vehicles and Equipment:*** Low-cost financing can be offered for the purchase of vehicles or equipment retrofitted with EPA or CARB verified emissions control technologies. This can include: (i) up to 100% financing for used, pre-2007 model year highway vehicles (e.g., heavy-duty trucks) with verified emissions control technologies; or (ii) up to 100% financing for used pieces of equipment (e.g., bulldozers) with verified emissions control technologies. The funds can be used to finance the purchase of the entire retrofitted vehicle or piece of equipment.
- c. *Financing Options for Newer, Cleaner Vehicles and Equipment:*** Low-cost financing can be offered for the purchase of newer, cleaner vehicles and equipment that meet a more stringent set of engine emissions standards as part of a vehicle and/or equipment replacement program. Vehicle and equipment replacements must meet the provisions of Section I (B)(2)(f) and Section III (C)(6); however, the funds can be used to finance up to 100% of the cost of the vehicle or piece of equipment.
- d. *Financing Options for Idle Reduction Technologies:*** Low-cost financing can be offered for the purchase and installation of idle reduction technologies as defined in Section I (B)(2)(b). This can include up to 100% financing for the idle reduction technologies.

- e. Administrative Costs and Expenses:* Any costs associated with establishing a financing mechanism, including administrative costs and expenses, are generally capped at 5% of the award, unless otherwise noted below under “Examples of Financing Mechanisms.”
- f. Regional Scope:* The recipients of the innovative financing (e.g., low-cost loans) must reside within EPA Regions 9 and 10 states, territories, and tribal lands; however, there is no requirement that the eligible vehicles or equipment operate exclusively within the Regions’ states, territories, or tribal lands.
- g. Examples of Financing Mechanisms:*

  - i. Loan Guarantee:** The assistance agreement funds may be used as a loan guarantee, whereby the funds are used to guarantee repayment of the loans made by a lending institution. Essentially, the recipient would deposit funds into an escrow account to guarantee all or part of a loan for a retrofitted engine or equipment. Disbursement would not be requested until a guaranteed loan has been made by a participating financial institution. In the usual case, the funds would remain in escrow and returned to the recipient when all borrowers repaid the guaranteed loans. If there is a default, the grant recipient would use the funds in the escrow account to make the lender whole for its losses. The losses may include the principal loaned out plus interest payments that had accrued at the time of the default (minus any payments made on the loan). The recipient or lender partner should use industry standard recovery strategies as a means to adjust the amount that would make them whole before requesting payment from the borrower (i.e., the recovered value of the retrofitted engine or equipment at accepted industry rates). In these types of loans, neither the borrowers nor the recipient or lender partner should be given the impression that the loans are guaranteed by the federal government. The loan is guaranteed by the recipient or lender partner. The escrow account must be properly structured in accordance with the standards of 64 Comp. Gen. 96, 98 (1984) to ensure that assistance agreement funds transferred to the recipient are disbursements of assistance funds.
  - ii. Bonds:** The assistance agreement funds may be used to underwrite the cost of issuing a bond, which is then used to create innovative loans to support EPAAct2005 eligible activities. The expense cap of 5% does not apply to bonds. In the case of bonds, the entire award can be used for eligible bond expenses as described below. A bond is a certificate, evidence of a debt, or written promise on which the issuing entity promises to pay the bondholders a specified amount of interest for a specified length of time, and to repay the loan on the expiration date. For EPAAct2005 purposes, the capital raised by issuing a bond would be used to create an innovative finance mechanism that lends funds at low interest rates for the purchase of a retrofitted engine or piece of equipment. There are a number of different types of bonds that may be appropriate, including both taxable and tax-exempt bonds.

Eligible bond expenses include, but are not limited to, bond issuance fees, bond counsel and bank attorney fees, underwriter fees, trustee fees, and bond insurance. Applicants are strongly encouraged to speak with the appropriate financial experts, or partner with a state or local agency that has experience in issuing bonds, such as an economic development agency. The applicant must demonstrate their authority to issue bonds and must use the bond funds to create a loan program that meets EPAAct2005's statutory requirements. For more information on the use of bonds to support environmental objectives, please see: <http://www.epa.gov/efinpage/guidebook.htm>. EPA's Environmental Finance Advisory Board has also issued a recent report on innovative financing for reducing diesel emissions: <http://www.epa.gov/efinpage/efab/LetterSJ110107.pdf>.

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

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

#### **4. Eligible Projects: Summary of What EPA Regions 9 and 10 Can Fund**

- Idle reduction, retrofit technologies, and engine upgrades: EPA Regions 9 and 10 can fund 100% of the cost of idle reduction or retrofit technologies and engine upgrades.
- Cleaner fuel use: EPA Regions 9 and 10 can fund the cost differential between the cleaner fuel and conventional diesel fuel.
- Engine repower: EPA Regions 9 and 10 can fund up to 50% of the cost of an engine repower.
- Vehicle or equipment replacement: EPA Regions 9 and 10 can fund up to 25% of the cost of a new vehicle or piece of equipment (except for school buses; see below).

- School bus replacement:
  - For buses that meet EPA’s 2010 emissions standards, EPA Regions 9 and 10 can fund up to 50% of the cost of a replacement school bus.
  - For buses that meet EPA’s 2007 emissions standards, EPA Regions 9 and 10 can fund up to 25% of the cost of a replacement school bus
- For projects utilizing an innovative financing mechanism, assistance agreement funds can be used by the award recipient to finance up to 100% of the cost of:
  - the purchase of used, pre-2007 model year highway vehicles retrofitted with a verified emissions control technology;
  - the purchase of used equipment retrofitted with a verified emissions control technology;
  - the purchase of newer, cleaner vehicles and equipment as part of a vehicle and/or equipment replacement program, where the conditions under Section I (B)(2)(f) and Section III (C)(6) are met; and
  - the purchase and installation of idle reduction technologies as defined in Section I (B)(2)(b).

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

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

**1. Linkage to EPA Strategic Plan**

All proposals must support Goal 1 of EPA’s 2003-2008 Strategic Plan, Clean Air and Global Climate Change; Objective 1.1: Healthier Outdoor Air, which states, “Through 2010...[EPA will]...protect human health and the environment by attaining and maintaining health-based air-quality standards and reducing the risk from toxic air pollutants” (<http://www.epa.gov/ocfo/plan/2003sp.pdf>). Projects funded under this RFP must reduce emissions from diesel fleets, thereby reducing local and regional air pollution.

**2. Outputs**

The term “output” means an environmental activity, effort, and/or associated products related to an environmental goal and objective that will be produced or provided over a period of time or by a specified date. Outputs may be quantitative or qualitative but must be measurable during an assistance agreement funding period. Proposals must include a description of how assistance agreement recipients will track and measure progress toward the environmental goal throughout the assistance agreement period.

- Expected **outputs** from the projects to be funded under this solicitation may include, but are not limited to, the following: number of retrofitted engines, vehicles, or pieces of equipment; annual pounds or tons of fine particulate matter (PM<sub>2.5</sub>), nitrogen

oxides (NO<sub>x</sub>), carbon dioxide (CO<sub>2</sub>) and other greenhouse gases (GHG), and/or volatile organic compound (VOCs) reduced; cost effectiveness of the project (in \$/ton or \$/lb); and health benefits achieved (health benefits may be measured by numbers of illnesses, health care costs, or missed work/school days avoided).

- If you are submitting a proposal to implement a project utilizing an innovative financing mechanism, an additional expected output may include the following: number and amount of innovative financing loans awarded and/or amounts of such loans which are anticipated to be successfully repaid or leveraged.
- To estimate some of the anticipated outputs of your proposal (e.g., pollution reduced), EPA encourages you to use the Diesel Emissions Quantifier found at <http://cfpub.epa.gov/quantifier/view/index.cfm>.
- Another tool is the National Mobile Inventory Model (<http://www.epa.gov/otaq/nmim.htm>). This tool must be used for State Implementation Plan calculations. For technical assistance regarding this tool, please e-mail [mobile@epa.gov](mailto:mobile@epa.gov).
- If you are unable to use these models, please describe your methodology for estimating or determining outputs in detail. Emissions reduction estimates and measurements for a verified technology should be based on demonstrated emissions reductions and emission factors listed on EPA or CARB's verified technology list. Pre-retrofit and post-retrofit emissions testing and/or monitoring are not an eligible use of EPA funds under this assistance agreement program.

### 3. Outcomes

The term "outcome" means the result, effect, or consequence that will occur from carrying out an environmental program or activity that is related to an environmental or programmatic goal or objective. Outcomes may be environmental, behavioral, health-related, or programmatic in nature, but must be quantitative. They may not necessarily be achievable within an assistance agreement funding period. Proposals must include a description of project outcomes resulting from the project outputs.

Expected **outcomes** from projects funded under this solicitation may include, but are not limited to, the following:

- **Short-term outcomes** such as increased understanding of the environmental or economic effectiveness of the implemented technology; dissemination of the increased knowledge via listservers, Web sites, journals, and outreach events.
- **Medium-term outcomes** such as widespread adoption of the implemented technology; documented emissions reductions from these and other sources of diesel emissions in multiple states (emissions reductions should be calculated using the Diesel Emissions Quantifier tool).
- **Long-term outcomes** such as reductions in the number of children with asthma or documented improved ambient air quality.
- If you are submitting a proposal to implement a project utilizing an innovative financing mechanism, additional expected outcomes may include the following: (i) developed innovative finance concepts that result in lower interest rates or higher approval rates as a means to retrofit used pre-2007 on-highway vehicles with EPA or

CARB verified emissions control technologies, or to retrofit existing engines or equipment with verified idle reduction technologies; and where knowledge of these innovative finance concepts can be disseminated through published articles, posted on Web sites, and included in general outreach to the public; (ii) built relationships and gained experience among financial institutions offering innovative financing, dealerships or distributors selling eligible cleaner diesel engines and/or equipment, and manufacturers of EPA and/or CARB verified emission control technologies, certified engines, and/or idle reduction technologies, whereby the transactions among the entities above resulted in a transparent, “business as usual” process; (iii) increased understanding of the environmental or economic cost effectiveness of selling eligible cleaner diesel engines and equipment with innovative financing.

## **II. AWARD INFORMATION**

### **A. Amount of Funding Available**

EPA Regions 9 and 10 anticipate awarding a total of approximately \$5,100,000 under this announcement.

### **B. Partial Funding**

In appropriate circumstances, EPA Regions 9 and 10 reserve the right to partially fund proposals by funding discrete portions or phases of proposed projects. If EPA decides to partially fund a proposal, it will do so in a manner that does not prejudice any applicants or affect the basis upon which the proposal, or portion thereof, was evaluated and selected for award, and therefore maintains the integrity of the competition and selection process.

### **C. Number of Assistance Agreements**

EPA Regions 9 and 10 anticipate awarding approximately six to nine grants or cooperative agreements under this announcement. EPA Regions 9 and 10 anticipate making awards ranging from \$500,000 to \$1,000,000; however, EPA Regions 9 and 10 reserve the right to consider and fund proposals at funding levels below \$500,000.

### **D. Project Period**

The estimated project period for awards resulting from this solicitation will begin in January 2009. The grants and cooperative agreements funded under this program will have a two-year project period. It is expected that projects will be completed by December 31, 2010.

### **E. Funding Type**

The funding for selected projects will be in the form of a grant or cooperative agreement. Cooperative agreements permit substantial involvement between EPA and the selected applicants in the performance of the work supported. Although EPA Regions 9 and 10 will

negotiate precise terms and conditions relating to substantial involvement as part of the award process, the anticipated substantial federal involvement for this project includes, but is not limited to:

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

## **F. Funding Restrictions and Requirements**

EPA Regions 9 and 10 assistance agreement funds may only be used for the purposes set forth in the assistance agreement, and must be consistent with the statutory authority for the award. Grant or cooperative agreement funds may not be used for matching funds for other federal grants, lobbying, or intervention in federal regulatory or adjudicatory proceedings, and may not be used to sue the federal government or any other government entity.

**NOTE:** Emissions testing and/or monitoring activities are NOT an eligible use of EPA Regions 9 and 10 funds under this assistance agreement program. Equipment that is used for testing emissions and costs for fueling infrastructure are also not eligible for funding.

Pursuant to Section 792(d)(2) of the EPA Act of 2005, **no funds awarded under this solicitation shall be used to fund the costs of emissions reductions that are mandated under federal, state, or local law.** Mandated emissions reductions are defined by the date the mandate goes into effect, not the date the mandate is passed or approved. Voluntary or elective emission reduction measures shall not be considered "mandated," regardless of whether the reductions are included in the State Implementation Plan of a state.

EPA Regions 9 and 10 reserve the right to reject all proposals and make no awards under this announcement or to make fewer awards than anticipated.

EPA Regions 9 and 10 reserve the right to make additional awards under this announcement (after the original award selections are made) if additional funding becomes available. Any additional selections for awards will be made no later than 6 months after the original selection decisions. The additional selections must be made in accordance with the terms of this announcement and EPA policy.

### **III. ELIGIBILITY INFORMATION**

#### **A. Eligible Entities**

Under this solicitation, only the following entities are eligible to apply for assistance, in accordance with Section 791(3) of the Energy Policy Act of 2005: (1) a regional, state, local, or tribal agency or port authority with jurisdiction over transportation or air quality (school districts, municipalities, metropolitan planning organizations, cities, and counties are eligible entities under this program if they have 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.

#### **B. Cost Share or Matching**

There is no requirement for a matching contribution from applicants. However, EPA encourages the use of leveraged funds to enhance and expand the project. Proposals that leverage resources beyond EPA's funding may receive additional points during the evaluation process.

#### **C. Threshold Eligibility Criteria**

In addition to the applicant eligibility criteria in Section III (A) above, proposals must also meet the following threshold criteria. Failure to meet any of the following criteria in the proposal submission will result in disqualification of the proposal for funding consideration. Ineligible applicants will be notified within 15 calendar days from the date of the finding that the applicant was not eligible for award consideration based on the threshold criteria.

1. Projects must be carried out in one or more of the following geographic areas of EPA Regions 9 and 10: Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, and Washington – including tribal lands belonging to the federally recognized tribes in these regions, and the territories of American Samoa, the Commonwealth of the Northern Mariana Islands, and Guam.
2. Proposals must support Goal 1 of EPA's Strategic Plan by reducing diesel emissions.
3. Proposals must substantially comply with the proposal submission instructions and requirements set forth in Section IV of this announcement or else they will be rejected. However, where a page limit is expressed in Section IV with respect to the narrative proposal, pages in excess of the page limitation will not be reviewed.
4. Proposals must be received by EPA Region 10 or received through Grants.gov, as specified in Section IV of this announcement, on or before the proposal submission deadline published in Section IV of this announcement. Proposals received after the submission deadline will be considered late and returned to the sender without further consideration unless the applicant can clearly demonstrate that it was late due to EPA

mishandling. For hard copy submissions, where Section IV requires proposal receipt by a specific person by the submission deadline, receipt by an agency mailroom is not sufficient. Applicants are responsible for ensuring that their proposal reaches the designated person specified in Section IV of the announcement by the submission deadline – failure to do so may result in your proposal not being reviewed.

5. Proposals in which the applicant is requesting assistance funds in excess of \$1,000,000 will not be reviewed.
6. Repower and replacement proposals are eligible for funding on the condition that the following criteria are satisfied:
  - The vehicle, engine, or equipment being replaced will be scrapped, or the replaced engine would be returned to the original engine manufacturer for remanufacturing to a cleaner standard;
  - The replacement vehicle, engine, or equipment will perform the same function as the vehicle, engine, or equipment that is being replaced (e.g., an excavator used to dig pipelines would be replaced by an excavator that continues to dig pipelines); and
  - The replacement vehicle, engine, or equipment will be of the same type and similar gross vehicle weight rating or horsepower as the vehicle, engine, or equipment being replaced (e.g., a 300 horsepower bulldozer is replaced by a bulldozer of similar horsepower).
7. Proposals to implement a project utilizing an innovative finance mechanism must be for diesel emissions reduction activities such as those described in Section I (B)(2) of this announcement, “Diesel Emissions Reduction Solution Proposal Areas.” In order to support the EPA regional focus of this RFP, the recipients of the innovative financing must reside within states, territories, and/or tribal lands in Regions 9 and 10; however, there is no requirement that the eligible vehicles or equipment operate exclusively within the states, territories or tribal lands of Regions 9 and/or 10.

#### **IV. PROPOSAL AND SUBMISSION INFORMATION**

##### **A. How to Obtain an Application Package**

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

Applicants may also download individual grant application forms from EPA’s Office of Grants and Debarment Web site at: [http://www.epa.gov/ogd/grants/how\\_to\\_apply.htm](http://www.epa.gov/ogd/grants/how_to_apply.htm).

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

## **B. Form of Proposal Submission**

Applicants have the option to submit their proposals in *one of two ways*: (1) Electronically through the Grants.gov Web site, or (2) hard copy by express delivery service, hand delivery, or U.S. Postal Service. All proposals must be prepared and include the information as described in Section IV (B)(1) and Section IV (C) below, regardless of mode of transmission.

### **1. Proposal Materials**

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

#### **a. Standard Form (SF) 424 – *Application for Federal Assistance***

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

**NOTE:** 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. There are no attachments. The total amount of federal funding requested for the project period should be shown on line 5(e) and on line 6(k) in column 1 of SF-424A; the amount of indirect costs should be entered on line 6(j). The indirect cost rate (i.e., a percentage), the indirect cost rate base (e.g., personnel costs and fringe benefits), and the indirect cost amount itself should also be indicated on line 22.

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

#### **c. Narrative Proposal**

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

#### **d. Applicant Fleet Description Spreadsheet**

The Applicant Fleet Description Spreadsheet is a Microsoft Excel file. It is divided into three sections: Company and Project Manager Information, Project Information, and Fleet Information. The purpose of this spreadsheet is to organize and summarize details of the project, including specifics about engines, vehicles, and/or equipment. For directions on filling out the spreadsheet, read the section titled "READ ME," which is located on the first tab of the Excel file. The file can be downloaded from

<http://www.epa.gov/otaq/diesel/documents/appl-fleet.xls> or it can be e-mailed to you directly by e-mailing [went.jennifer@epa.gov](mailto:went.jennifer@epa.gov).

## 2. Grants.gov Submission

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

To begin the proposal process under this grant announcement, go to <http://www.grants.gov> and click on the “Apply for Grants” tab on the left side of the page. Then click on “Apply Step 1: Download a Grant Application Package” to download the compatible Adobe viewer and obtain the application package. **To apply through Grants.gov you must use Adobe Reader applications and download the compatible Adobe Reader version.** (Adobe Reader applications are available to download for free on the Grants.gov Web site. 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](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-R10-WCC-2008, or the CFDA number that applies to the announcement (CFDA 66.039), in the appropriate field. You may also be able to access the proposal package by clicking on the “Application” button at the top right of the synopsis page for this announcement on <http://www.grants.gov> (to find the synopsis page, go to <http://www.grants.gov> and click on the “Find Grant Opportunities” button on the left side of the page and then go to “Search Opportunities” and use the “Browse by Agency” feature to find EPA opportunities).

The proposal package must contain all of the following materials:

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

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

**NOTE:** 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. There are no attachments. The total amount of federal funding requested for the project period should be shown on line 5(e) and on line 6(k) in column 1 of SF-424A; the amount of indirect costs should be entered on line 6(j). The indirect cost rate (i.e., a percentage), the indirect cost rate base (e.g., personnel costs and fringe benefits), and the indirect cost amount itself should also be indicated on line 22.

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

**c. Narrative Proposal**

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

**d. Applicant Fleet Description Spreadsheet**

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

**Documents a. through c.** listed above should appear in the “Mandatory Documents” box on the Grants.gov “Grant Application Package” page. (For **document d.**, see below.)

**For documents a. and b.**, 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 c.**, the Narrative Proposal, **and document d.**, the Applicant Fleet Description Spreadsheet, you will need to attach electronic files. Prepare your narrative proposal as described above in Section IV (C) of this announcement and save the document to your computer as a Microsoft Word or PDF file. Prepare your Applicant Fleet Description Spreadsheet as described above and save the document as a Microsoft Excel document. When you are ready to attach the narrative proposal to the application package, click on “Project Narrative Attachment Form,” and open the form. Click “Add Mandatory Project Narrative File,” and then attach your narrative proposal (previously saved to your computer)

using the browse window that appears. You may then click “View Mandatory Project Narrative File” to view it. Enter a brief descriptive title of your project in the space beside “Mandatory Project Narrative File Filename”; the file name should be no more than 40 characters long. To attach the Applicant Fleet Description Spreadsheet, click “Add Optional Project Narrative File” and proceed as before. If there are other attachments that you would like to submit to accompany your proposal, you may click “Add Optional Project Narrative File” and proceed as before. When you have finished attaching the necessary documents, click “Close Form.” When you return to the “Grant Application Package” page, select the “Project Narrative Attachment Form” and click “Move Form to Submission List.” The form should now appear in the box that says “Mandatory Completed Documents for Submission.”

Once your proposal package has been completed and saved, send it to your Authorized Representative (AOR) for submission to U.S. EPA through Grants.gov. Please advise your AOR to close all other software programs before attempting to submit the application 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., FY08), and the grant category. The filing name should not exceed 40 characters. From the “Grant Application Package” page, your AOR may submit the application package by clicking the “Submit” button that appears at the top of the page. The AOR will then be asked to verify the agency and funding opportunity number for which the application package is being submitted. If problems are encountered during the submission process, the AOR should reboot his/her computer before trying to submit the application package again. [It may be necessary to turn off the computer (not just restart it) before attempting to submit the package again.] If the AOR continues to experience submission problems, he/she may contact Grants.gov for assistance by phone at 1-800-518-4726 or e-mail at <http://www.grants.gov/help/help.jsp> or contact Lucita Valiere, EPA Region 10 at 206-553-0532.

Proposal packages submitted through Grants.gov will be time/date stamped electronically.

### 3. Hard Copy Submission

Because of the unique situation involving U.S. mail screening, **EPA highly recommends that applicants use an express mail option to submit their proposal packages** (SF 424, SF 424A, Narrative Proposal, and Applicant Fleet Description Spreadsheet) if submitting a hard copy proposal. Please provide one original of the proposal package (including signed and completed SF 424 and SF 424A forms) and two paper copies – **no binders or spiral binding** – plus one copy of the proposal materials in electronic format (Microsoft Word or PDF) on CD by the submission deadline to:

U.S. Environmental Protection Agency Region 10  
ATTN: Lucita Valiere  
1200 Sixth Avenue, Suite 900 (M/S AWT-107)  
Seattle, WA 98101

## **C. Content of Proposal Submission**

All proposal submissions, regardless of mode of transmission, must contain the information described above in Section IV (B)(1), including a completed and signed SF-424, *Application for Federal Assistance*, a completed SF-424A, *Budget Information—Non-Construction Programs*, a Narrative Proposal, and an Applicant Fleet Description Spreadsheet.

### **1. Narrative Proposal**

The Narrative Proposal (a.-c. below) cannot exceed a maximum of 8 single-spaced, typewritten pages in Times New Roman 12-point font, including the Summary Page. Pages in excess of 8 will not be considered. Supporting materials, such as résumés and letters of support and commitment, can be submitted as attachments and are not included in the 8-page limit. The Applicant Fleet Description Spreadsheet is also not included in the 8-page limit. (For proposals to implement a project utilizing an innovative finance mechanism, the page limit is 12 single-spaced, typewritten pages in Times New Roman 12-point font, including the Summary Page. Pages in excess of 12 will not be considered.)

#### **a. Summary Page**

The Summary Page must include the following information:

- i. Project Title
- ii. Applicant Information. Include applicant (organization) name, address, contact person, phone number, fax and e-mail address.
- iii. Funding Requested. Specify the amount you are requesting from EPA.
- iv. Total Project Cost. Specify total cost of the project. Identify funding from other sources, including cost share or in-kind resources.
- v. Project period. Provide beginning and ending dates.

#### **b. Narrative Work Plan**

The Narrative Work Plan must describe how the proposed project meets the guidelines established in Sections I through III of this announcement and address each of the evaluation criteria set forth in Section V.

The Narrative Work Plan must include the following:

##### **i. Project Summary/Approach**

This section should contain a plan for timely and successfully achieving the objectives of the proposed project and contain the following components:

1. A description of the air quality of the area served by the eligible entity;
2. The quantity of air pollution produced by the diesel fleets in the area served by the eligible entity;
3. A project description, including:
  - a. Any certified engine configurations or verified technologies to be used or funded by the eligible entity; and

- b. The means by which the project will achieve a significant reduction in diesel emissions;
4. An evaluation of the quantifiable and unquantifiable benefits of the emissions reductions of the proposed project (applicants can use the Diesel Emissions Quantifier tool found at the National Clean Diesel Campaign Web site: <http://cfpub.epa.gov/quantifier/view/index.cfm>);
5. An estimate of proposed project costs and the cost-effectiveness of emission reductions (dollars/ton reduction);
6. A description of the age and expected lifetime control of the equipment to be used or funded by the eligible entity;
7. A description of the diesel fuel available in the areas to be served by the eligible entity, including the sulfur content of the fuel;
8. Provisions for the monitoring and verification of the project;
9. Information on project partners and their various roles, and leveraged resources;
10. Information on the viability of the project beyond the assistance agreement period;
11. A description of how the proposed project will reduce environmental risks to:
  - (a) sensitive populations; and
  - (b) to economically-disadvantaged and other populations with disproportionately high and adverse human health or environmental impacts; and
12. If you are submitting a proposal to implement a project utilizing an innovative finance mechanism, you should address the following components:
  - a. Provide an opinion from your legal counsel that demonstrates your legal authority (or the legal authority of your partner) to perform the actions necessary to manage an innovative financing mechanism. At a minimum, legal authority must include the ability to hold funds, make loans, enter into loan agreements, and collect repayments. This authority may be based on statute, regulation, or other authority. Attach your counsel's legal opinion (does not count against page limit);
  - b. Describe your business concept and the main innovative finance product(s) you propose to offer borrowers. Include loan structure; interest and repayment rates; a multi-year timeline for managing the finance mechanism; complimentary products/services you or a partner will offer (if applicable); program incentives, and how the balance of projected loans will promote the long-term availability (including the ability to revolve, if applicable) of the finance project;
  - c. Present your market analysis, including your target market. Detail the types of borrowers (e.g., small businesses, owner-operators, or drayage operators), and the territory (e.g., regional, ports) you will target;
  - d. Describe your process for selecting borrowers. Include how you will develop criteria for applicant selection, and how you will ensure that borrower eligibility determinations are made in accordance with the provisions of EPAAct2005;
  - e. Describe both the management and operational teams that will oversee and implement all phases of work under the agreement, including fund

management and vehicle or equipment selection. Include information on the qualifications of staff and institutions the applicant may use for fleet selection, environmental, financial, analytical, legal, and record keeping activities to ensure the use of prudent lending practices. Successful management of an innovative finance mechanism requires a dedicated project manager and staff; in many cases, at least 50 percent of a single staff person's time;

- f. A description of the air quality of the area served by the eligible entity (if providing innovative financing regionally, state this fact because the vehicles or equipment may not be known until loans are issued and may travel outside of the Region(s));
- g. The quantity of air pollution produced by the diesel fleets in the area served by the eligible entity (if providing innovative financing regionally, state this fact because the engines or equipment may not be known until loans are issued and may travel outside of the Region);
- h. A fleet project description (if providing innovative financing regionally, state this fact and provide a best estimate of the three items below), including:
  - i. Any verified retrofit technologies to be used or funded by the eligible entity (e.g., diesel flow through filters);
  - ii. A description of the age and expected lifetime control of the equipment used or funded by the eligible entity; and
  - iii. The means by which the project will achieve a significant reduction in diesel emissions;
- i. An evaluation of the quantifiable and unquantifiable benefits of the emissions reductions of the proposed project (applicants can use the Diesel Emissions Quantifier tool found at the National Clean Diesel Campaign website at: <http://cfpub.epa.gov/quantifier/view/index.cfm>);
- j. An estimate of proposed project costs and the cost-effectiveness of emission reductions as funded by the innovative finance mechanism (dollar/ton reduction);
- k. Provisions for the monitoring and verification of the project, particularly reporting on items (6), (7), and (8) above when loans have been made;
- l. Information on project partners and their various roles, and leveraged resources; and
- m. Information on the viability of the project beyond the assistance agreement period.

## **ii. Programmatic Priorities**

Please address how the proposed project meets the following programmatic priorities to develop projects that:

1. Maximize public health benefits;
2. Are the most cost-effective;
3. Are in areas with high population density, that are poor air quality areas (including non-attainment or maintenance of national ambient air quality

standards for a criteria pollutant; Federal Class I areas; or areas with toxic air pollutant concerns);

4. Are in areas that receive a disproportionate quantity of air pollution from diesel fleets, including truck stops, ports, rail yards, terminals, and distribution centers or that use a community-based multi-stakeholder collaborative process to reduce toxic emissions;
5. Include a certified engine configuration or verified technology that has a long expected useful life;
6. Maximize the useful life of any certified engine configuration or verified technology used or funded by the eligible entity;
7. Conserve diesel fuel; and
8. Utilize ultra-low sulfur diesel fuel (15 parts per million of sulfur content) ahead of EPA's mandate (for non-road projects).

**iii. Past Performance and Programmatic Capability**

Submit a list of federally-funded assistance agreements (assistance agreements include federal grants and cooperative agreements, but not federal contracts) that your organization performed within the last three years (no more than 5, and preferably EPA agreements). For those agreements, describe:

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

In evaluating applicants under these factors in Section V, EPA will consider the information provided by the applicant and may also consider relevant information from other sources, including information from EPA files and from current and prior federal agency grantors (e.g., to verify and/or supplement the information provided by the applicant). If you do not have any relevant or available past performance or reporting information, you must clearly indicate this in the proposal for each of the items (1), (2), and (3) above and you will receive a neutral score for related elements in Section V.

Also describe your organizational experience, staff expertise/qualifications, staff knowledge, and organizational/staff resources or the ability to obtain them to successfully achieve the goals of the proposed project.

**iv. Environmental Results—Outputs and Outcomes**

Identify the expected project outputs (see Section I) and how progress towards achieving the outputs will be tracked and measured. Identify the expected quantitative and qualitative outcomes of the project, including what measurements

will be used to track your progress towards achieving the outcomes and how the results of the project will be evaluated.

**v. Leveraging**

Demonstrate how you will coordinate the use of EPA funding with other federal and/or non-federal sources of funds to leverage additional resources to carry out the proposed project(s), and/or that EPA funding will complement activities relevant to the proposed project(s) carried out by the applicant with other sources of funds or resources. Any form of proposed leveraging that is evaluated under a Section V ranking criterion must be included in the proposal and the proposal must describe how the applicant will obtain the leveraged resources and what role EPA funding will play in the overall project.

**c. Detailed Budget Narrative**

A detailed itemized budget and budget narrative is required to be a part of the work plan. This proposed budget must have budget categories that reflect those on the Standard Form 424A. An example budget that indicates what portion of the cost will be paid by EPA and what portion will be paid by the applicant or other partners is provided in Attachment A, available at <http://www.epa.gov/region10/cleandiesel.html>.

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

**2. Applicant Fleet Description Spreadsheet (not included in the page limit)**

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

**3. Optional Attachments (not included in the page limit)**

**a. Résumés.** Provide brief (one page) résumés for all principal participants and any other key personnel.



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 Parts 30 or 31, as appropriate. For example, an applicant must demonstrate that it selected the contractor(s) competitively or that a proper noncompetitive sole-source award consistent with the regulations will be made to the contractor(s), that efforts were made to provide small and disadvantaged businesses with opportunities to compete, and that some form of cost or price analysis was conducted. EPA may not accept sole source justifications for contracts for services or products that are otherwise readily available in the commercial marketplace.

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

#### **E. Submission Deadline**

In order to be considered for funding, all hard copy proposal packages must be received by Lucita Valiere, EPA Region 10, by the deadline of **Tuesday, July 1, 2008, 5 p.m. Pacific Daylight Time**. Electronic submissions must be submitted via Grants.gov by **Tuesday, July 1, 2008, 5:00 p.m., Pacific Daylight Time**. Proposals received after the closing date and time will not be considered for funding.

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

#### **F. Confidential Business Information**

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

#### **G. Pre-Proposal Assistance and Communications**

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

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

EPA will respond to questions in writing from individual applicants regarding threshold eligibility criteria, administrative issues related to the submission of the proposal, and requests for clarification about the announcement. Please submit written questions to Lucita Valiere, EPA Region 10, at [dieselgrants@epa.gov](mailto:dieselgrants@epa.gov). Please type “Diesel RFP Question” in the subject line of your e-mail. Frequently asked questions and answers will be posted to the Web at <http://www.epa.gov/region10/cleandiesel.html>.

**H. Pre-Proposal Letter of Intent to Apply (Optional)**

To allow for efficient management of the competitive process, EPA requests submittal of an informal notice of “intent to apply” by **Friday, May 2, 2008**. Submission of intent to apply is optional; it is a process management tool that will allow EPA to better anticipate the total staff time required for efficient review, evaluation, and selection of submitted proposals. Eligible entities seeking funding should submit a letter of intent to apply by the stated deadline (Friday, May 2, 2008) via e-mail to [dieselgrants@epa.gov](mailto:dieselgrants@epa.gov). Please type “Notice of Intent to Apply” in the subject line of your e-mail. EPA will not respond to or acknowledge receipt of letters of intent to apply.

**V. PROPOSAL REVIEW INFORMATION**

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

**A. Evaluation Criteria**

Criteria	Points
<p><b>1. Project Summary/Approach:</b> Under this criterion, EPA will evaluate the extent and quality to which the narrative proposal includes: <b>(a) (12 points)</b> a well-conceived strategy for addressing the requirements in Section I (B), and the Project Summary/Approach requirements in Section IV (C)(1)(b)(i) ; and <b>(b) (6 points)</b> a well-conceived, logical strategy for achieving, by the project end date, the anticipated environmental results associated with the proposed project.</p>	<b>18</b>
<p><b>2. Programmatic Priorities:</b> Under this criterion, EPA will evaluate the extent and quality to which the proposed project addresses the following programmatic priorities <b>(2 points each)</b>: <b>(a)</b> maximize public health benefits; <b>(b)</b> propose solutions that are the most cost-effective; <b>(c)</b> take place in areas with high population density that are poor air quality areas (including non-attainment or maintenance of national ambient air quality standards for a criteria pollutant, Federal Class I areas, or areas with toxic air pollutant concerns); <b>(d)</b> take place in areas that receive a disproportionate quantity of air pollution from diesel fleets,</p>	<b>16</b>

<p>including truck stops, ports, rail yards, terminals, and distribution centers, or that use a community-based multi-stakeholder collaborative process to reduce toxic emissions; (e) include a certified engine configuration or verified technology that has a long expected useful life; (f) maximize the useful life of any certified engine configuration or verified technology used or funded by the eligible entity; (g) conserve diesel fuel; and (h) utilize ultra-low sulfur diesel fuel (15 ppm sulfur content) ahead of EPA’s mandate (for non-road projects).</p>	
<p><b>3. <u>Environmental Results – Outcomes and Outputs:</u></b> Under this criterion, EPA will evaluate: (a) (10 points) the anticipated quantifiable environmental outputs and outcomes of the project, including an estimation of anticipated emissions reductions for particulate matter, nitrogen oxides, and carbon dioxide (in tons/year) and any other pollutant emissions reduced and health benefits that can be quantified; and (b) (5 points) the applicant’s plan for tracking and measuring progress toward achieving expected project outputs and outcomes.</p>	<p><b>15</b></p>
<p><b>4. <u>Budget/Resources:</u></b> Under this criterion, applicants will be evaluated on: (a) (7 points) whether the proposed project budget is appropriate to accomplish the proposed goals, objectives, and measurable environmental outcomes; and (b) (3 points) whether the budget provides an approximation of the percentage of the total budget designated for each major activity.</p>	<p><b>10</b></p>
<p><b>5. <u>Clear Description of the Target Fleet:</u> (5 points)</b> Under this criterion, applicants will be evaluated on the degree to which detailed information on the fleet (vessels, vehicles, and/or equipment) is provided on the Applicant Fleet Description Spreadsheet, described in Section IV (C)(2). For proposals to implement innovative financing mechanisms, identify the target fleet for financing.</p>	<p><b>5</b></p>
<p><b>6. <u>Leveraging Resources:</u> (10 points)</b> Under this criterion, applicants will be evaluated based on the extent they demonstrate (a) how they will coordinate the use of EPA funding with other federal and/or non-federal sources of funds to leverage additional resources to carry out the proposed project(s) and/or (b) that EPA funding will complement activities relevant to the proposed project(s) carried out by the applicant with other sources of funds or resources.</p>	<p><b>10</b></p>
<p><b>7. <u>Past Performance and Programmatic Capability:</u></b> Under this criterion, EPA will evaluate the applicant’s technical ability to successfully complete and manage the proposed project based on the list of federally-funded assistance agreements (assistance agreements include federal grants and cooperative agreements, but not federal contracts) that your organization performed within the last three years, as noted in Section IV(C)(1)(b)(iii), and other relevant information included in the proposal, taking into account the following factors: (a) (5 points) how you documented and/or reported on whether you were making progress towards achieving the expected results (e.g., outputs and outcomes) under those agreements, and if you were not making progress, whether you documented why not (if you do not have any relevant or available past performance or reporting information for this item, please include a statement clearly indicating so in the narrative proposal and you will receive a score of 2 points for this subfactor); (b) (5 points) whether, and how, you were able to successfully complete and manage those agreements (if you do not have</p>	<p><b>20</b></p>

<p>any relevant or available past performance or reporting information for this item, please include a statement clearly indicating so in the narrative proposal and you will receive a score of 2 points for this subfactor); <b>(c) (5 points)</b> your history of meeting the reporting requirements under those agreements, including submitting acceptable final technical reports (if you do not have any relevant or available past performance or reporting information for this item, please include a statement clearly indicating so in the narrative proposal and you will receive a score of 2 points for this subfactor); and <b>(d) (5 points)</b> your organizational experience, staff expertise/qualifications, staff knowledge, and organizational/staff resources or the ability to obtain them to successfully achieve the goals of the proposed project. In evaluating applicants under items a., b., and c., above, EPA will consider the information provided by the applicant and may also consider relevant information from other sources, including information from EPA files and from current and prior federal agency grantors (e.g., to verify and/or supplement the information provided by the applicant).</p>	
<p><b>8. Sensitive Populations/Disproportionate Impacts:</b> Under this criterion, applicants will be evaluated based on the extent to which the proposed project: <b>(a) (2 points)</b> will reduce environmental risks to sensitive populations; <b>(b) (2 points)</b> will reduce environmental risks to economically-disadvantaged and other populations with disproportionately high and adverse human health or environmental impacts; and <b>(c) (2 points)</b> will affect an area that is in non-attainment for ozone or particulate matter (PM) standards.</p>	<p><b>6</b></p>

**B. Review and Selection Process**

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

**C. Selection Recommendations**

Final funding decisions will be made by the Approval Official based on the rankings and preliminary recommendation of the EPA evaluation team. In making the final funding decisions, the Approval Official may also consider programmatic priorities, geographic diversity, and the statutory funding allocation [EPAct 2005, Section 792 (b)], which requires that not less than 50 percent of available funds be provided to eligible entities for the benefit of public fleets. Once final decisions have been made, a funding recommendation will be developed and forwarded to the EPA Award Official.

## VI. AWARD ADMINISTRATION INFORMATION

### A. Award Notices

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

EPA anticipates notification to the *successful* applicants will be made via telephone, electronic or postal mail by approximately Wednesday, August 27, 2008. The notification will advise the applicant that its Proposal has been successfully evaluated and recommended for award. The notification will be sent to the original signer of the application. The notice shall require submission of a final application.

This notification, which advises that the applicant's proposal has been recommended for award, is not an authorization to begin performance. The award offer signed by the EPA Award Official is the authorizing document and will be provided through postal mail. At a minimum, this process can take up to 90 days from the date of award recommendation.

EPA anticipates notification to *unsuccessful* applicants will be made via electronic or postal mail by approximately Monday, October 27, 2008. The notification will be sent to the original signer of the application.

### B. Administrative and National Policy Requirement

A listing and description of general EPA regulations applicable to the award of assistance agreements may be viewed at:

[http://www.epa.gov/ogd/AppKit/applicable\\_epa\\_regulations\\_and\\_description.htm](http://www.epa.gov/ogd/AppKit/applicable_epa_regulations_and_description.htm).

Executive Order 12372, "Intergovernmental Review of Federal Programs," may be applicable to awards resulting from this announcement. Applicants selected for funding may be required to provide a copy of their proposal to their State Point of Contact (SPOC) for review, pursuant to Executive Order 12372. This review is not required with the initial proposal and not all states require such a review. *Federally-recognized tribal governments are not required to comply with this procedure.*

### C. DUNS Number

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

### D. Reporting Requirement

Quarterly progress reports and a detailed final report will be required. Quarterly reports summarizing technical progress, planned activities for next quarter, and summary of

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

#### **E. Exchange Network**

EPA, states, territories, and tribes are working together to develop the National Environmental Information Exchange Network, a secure, Internet- and standards-based way to support electronic data reporting, sharing, and integration of both regulatory and non-regulatory environmental data. States, tribes, and territories exchanging data with each other or with EPA should make the Exchange Network and EPA'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](http://www.exchangenetwork.net).

#### **F. Disputes**

Assistance agreement competition-related disputes will be resolved in accordance with the dispute resolution procedures published in 70 FR (Federal Register) 3629,3630 (January 26, 2005), which can be found at <http://www.epa.gov/ogd/competition/resolution.htm>. Copies of these procedures may also be requested by contacting the Agency Contact identified in Section VII of this announcement.

#### **G. Nonprofit Administrative Capability**

Nonprofit applicants that are recommended for funding under this announcement are subject to pre-award administrative capability reviews consistent with Section 8b, 8c and 9d of EPA Order 5700.8, "Policy on Assessing Capabilities of Non-Profit Applicants for Managing Assistance Awards" ([http://www.epa.gov/ogd/grants/award/5700\\_8.pdf](http://www.epa.gov/ogd/grants/award/5700_8.pdf)). In addition, nonprofit applicants that qualify for funding may, depending on the size of the award, be required to fill out and submit to the Grants Management Office the "Administrative Capabilities Form," with supporting documents, contained in Appendix A of EPA Order 5700.8.

### **VII. AGENCY CONTACT**

For further information, contact:

U.S. Environmental Protection Agency Region 10  
Lucita Valiere  
Phone: 206-553-0532  
E-mail: [dieselgrants@epa.gov](mailto:dieselgrants@epa.gov)