



Michigan Department Environmental Quality
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Request for Proposals

2015 Michigan Clean Diesel Grant Program

November 7, 2014
to
December 5, 2014

Rick Snyder, Governor



Dan Wyant, Director

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I. Grant Information

1. Grant Description

Competitive funding in the amount of \$124,550 is being made available through the 2015 Michigan Clean Diesel Grant Program for the implementation of clean diesel projects. Diesel exhaust has been linked to health problems, including increased risk of premature mortality, cancer, cardiovascular disease, and asthma. The Michigan Department of Environmental Quality (DEQ) is giving priority to projects that prevent or reduce diesel emissions from on-road, stationary, and non-road diesel engines. Funding for this grant opportunity comes from a state allocation of the federal Diesel Emissions Reduction Act (DERA) and the National Clean Diesel Campaign.

Proposed projects must utilize United States Environmental Protection Agency (U.S. EPA) certified engine configurations for vehicle or equipment replacements. Proposals for vehicle replacements must include documentation that the replacement is needed and that the project constitutes an accelerated replacement schedule for the intended vehicle.

The 2015 Michigan Clean Diesel Grant Program funding is available statewide; however, the DEQ is targeting projects in the following federal priority counties and areas:

- Genesee
- Ingham
- Isle Royale National Park
- Kent
- Livingston
- Macomb
- Monroe
- Oakland
- Seney Wilderness Area
- St. Clair
- Washtenaw
- Wayne

2. Grant Objectives

The 2015 Michigan Clean Diesel Grant Program, Request for Proposal (RFP) has the following objectives.

- To implement vehicle or equipment replacements that reduce diesel engine particulate matter (PM_{2.5}) and nitrogen oxide (NOx) emissions.
- To assist the DEQ in reaching or maintaining attainment under the federal National Ambient Air Quality Standards (NAAQS) for PM_{2.5} and Ozone (O₃).
- To provide increased health and welfare benefits for populations in areas of the state where the air quality is affected by diesel engine emissions from nearby stationary or mobile emission sources.

3. Program Priorities

i. U.S. EPA and DERA National Program Priorities

- The principal objective of this program is to achieve significant reductions in diesel emissions in terms of tons of pollution produced and reductions in diesel emissions exposure from vehicles, engines and equipment operating in areas designated as poor air quality areas. The above identified counties and areas were identified as priority locations for the DERA program because they are:
 - in nonattainment or maintenance of national ambient air quality standards for a criteria pollutant;
 - areas with toxic air pollutant concerns as identified from the National Air Toxics Assessment data;
 - designated as Federal Class I areas; and/or
 - accepted to participate in U.S. EPA's Ozone Advance or PM Advance Programs by the close of this RFP.

- [Descriptive information about Michigan's air quality is available on the DEQ, [Air Quality Division website](#). Select “Assessment and Planning from the left-hand menu under “Air,” and then “Attainment/Nonattainment.” Information on whether the various areas of the state are meeting the federal NAAQS is located here. Demographic information, to show population densities, types of populations, ages of populations, social, and other economic data, may be obtained from the [U.S. Census Bureau](#), the [Michigan Department of Community Health](#) (from the left hand menu select “Statistics & Reports” and then “Population Trends”), or from the [Michigan Department of Technology Management and Budget](#) (under the “Office of Shared Solutions”, select “Census and Demographic Data”).]
- Projects are in priority areas that receive a disproportionate quantity of air pollution from diesel fleets, including: truck stops, ports, rail yards, terminals, construction sites, school bus depots/yards.
- Projects show effectiveness at reducing diesel emissions, based on the vehicle’s remaining useful life and annual hours of operation.
- Projects maximize public health benefits, use a community-based multi-stakeholder collaborative process to reduce toxic emissions, and conserve diesel fuel.
 - [Research data on health disparities can be found from some of the following resources: local school district’s annual health survey – contact school district for more information, [Michigan Department of Community Health](#), university or federal research, or other academic white papers.]

ii. Midwest Clean Diesel Initiative Regional Program Priorities

- To reduce emissions from diesel-powered engines in U.S. EPA Region 5 by implementing operational changes, technological improvements, and use of cleaner fuels.
- To participate and support the activities of both the U.S. EPA’s Midwest Clean Diesel Initiative (MCDI) and the Michigan Clean Diesel Initiative.
- U.S. EPA Region 5 priorities:
 - a. Demonstrates that most if not all of the emissions reductions benefits will occur in highly populated urban areas within Region 5;
 - b. Leads to broader efforts and sustainable, larger scale projects and programs to further reduce diesel emissions; (i.e., leads to additional idle reduction policies/rules, construction specifications, or other additional clean diesel actions); and
 - c. Supports clean diesel coalitions in each state to share information, work with interested fleets, and address specific geographic needs. To find out more about the MCDI, see www.epa.gov/midwestcleandiesel.

iii. DEQ, Air Quality Program Priorities

- Improve understanding of the PM_{2.5} and O₃ NAAQS; including helping identify the contribution of emission source types that contribute to source regions’ PM_{2.5} and O₃ levels.
- Create a greater awareness among residents of the health and welfare impacts of PM_{2.5} and O₃ in areas of Michigan located within close proximity to an ongoing exposure to diesel engine emissions.
- Track the progress of emissions’ solutions towards bettering PM_{2.5} and O₃ levels in Michigan, and assess the effectiveness of emission reduction programs.

4. Eligible Grant Activities

Eligible diesel vehicles and equipment may include buses, medium-duty or heavy-duty trucks, marine engines, locomotives and non-road engines, equipment or vehicles used in construction, handling of cargo (including at a port or airport), agriculture, mining or energy production (including stationary generators and pumps).

The grantee and partners must agree to operate vehicles and equipment purchased with grants funds in Michigan for at least five years.

5. Eligible Technologies

Projects funded under this RFP must use diesel emissions reduction solutions that are listed on the U.S. EPA Verified Technologies List, the SmartWay Transport Partnership, or CARB technology lists, the Verified U.S. EPA Idle Reduction list, or a U.S. EPA certified engine configuration. Verified or certified means that the equipment or vehicle, along with the technology or engine to be used in the project, are specifically identified on one of these lists by vehicle/equipment type or use, manufacturer, engine type, and engine model year.

Below is a summary of diesel emission reduction solutions that are eligible for funding. More detail is provided in the next section.

- Certified Vehicle/Equipment Replacement:
 - Non-road Diesel Vehicles and Equipment: DEQ will fund the incremental cost of a newer, cleaner vehicle or piece of equipment powered by a 2013 model year or newer certified non-road diesel engine, up to 25% of the cost of an eligible replacement vehicle or piece of equipment (i.e. applicants are responsible for cost-sharing at least 75% of the cost of an eligible replacement vehicle or piece of equipment).
 - Highway Diesel Vehicles: DEQ will fund the incremental cost of a newer, cleaner medium or heavy-duty vehicle powered by an engine certified to the 2013 model year or newer standards for highway heavy-duty diesel engines, up to 25% of the cost of an eligible replacement vehicle/equipment (i.e. applicants are responsible for cost-sharing at least 75% of an eligible replacement vehicle or piece of equipment).
 - Drayage Vehicle Replacement: DEQ will fund up to 25% of the cost of eligible drayage trucks with a 2010 model year or newer heavy-duty engine equipped with a diesel particulate filter (or diesel oxidation catalyst in the case of a CNG engine).

Pursuant to 42 USC 16132(d)(2), no funds awarded under this RFP shall be used to fund the costs of emission reductions that are mandated under federal law.

6. Eligible Diesel Vehicles, Engines and Equipment

Projects may include, but are not limited to, diesel emission reduction solutions from the following heavy-duty diesel emission source types:

- Buses;
- Medium-duty or heavy-duty trucks; and
- 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).

More stringent standards for PM for heavy-duty diesel highway vehicles took effect in 2007 for post 2007 model year vehicles and engines. New U.S. EPA standards began being phased in, for non-road engines, in 2008.

7. Eligible Diesel Emission Reduction Solutions

Projects must include one or more of the following diesel emission reduction solutions that utilize a certified engine configuration and/or a verified technology. Additional information about the diesel emission reduction solutions listed below, as well as technical tips and important points to consider, are available at www.epa.gov/cleandiesel/documents/420p11001.pdf.

Technology changes may not be allowed after a proposal has been selected. If technology compatibility issues arise, the DEQ may elect to terminate the grant contract, at which time grant funds must be returned to the DEQ.

i. 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 U.S. EPA and, if applicable, CARB to meet a more stringent set of engine emission standards. Replacement projects can include the replacement of diesel vehicles/equipment with newer, cleaner diesel, electric (battery or fuel cell), hybrid or alternative fuel vehicles/equipment. All-electric (i.e. zero emission) vehicles and equipment do not require U.S. EPA or CARB certification. Marine vessels and locomotives are not eligible for full replacement.

Non-road Diesel Vehicles and Equipment

This funding can cover the incremental cost of a newer, cleaner vehicle or piece of equipment powered by a 2013 model year or newer certified non-road engine, up to 25% of the cost of an eligible replacement vehicle/equipment. Non-road engine emission standards are on the U.S. EPA's Web site at: www.epa.gov/otaq/standards/nonroad/index.htm.

- Electric Generator Replacement: For 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.

Highway Diesel Vehicles

This funding can cover the incremental cost of a newer, cleaner medium or heavy-duty vehicle, powered by an engine certified to the 2013 model year or newer standards for highway heavy-duty engines, up to 25% of the cost of an eligible replacement vehicle/equipment that:

- is particulate filter equipped (or catalyst equipped in the case of a compressed natural gas (CNG) engine); and
- meets regulatory requirements for vehicles or equipment manufactured in 2011 or later.

Drayage Vehicle Replacement

DEQ will fund up to 25% of the cost of eligible drayage trucks.

- Definition of Drayage Truck: A "Drayage Truck" means any Class 8b in-use on-road vehicle with a gross vehicle weight rating of greater than 33,000 pounds operating on or transgressing through port or intermodal rail yard property for the purpose of loading, unloading or transporting cargo, such as containerized, bulk or break-bulk goods.
- Vehicle Eligibility Requirements: U.S. EPA will fund up to 50% of the cost of eligible drayage trucks with a 2010 model year or newer heavy-duty engine equipped with a diesel particulate filter (or catalyst equipped in the case of a CNG engine).
- Scrappage Requirements for Drayage Vehicles: The purchaser of the eligible drayage truck must scrap an existing drayage truck, following the Replacement Criteria described below. If the proposal is selected for funding, the grant recipient will be required to establish guidelines to ensure that the scrapped vehicle has a history of operating on a frequent basis over the prior year as a drayage truck. For an example of sample guidelines, see www.epa.gov/cleandiesel/documents/fy14-sample-drayage-operating-guidelines.pdf.

- Drayage Operating Guidelines: If a proposal for the replacement of drayage trucks is selected for funding, the grant recipient will be required to establish guidelines to ensure that all drayage trucks purchased with grant funds are operated in a manner consistent with the definition of a drayage truck, as defined above. For an example of sample guidelines, see www.epa.gov/cleandiesel/documents/fy14-sample-drayage-operating-guidelines.pdf.
- Required/Scheduled Maintenance: U.S. EPA will fund the required/scheduled vehicle maintenance, as specified in the owner's manual, which is necessary to meet the warranty requirements for diesel particulate filters installed on drayage trucks. Funding for required maintenance is available for the duration of the project period.

ii. Replacement Criteria

Replacement projects are eligible for funding on the condition that the following criteria are satisfied:

- The replacement vehicle/equipment must be of the same type and similar gross vehicle weight rating or horsepower as the vehicle/equipment being replaced.
- Horsepower increases of more than 10% will require specific approval by DEQ and U.S. EPA prior to purchase. 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).
- Replacement Scrappage: The purchase of new vehicles or equipment to expand a fleet is not covered by this program. Evidence of appropriate disposal (such as a photograph of the scrapped vehicle/equipment), including engine serial number and vehicle identification number, is required in a final assistance agreement report submitted to DEQ.
- Non-road Vehicles and Equipment: The vehicle/equipment being replaced must be scrapped or rendered permanently disabled or returned to the original engine manufacturer for remanufacturing to the cleanest certified emission standard possible.
- Highway Vehicles: The vehicle being replaced must be scrapped or rendered permanently disabled or returned to the original engine manufacturer for remanufacturing to engine MY 2007 or newer certified emission standards.
- Drilling a hole in the engine block and manifold and disabling the chassis is an acceptable scrapping method. Other methods may be considered and will require prior DEQ and U.S. EPA approval.
- Equipment and vehicle components that are not part of the engine or chassis may be salvaged from the unit being replaced (e.g. plow blades, shovels, seats, tires, etc.). If scrapped or salvaged vehicles/parts are to be sold, program income requirements apply.
- Early Attrition: 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 that is scheduled to take place within 3 years of the project start date. Normal attrition is typically defined by the vehicle or fleet owner's budget plan, operating plan, standard procedures, or retirement schedule. For example, if a school bus fleet typically retires vehicles after 20 years, a bus that is currently in its 18th or 19th year of service is not eligible for replacement. A bus that is currently in its 17th year of service and has three years of useful life remaining (as defined by the fleet's retirement schedule) is eligible for replacement. Normal attrition does not include replacements that must occur due to a State or Local mandate. Proposals which include replacements must include a detailed discussion of the fleet owner's normal attrition schedule and must explain how the proposed emission reductions are not a result of vehicle/equipment replacements that would have occurred through normal attrition/fleet turnover within three years of the project start date.
- Additional funding restrictions for replacement projects are described below.

iii. Replacement Restrictions

This restriction applies to all replacement projects as defined in Vehicle and Equipment Replacements above. The following activities are not eligible for funding under this RFP:

- No funds awarded under this RFP shall be used to replace a bus, medium-duty, or heavy-duty highway vehicle that is a model year 1990 vehicle or older.
- No funds awarded under this RFP shall be used to replace a non-road engine or equipment that has less than seven years of useful life remaining. A table distinguishing which non-road engine model years U.S. EPA has determined to have at least seven years of useful life remaining, based on the type and age of vehicle, can be found at www.epa.gov/cleandiesel/documents/fy14-nonroad-remaining-useful-life.pdf.
- No funds awarded under this RFP shall be used to replace non-road engines and equipment that operate less than 500 hours per year.
- The purchase of new vehicles or equipment to expand a fleet is not covered by this program.
- Pursuant to 42 USC 16132(d)(2), no funds awarded under this RFP shall be used to fund the costs of emission reductions that are mandated under federal law.

8. Match Requirements

Funds under this award cannot be used for matching funds for other state or federal grants, lobbying, or intervention in state or federal regulatory or adjudicatory proceedings, and cannot be used to sue the state or federal government or any other government entity. Likewise, recipient may not use state or federal funds as matching funds for the Michigan Clean Diesel Grant Program, federal Supplemental Environmental Project Funds or Supplemental Environmental Projects required under a consent order.

9. Online Resources

Below are Web sites that provide useful information and resources to aid in the development of your grant proposal.

<http://www.epa.gov/diesel/>

<http://www.arb.ca.gov/diesel/diesel.htm>

<http://www.michigan.gov/deq/0,4561,7-135-3310-198413--,00.html>

10. Evaluation and Selection Criteria

Project proposals for the 2015 Michigan Clean Diesel Grant Program RFP will be evaluated based the following selection criteria:

1. Diesel Engine Emissions Reduction Outputs and Outcomes, and overall cost effectiveness.
2. Linkage to National (U.S. EPA) and Regional (MCDI and U.S. EPA Region 5) and State (DEQ) clean air and clean diesel priorities. In particular, project activities and projects associated with:
 - a. High population and diesel emissions density.
 - b. The presence of health and welfare disparities of populations or communities in the project area.
 - c. Activities that promote or prevention diesel engine emissions, sustainability of diesel engine emissions reductions and awareness of the health effects of diesel engine emissions.
3. Ability to carry out the project as demonstrated by the applicant's staff expertise, experience, and qualifications in grant administration, meeting deadlines, and participation in other diesel engine emission reduction projects. The DEQ will also consider the applicant's previous performance on similar grants.

4. A well developed and clear project narrative, work plan, timeline, budget, including a detailed, thorough and complete targeted fleet description, and overall diesel emissions reduction solution and approach.
5. Projects that will prevent pollution for the life of the affected engine.
6. Larger projects that focus grant money on pollution prevention or emission reduction vs. administrative costs.
7. The amount of match money the grantee and its partners are willing to commit to the project.

11. Assistance

You may contact the Environmental Assistance Center at 1-800-662-9278 with questions about this RFP.

The DEQ will also host a webinar to answer your questions. Check the [Michigan Clean Diesel Program Website](#) for call-in details. All necessary grant forms may be downloaded from the Website, including the 2015 Michigan Clean Diesel Grant Program proposal template (Appendix A).

12. Funding Sources and Availability

Approximately \$124,550 is available for the 2015 Michigan Clean Diesel Grant Program. All grant proposals should be between \$50,000 (the minimum) and \$124,550 (the maximum). The above limitations do not include an applicant's matching funds.

All state clean diesel projects are funded as pass through reimbursement grants. This means that grantees must initially assume all costs and then request reimbursement from the DEQ for project activities. All projects will be implemented through grant contracts with the grantees.

Administration of the grant contract is the responsibility of the grantee and cannot be contracted out.

13. Contact

This grant is being issued by the DEQ, Office of Environmental Assistance (OEA), Pollution Prevention & Stewardship Unit. For further information on this grant call the DEQ Environmental Assistance Center at 1-800-662-9278.

14. Eligibility

Eligible applicants in all 83 counties in Michigan may apply. All applicants must be based and doing business in the state of Michigan. All of the following are eligible applicants:

- cities, townships, and villages;
- county government agencies;
- port authorities;
- public school districts;
- private schools that are designated as tax exempt under 501(c)(3) of the Internal Revenue Code;
- other non-profit organizations or institutions that have the promotion of transportation or air quality as their focus and are designated as tax exempt under 501(c)(3) of the Internal Revenue Code;
- Metropolitan Planning Organizations; as well as
- Private business and industry.

A single applicant may submit only one application. Each application may contain one or more partners. All applicant and partner entities must have continuous and ongoing business operations that include a permanent physical location in Michigan.

15. Project Clarification/Revisions

During the grant review process, applicants may be contacted for clarification and for the purpose of negotiating changes in project activities, timetable, and grant amounts. The DEQ reserves the right to award grants for amounts other than those requested and/or request changes to, or clarification of, the proposed work plan.

16. Non-Duplicative Programs

The 2015 Michigan Clean Diesel Grant Program cannot be used to replace existing federal, state, or local financial commitments.

17. Acceptance of Proposal Content

Successful applicants will be required to enter into a grant contract with the DEQ within 60 days of accepting the grant award. A grant contract consists of standard boilerplate language, the applicant's work plan, timetable, and budget. Successful applicants may be required to review the grant award contract with DEQ staff prior to final contract acceptance. The draft contract boilerplate is attached to this RFP as Appendix B.

Failure of a successful applicant to accept the obligations outlined in the contract boilerplate may result in withdrawal or cancellation of the grant. The DEQ reserves the right to offer partial funding for any grant proposal.

18. Confidentiality

All information and materials regarding this grant are subject to the Freedom of Information Act.

19. Judging Applications

A panel composed of state government staff will review the applications. Final decisions will be made by the DEQ.

20. Expense Cap

No more than 15% of the recipients total project cost may be used to cover administrative type costs (e.g. personnel, benefits, travel and supplies). Total project costs include the grant amount as well as any match provided by the recipient. Indirect costs are not considered administrative costs.

21. Submission Requirements

Proposals must be postmarked or received by the DEQ no later than 5:00 pm on December 5, 2014. Proposals may be submitted by U.S. Postal Service, commercial delivery service, or hand delivery. Proposals sent electronically or by facsimile machine will not be accepted.

Grant Application must be sent to:

- Grant applications sent via U.S. Postal Service must be addressed to:
Clean Diesel Coordinator
Michigan Department of Environmental Quality
Office of Environmental Assistance
P.O. Box 30457
Lansing, Michigan 48909-7957

- For hand delivery, commercial carrier, or overnight mail, applications must be addressed to:
Clean Diesel Coordinator
Michigan Department of Environmental Quality
Office of Environmental Assistance
525 West Allegan, CH-1S
Lansing, Michigan 48933

II. Instructions for Grant Proposal

1. Contents

Appendix A contains a template which you will use to craft your proposal. Your proposal will consist of the following sections:

- Grant Proposal Cover Sheet
- Project Summary
- Work Plan
- Commitment Statement
- Description of Administrative Abilities, Staff Expertise and Previous Project History
- Timeline and a description of Tasks/ Milestones
- Anticipated Outputs/Outcomes
- Budget Form
- Audit/Review Letter
- U.S. EPA Fleet Description Spreadsheet (see the [Michigan Clean Diesel Program Website](#))
- Letters of Commitment

Directions for each portion are included in this RFP. Follow all directions. Use the checklist in Appendix A to make sure you have a complete proposal. Submit your proposal on 8½" x 11" paper, with one inch margins using 12 point font. Number all pages. The use of two sided printing and recycled paper is recommended.

2. Grant Proposal Cover Sheet

The Grant Proposal Cover Sheet is to be filled out by the applicant. The form is the first page of the entire proposal package. Other portions of the proposal will be developed by the applicant and attached to the Grant Proposal Cover Sheet.

- Project Name: the name of the project.
- Project Location: the counties that the project will be conducted in
- State Senator and House of Representative District Number: where the project is primarily located or where the grantee is located. If you are awarded a grant, the Senator and Representative for your project location will be notified. Fill in a district number for both your Senator and Representative.
- Applicant: the group, agency, or local unit of government applying for funding. Fill in the organization's fax and telephone number.
- Contact Person: the person in that organization that can be contacted by the DEQ staff for any needed additional information. Also include the contact's e-mail address, if available.
- Organization Address: be sure to include the street name and number on the first line, and the city and zip code on the second line.
- Start Date of Project and End Date of Project: the start date should approximately correspond with the date funding will be available. The end date should be based on what is needed for the project. **Note: projects must conclude by August 31, 2015.**
- Grant Amount Requested: the amount of funding you are seeking.
- Local Match: the amount of local funding committed to the project.
- Project Total: should equal the Grant Amount Requested + the Local Match.
- Person with Grant Acceptance Authority: the person who will be accepting responsibility for the terms and conditions of the contract. This may be the contact person, or it may be somebody else in the organization (such as, a chief, executive, or board member). The person with grant acceptance authority also must sign the DEQ Grant Proposal Cover Sheet, as indicated.

3. Project Summary

In no more than one page describe the project goals and objectives, how your project will prevent or reduce diesel emissions and how your project will create long term change that will continue after the project is completed.

4. Work Plan

Explicitly describe how the project meets the goals, objectives, and guidelines of the RFP. Include a detailed project description of what is to be done during the project period, how it will be done, and the anticipated outcome of the project. The description should incorporate the following information:

- The way in which the project will achieve a significant prevention or reduction of diesel emissions.
- The reason why the project's area is being targeted for this project (i.e. air quality status, demonstrated health disparities, high diesel engine traffic and roadways, etc.).
- An overview of the type of fleet identified for the project along with the total number of verified vehicles or equipment to be replaced in this project.
- The roles and responsibilities of the applicant organization and any other project partners.
- Information on whom or what organization(s) will retain ownership of any vehicles, and/or equipment purchased with funding from this project.

5. Commitment Statement

Review the Program Priorities above and affirm that the proposed project meets these priorities.

6. Description of Administrative Abilities, Staff Expertise, and Previous Project History

Provide, in narrative form, a list of organizational staff and staff from associated partners that will be involved with the project, their role and responsibility with the project, their expertise/qualifications, knowledge and the resources that will be used to assist in the successful completion of the project.

Provide a list of any federal or state grants you have administered using the table provided in the template.

7. Timeline, Tasks, and Milestones

Using the table in the template provide a month and year and a detailed timeline of specific tasks and milestones, such as bidding and procurement, to be achieved during the grant period. Begin the timeline with January 2015.

8. Anticipated Outputs/Outcomes

Identify the expected project's environmental outputs and outcomes. Briefly specify how progress will be made toward achieving environmental outputs as well as how progress will be tracked, measured and reported, and how environmental outcomes will be calculated or determined. Outcomes should be measured by examining short-, medium-, and long-term results. Report outputs and outcomes using the tables in the template.

i. 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 specific date. Outputs may be quantitative or qualitative, but must be measurable during the grant funding period. Anticipated outputs from the projects to be funded under this solicitation include, but are not limited to, the following:

- Number of replaced vehicles/equipment.
- Dissemination of project/technology information via list serves, websites, journals and outreach events.
- Amount of funds expended on the project.
- Evaluation of the completion status of the project.
- Amount of funds dispersed to sub-recipients.
- Quarterly progress reports and final report.

ii. 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. Proposals must include a description of how the applicant will track and measure their progress towards achieving the expected environmental outcomes of the project throughout the grant period and must include a description of project outcomes resulting from the project outputs. Expected outcomes from projects funded under this solicitation may include but are not limited to the following:

Examples of short-term and medium-term outcomes. Describe how each will be achieved.

- Net reduction in annual pounds or tons of PM 2.5, NOx, greenhouse gases (GHG) such as carbon dioxide (CO₂) and black carbon, and/or volatile organic compounds (VOCs).
- Net reduction in gallons of diesel fuel used.
- An increased understanding of the environmental effectiveness of the implemented technology.
- GHG or CO₂ and/or VOCs reduced.
- Cost effectiveness of project (in \$/ton or \$/lb).

Examples of long-term outcomes. Describe how each will be achieved.

- 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).
- The level of health benefits achieved. Health benefits may be measured by numbers of illnesses (e.g. reductions in the number of children with asthma, health care costs, or missed work/school days avoided).
- Documented improved ambient air quality, including antidotal testimony from populations of concern.
- The applicant, or their partner’s investment in transportation, environmental protection and other activities that will provide long-term environmental and health benefits.

To quantify emission reductions, use the Diesel Emissions Quantifier found at:

<http://cfpub.epa.gov/quantifier> to estimate some of the anticipated environmental outputs of your application. Additional assistance may be found on the U.S. EPA’s Diesel Emissions Quantifier website or by calling the Clean Diesel Helpline at 877-NCDC-FACTS (877-623-2322) or by emailing cleandiesel@epa.gov.

If you are unable to use the Diesel Emissions Quantifier, you may use the following alternative methods for calculating emission reductions:

- Motor Vehicle Emissions Simulator (MOVES) - www.epa.gov/otaq/models/moves/index.htm
- National Mobile Inventory Model (NMIM) - www.epa.gov/oms/nmim.htm
- Mobile Model (on-road vehicles) - www.epa.gov/OMS/mobile.htm
- Non-road Model (non-road engines, equipment, and vehicles) - www.epa.gov/OMS/nonrdmdl.htm

If an alternative method is used you must thoroughly describe and document your methods.

iii. Performance Measures

The applicant should also develop performance measures for tracking, measuring and reporting its progress towards achieving the proposed outputs and outcomes, and describe them in their proposal. What are the measurable short term and longer term results the project will achieve? 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?

It is expected that the description of performance measures will include the following:

- oversight of project partners, subgrantees, and/or contractors and vendors;
- tracking and reporting project progress on expenditures, purchases, and other fiscal activities;
- tracking and reporting actual accomplishments versus proposed outputs/outcomes and proposed timelines/milestones;
- tracking and reporting project progress on installations/replacements by maintaining an accurate Project Fleet Description; and
- measuring and reporting on outcomes by maintaining an accurate Project Fleet Description and using U.S. EPA's Diesel Emission Quantifier.

iv. Cost Effectiveness Calculation

Project cost effectiveness is a programmatic priority for this grant. Each application must include a cost effectiveness calculation for the Annual Amount of Emissions Reduced and the Lifetime Amount of Emissions Reduced for each of the following pollutants: NOx, PM, hydrocarbons (HC), carbon monoxide (CO), and CO₂, where applicable.

Use the Diesel Emissions Quantifier to make this calculation. The quantifier provides estimates of both the Annual Amount of Emissions Reduced and the Lifetime Amount of Emissions Reduced. If you do not use the quantifier to calculate your cost effectiveness; describe your methodology for estimating or determining outcomes in detail. For example, equipment and vehicle vendors may have engine-specific data that was provided to the U.S. EPA to certify the engine's emission levels.

Each emission reduction estimate and measurements for a verified technology should be based on demonstrated emissions reductions and emission factors listed on the U.S. EPA or CARB's verified technology list.

Once the Annual and Lifetime Amount (of Emissions) Reduced are calculated, the cost effectiveness of a diesel emissions reduction project is determined by dividing the total amount of funding for the project (which includes equipment/vehicle costs, installation costs, administrative costs, travel costs, fees, etc. that are funded by the grant) by the Lifetime Amount (of Emissions) Reduced for each pollutant. Cost effectiveness values reflect the lifetime of the project, which is based on the remaining life of your fleets.

Report the Annual and Lifetime Emissions reductions as well as cost effectiveness of the project using the table in the template.

9. Budget

Please see the Budget Form which is available on the DEQ's [Michigan Clean Diesel Program Website](#) when completing the information below. The numbering and lettering listed below corresponds to numbering and lettering on the Budget Form.

i. Staffing Costs

In column A, list each staff person by name and title (project manager, senior analyst, clerical, etc.), the estimated number of hours each person will work on the project and his/her hourly rate. Place the costs for each staff person (number of hours times hourly rate) in columns B and C.

Each staff person listed under Staffing Cost should also be included in the Work Plan. Staffing costs for staff in agencies other than the grant recipient should be budgeted under Contractual.

Add subtotals.

No more than 15% of the recipients total project cost may be used to cover administrative type costs, (e.g. personnel, benefits, travel and supplies). Total project costs include the grant amount as well as any match provided by the recipient. Indirect costs are not considered administrative costs.

ii. Fringe Benefits

Fringe benefits can include insurance; FICA; federal, state, and local taxes; vacation and sick time; and workers' compensation. Most organizations have set fringe benefit rates. Use your agency's fringe benefit rate, not to exceed 40%. In column A, list each staff person and their fringe rate. Put the dollar amount corresponding with each staff person in columns B and C. The DEQ reserves the right to request applicants to supply information indicating how their fringe benefits were calculated. Then add subtotals.

iii. Contractual Services

Contractual costs are services or materials provided by a contractor or agencies other than the grant recipient. Any services that are not provided by the grant recipient should be listed here, including engineering services. If any part of the work in the grant is to be subcontracted, responses to this RFP must include a description of all work to be subcontracted. The description should include a work plan, time table, and budget for all work subcontracted. The State of Michigan reserves the right to approve all subcontractors for this project and reserves the right to require the grant recipient to replace subcontractors found to be unacceptable. In column A, list all contractual services. Put estimated amounts in columns B and C. All contractual services included here should also be included in the work plan. Subtotal contractual costs.

iv. Project Equipment, Supplies, and Materials

Project Equipment

- Equipment is defined as an article of non-expendable, tangible personal property having a useful life of more than one year.
- Grant funds can be used to purchase equipment.
- Equipment costs greater than \$10,000 will require the grantee to enter into a five-year commitment with the DEQ to continue operation of the equipment for five years after the ending date of the grant contract
- Itemize equipment on the Budget Form and explain any cost that may appear out of the ordinary.

Project Supplies and Materials

- For supplies and materials, specify the type of supplies and materials charged against the grant in column A. Itemize printing, postage, and other supplies and materials. Explain any cost that may appear out of the ordinary.
- Place corresponding costs of supplies and materials in columns B and C.
- Subtotal equipment, supplies, and materials.

v. Travel Costs

- Show mileage separate from lodging and meals in column A.
- Mileage costs should be shown in columns B and C as number of miles times mileage rate (\$.55 per mile is the highest allowable rate.)
- Under "Other" on the Budget Form include travel, other than mileage, to conferences and anticipated hotel/motel costs as separate line items. Conference and other training fees should also be included here.
- Subtotal your travel costs.

vi. Total Direct Costs

Total Direct Costs is the sum of all grant funds requested and all local match funds identified.

vii. Indirect Costs

Indirect costs have been referred to as the cost of doing business. Typical indirect costs are associated with, but not limited to: office space, telephones, office equipment rental and usage, utilities, and general office supplies.

Most agencies have set an indirect rate based on an analysis of reasonable overhead costs. Use your agency's indirect rate, up to 20% of staff salary and fringe benefits.

- In column A, indicate the percentage rate at which indirect costs are being calculated and the resulting indirect costs.
- Add indirect costs in columns B and C.
- Subtotal indirect costs in column D.

viii. Totals

Add the subtotals for each budget category.

Note: The totals at the bottom of the Budget Form should be the same as those on page 1 of your proposal.

ix. Sources of Match

Local match is a financial commitment made by the grant recipient and other local organizations to help implement the project. Local match is required of all applications. Labor, in-kind services, and materials can count as match:

- Whatever match you include in your application will become part of your contractual obligation, if your project is selected for full funding. Be sure your match commitment is realistic.
- Match activities will be held to the same standards as grant-funded activities.
- Match cannot be earned until the starting date of a contract signed by both parties.
- Letters of commitment are required in the proposal to document match commitments from partner organizations.

At the bottom of the second page of the budget, indicate the source(s) of local match and the corresponding dollar value committed by the applicant or other local sources.

While it is not required that an applicant provide match beyond the mandatory cost-share as described above, applicants may provide a voluntary cost-share or overmatch to improve the environmental outputs and outcomes of the project.

10. Audit/Review Letter

The Grantee must supply proof of a successful financial audit for a period ending within the 24 months immediately preceding the application as demonstrated by an Independent Auditor's

Report signed by a Certified Public Accountant from a Comprehensive Annual Report. The audit must be of the applicant organization – No fiduciary arrangements will be accepted.

11. U.S. EPA Fleet Description Spreadsheet

Describe the type(s) of vehicles/equipment to be used in the project including:

- The number, typical uses, and ownership of the vehicles or equipment engines targeted in this project for emissions reductions (e.g. two medium duty Class 6 trucks used for refuse hauling and 10 school buses). The ownership and type of fleet(s) may differ, depending on whether the project is administered by the actual owner of the fleet(s) or a secondary (partnership) organization.
- The age and supporting evidence of expected useful life of the vehicles, engines and/or equipment targeted in this project for emissions reductions. For vehicle/equipment replacements, supporting evidence that the replacement activity is an “early replacement” activity include:
 - Fleet characterization showing fleet age ranges and average turnover rates per vehicle.
 - Fleet owner’s budget plan, operating plan, standard procedures or retirement schedule.
- Complete the U.S. EPA Fleet Description Spreadsheet and attach to the proposal (see the [Michigan Clean Diesel Program Website](#)). The purpose of the Applicant Fleet Description is to describe in detail the specific vehicles and engines targeted for emission reductions as well as the diesel emission reduction solution(s) to be implemented under the proposed project.

Resources to assist in completing the spreadsheet and in determining diesel engine emission levels based on type of vehicle/equipment, on road or off road status and model year of engine:

- DieselNet: www.dieselnet.com/standards/
- U.S. EPA’s Emissions Standards Reference Guide: <http://www.epa.gov/otaq/standards/heavy-duty/index.htm>
- U.S. EPA’s Engine Certification Data for Heavy Duty Trucks, Buses and Engines: www.epa.gov/otaq/certdata.htm

12. Letters of Commitment

Include Letters of Commitment from project partners on their letterhead. Letters of Commitment should document the match committed by the partner.

Appendix A

(The Michigan Clean Diesel Grant Program proposal template is also available on the [Michigan Clean Diesel Program Website](#))

Grant Proposal Cover Sheet

Check the boxes that best represent the fleets targeted in the proposal

- School bus(es)
 - Municipal bus(es)
 - Medium-duty truck(s)
 - Long Haul truck(s)
 - Heavy duty truck(s), not elsewhere specified
 - Marine vessel(s)
 - Non-road equipment – construction/material handling
 - Non-road equipment – port/rail/material handling
 - Non-road equipment - mining
 - Non-road equipment - agricultural
 - Energy production equipment
-

GRANT ACCEPTANCE

Name of Person with Grant Acceptance Authority:

Title of Person:

Signature:

Title of Signatory

Date

**Michigan Department of Environmental Quality
2015 Clean Diesel Grant Program
Request for Proposals
Grant Proposal Template**

Project Name:	
Applicant/Organization's Name:	
City:	
County:	

I. Project Summary

II. Work Plan

III. Commitment to the [U.S. EPA](#), regional [MCDI](#) and the DEQ's Programmatic Priorities

- This certifies that my organization is committed to helping the U.S. EPA, the Midwest and Michigan Clean Diesel Initiatives, and the DEQ achieve clean diesel programmatic priorities as outlined in the "Instructions" section of this document and the project proposal.

IV. Description of Administrative Abilities, Staff Expertise and Previous Project History

Staff and Partner Roles and Responsibilities

Name of Project Staff	Title of Staff	Affiliated Organization	Role/Responsibility with the Project

Previous (Grant) Project Experience

Name of Grant Project	Start and End Dates of Grant	Name of Grantor/ Agency	Grant Project Number

V. Timeline and a description of Tasks/ Milestones

Anticipated Timeline for Completion	Task or Milestone to Achieve

VI. Anticipated Outputs/Outcomes

Outputs – Type of Fleet -Vehicles Used in Project

Applicant Name:		City:		County:	
Fleet Type	Fleet Owner	Industry	Technology	Total Number of Vehicles/Eq.	Total Number of Engines Affected

Outcomes – Short, Medium and Long-Term

- Short-term and Medium-term Outcomes:
- Long Term Outcomes:

Outcomes - Cost Effectiveness Calculations

Type of Pollutant	Annual Emission Reductions (tons/yr.)	Lifetime Emissions Reductions (tons/yr.)	Total Grant Cost Effectiveness
NOx			
PM			
HC			
CO			
CO2			
Amount of Grant Funding Used for Project Activities:\$			

Source of Cost Effectiveness Calculations:

VII. Audit Review Letter

VIII. Budget Form (attach as Appendix A of the proposal)

An editable version of the budget sheet can be accessed on the [Michigan Clean Diesel Program Website](#). Your budget must be completed and submitted on this form to fulfill the budget requirement of your proposal. Alternate budget forms will not be considered.

IX. U.S. EPA Fleet Description Spreadsheet (attach as Appendix B of the proposal)

An editable version of the U.S. EPA Fleet Description Spreadsheet can be accessed on the [Michigan Clean Diesel Program Website](#). This appendix should also include supporting evidence indicating that proposed replacement projects constitute an “early replacement.”

X. Letters of Commitment (attach as Appendix C of the proposal)

**Michigan Department of Environmental Quality
2015 Clean Diesel Grant Program
Request for Proposals
Checklist for Proposal Submission**

- Grant Proposal Cover Sheet (pages 1 and 2 of the proposal)
 - Signed by Grant Acceptance Authority
- Grant Project Proposal Format (pages 3-10 of the proposal)
 - Work Plan
- Budget Form (attach as Appendix A of the proposal)
 - A letter from a certified public accountant documenting that the organization has undergone a successful financial audit within the last 24 months.
- U.S. EPA Fleet Description Spreadsheet, including additional supporting evidence indicating that replacement activity is an “early replacement” (attach as Appendix B of the proposal).
- Replacement Demonstration
 - Documentation showing the cleaner emission levels for the new engine for equipment/vehicle replacements.
 - A detailed comparison showing the cost differential between repowering an equipment/vehicle and replacing a similar equipment/vehicle, or the cost differential between replacing a piece of equipment/vehicle vs. repowering a similar piece of equipment/vehicle.
- Letters of Commitment (attach as Appendix C of the proposal)
- Electronic copies of the following delivered via email to Mr. Chris Affeldt at affeldtc@michigan.gov.
 - Grant Proposal Cover Sheet (pages 1 and 2 of the proposal)
 - Grant Project Proposal Format (pages 3-10 of the proposal)
 - Budget Form (Appendix A of the proposal)
 - U.S. EPA Fleet Description Spreadsheet (Appendix B of the proposal)
 - Letters of Commitment (Appendix C of the proposal)

- Two hard copies of the entire proposal and appendices, sent by postal or overnight delivery mail or hand delivery as follows:

Grant applications sent via U.S. Postal Service must be addressed to:

Clean Diesel Coordinator
Michigan Department of Environmental Quality
Office of Environmental Assistance
P.O. Box 30457
Lansing, Michigan 48909-7957

For hand delivery, commercial carrier, or overnight mail, applications must be addressed to:

Clean Diesel Coordinator
Michigan Department of Environmental Quality
Office of Environmental Assistance
525 West Allegan, CH-1S
Lansing, Michigan 48933

Proposals will not be accepted by fax.

Appendix B

2015 STATE CLEAN DIESEL GRANT CONTRACT
 BETWEEN THE
 MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY
 AND **GRANTEE NAME**

This Grant Contract ("Contract") is made between the Michigan Department of Environmental Quality, Office of Environmental Assistance ("State") and **Name of Grantee** ("Grantee").

The purpose of this Contract is to provide funding in exchange for work to be performed for the project named below. The State is authorized to provide grant assistance pursuant to the U.S. EPA's National Clean Diesel Campaign which is authorized under the U.S. Energy Policy Act of 2005, Subtitle G, Section 793. This Contract is subject to the terms and conditions specified herein.

Project Name: _____ Project #: _____
 Amount of grant: \$ _____ 100% of grant federal
 Amount of match: \$ _____ = _____% PROJECT TOTAL: \$ _____ (grant plus match)
 Start Date: Date executed by the State End Date: _____

GRANTEE CONTACT:

STATE'S CONTACT:

 Name/Title

 Organization

 Address

 Address

 Telephone number

 Fax number

 E-mail address

 Federal ID number

 DUNS number

 Name/Title

 Division/Bureau/Office

 Address

 Address

 Telephone number

 Fax number

 E-mail address

The individuals signing below certify by their signatures that they are authorized to sign this Grant Contract on behalf of their agencies, and that the parties will fulfill the terms of this Contract, including the attached appendix, as set forth herein.

FOR THE GRANTEE:

 Signature

 Name/Title

 Date

FOR THE STATE:

 Signature

 Name/Title

 Date

I. PROJECT SCOPE

This Contract and its appendices constitute the entire Contract between the State and the Grantee and may be modified only by written agreement between the State and the Grantee.

(A) The scope of this project is limited to the activities specified in Appendix A, and such activities as are authorized by the State under this Contract. Any change in project scope requires prior written approval in accordance with Section III, Changes, in this Contract.

(B) By acceptance of this Contract, the Grantee commits to complete the project identified in Appendix A within the time period allowed for in this Contract and in accordance with the terms and conditions of this Contract.

II. CONTRACT PERIOD

Upon signature by the State, the Contract shall be effective from the Start Date until the End Date on page 1. The State shall have no responsibility to provide funding to the Grantee for project work performed except between the Start Date and the End Date specified on page 1. Expenditures made by the Grantee prior to the Start Date or after the End Date of this Contract are not eligible for payment under this Contract.

III. CHANGES

Any changes to this Contract shall be requested by the Grantee in writing, and approved in writing by the State. The State reserves the right to deny requests for changes to the Contract or to the appendices. No changes can be implemented without approval by the State.

IV. GRANTEE DELIVERABLES AND REPORTING REQUIREMENTS

The Grantee shall submit deliverables and follow reporting requirements specified in Appendix A of this Contract.

(A) The Grantee must complete and submit quarterly financial and progress reports according to a form and format prescribed by the State and must include supporting documentation of eligible project expenses. These reports shall be due according to the following:

1. Financial Status Report Schedule

Reporting period	Due Date
January 1 – March 31	April 30
April 1 – June 30	July 31
July 1 – September 30	Before October 1*
October 1 – December 31	January 31

*Due to the State’s year-end closing procedures, there will be an accelerated due date for the report covering July 1 – September 30. Advance notification regarding the due date for the quarter ending September 30 will be sent to the Grantee. If the Grantee is unable to submit a report in early October for the quarter ending September 30, an estimate of expenditures through September 30 must be submitted to allow the State to complete its accounting for that fiscal year.

The forms provided by the State shall be submitted to the State’s contact at the address on page 1. All required supporting documentation (invoices, proof of payment, etc.) for expense must be included with the report.

(B) The Grantee shall provide a final project report in a format prescribed by the State. The Grantee shall submit the final status report, including all supporting documentation for expenses, along with the final project report and any other outstanding products within 30 days from the End Date of the Grant.

(C) The Grantee must provide one electronic copy of all products and deliverables in accordance with Appendix A

(D) All products shall acknowledge that the project was supported in whole or in part by the State Clean Diesel Grant, Department of Environmental Quality, per the guidelines provided by the program.

V. GRANTEE RESPONSIBILITIES

(A) The Grantee agrees to abide by all local, state, and federal laws, rules, ordinances and regulations in the performance of this grant.

(B) All local, state, and federal permits, if required, are the responsibility of the Grantee. Award of this grant is not a guarantee of permit approval by the State.

(C) The Grantee shall be solely responsible to pay all taxes, if any, that arise from the Grantee's receipt of this grant.

(D) The Grantee is responsible for the professional quality, technical accuracy, timely completion, and coordination of all designs, drawings, specifications, reports, and other services furnished by the Grantee or its subcontractor under this Contract. The Grantee or its subcontractor shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in designs, drawings, specifications, reports, or other services.

(E) The State's approval of drawings, designs, specifications, reports, and incidental work or materials furnished hereunder shall not in any way relieve the Grantee of responsibility for the technical adequacy of the work. The State's review, approval, acceptance, or payment for any of the services shall not be construed as a waiver of any rights under this Contract or of any cause of action arising out of the performance of this Contract.

(F) The Grantee acknowledges that it is a crime to knowingly and willingly file false information with the State for the purpose of obtaining this Contract or any payment under the Contract, and that any such filing may subject the Grantee, its agents, and/or employees to criminal and civil prosecution and/or termination of the grant.

VI. USE OF MATERIAL

Unless otherwise specified in this Contract, the Grantee may release information or material developed under this Contract, provided it is acknowledged that the State funded all or a portion of its development.

The State retains an irrevocable license to reproduce, publish and use in whole or in part, and authorize others to do so, any copyrightable material submitted under this grant whether or not the material is copyrighted by the Grantee or another person. The Grantee will only submit materials that the State can use in accordance with this paragraph.

Unless otherwise specified in this Contract, the Grantee may not patent products or processes developed under this Contract.

VII. ASSIGNABILITY

The Grantee shall not assign this Contract or assign or delegate any of its duties or obligations under this Contract to any other party without the prior written consent of the State. The State does not assume responsibility regarding the contractual relationships between the Grantee and any subcontractor.

VIII. SUBCONTRACTS

The State reserves the right to deny the use of any consultant, contractor, associate, or other personnel to perform any portion of the project. The Grantee is solely responsible for all contractual activities performed under this Contract. Further, the State will consider the Grantee to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Grant. All subcontractors used by the Grantee in performing the project shall be subject to the provisions of this Contract and shall be qualified to perform the duties required.

IX. NON-DISCRIMINATION

The Grantee shall comply with the Elliott Larsen Civil Rights Act, 1976 PA 453, as amended, MCL 37.2101 et seq, the Persons with Disabilities Civil Rights Act, 1976 PA 220, as amended, MCL 37.1101 et seq, and all other federal, state and local fair employment practices and equal opportunity laws and covenants that it shall not discriminate against any employee or applicant for employment, to be employed in the performance of this Contract, with respect to his or her hire, tenure, terms, conditions, or privileges of employment, or any matter directly or indirectly related to employment, because of his or her race, religion, color, national origin, age, sex, height, weight, marital status, or physical or mental disability that is unrelated to the individual's ability to perform the duties of a particular job or position. The Grantee agrees to include in every subcontract entered into for the performance of this Contract this covenant not to discriminate in employment. A breach of this covenant is a material breach of this Contract.

X. UNFAIR LABOR PRACTICES

The Grantee shall comply with the Employers Engaging in Unfair Labor Practices Act, 1980 PA 278, as amended, MCL 423.321 et seq.

XI. LIABILITY

(A) The Grantee, not the State, is responsible for all liabilities as a result of claims, judgments, or costs arising out of activities to be carried out by the Grantee under this Contract, if the liability is caused by the Grantee, any subcontractor, or anyone employed by the Grantee.

(B) All liability as a result of claims, demands, costs, or judgments arising out of activities to be carried out by the State in the performance of this Contract is the responsibility of the State and not the responsibility of the Grantee if the liability is caused by any State employee or agent.

(C) In the event that liability arises as a result of activities conducted jointly by the Grantee and the State in fulfillment of their responsibilities under this Contract, such liability is held by the Grantee and the State in relation to each party's responsibilities under these joint activities.

(D) Nothing in this contract should be construed as a waiver of any governmental immunity by the Grantee, the State, its agencies, or their employees as provided by statute or court decisions.

XII. CONFLICT OF INTEREST

No government employee, or member of the legislative, judicial, or executive branches, or member of the Grantee's Board of Directors, its employees, partner agencies or their families shall benefit financially from any part of this Contract.

XIII. ANTI-LOBBYING

If all or a portion of this contract is funded with federal funds, then in accordance with OMB Circular A-21, A-87, or A-122, as appropriate, the Grantee shall comply with the Anti-Lobbying Act which prohibits the use of all project funds regardless of source, to engage in lobbying the state or federal government or in litigation against the State. Further, the Grantee shall require that the language of this assurance be included in the award documents of all subawards at all tiers.

If all or a portion of this contract is funded with state funds, then the Grantee shall not use any of the grant funds awarded in this contract for the purpose of lobbying as defined in the State of Michigan's lobbying statute, MCL 4.415(2). "Lobbying" means communicating directly with an official of the executive branch of state government or an official in the legislative branch of state government for the purpose of influencing legislative or administrative action." The Grantee shall not use any of the grant funds awarded in this contract for the purpose of litigation against the State. Further, the Grantee shall require that language of this assurance be included in the award documents of all subawards at all tiers.

XIV. DEBARMENT AND SUSPENSION

By signing this Contract, the Grantee certifies to the best of its knowledge and belief that it, its agents, and its subcontractors:

- (1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or the state.
- (2) Have not within a three-year period preceding this Contract been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction, as defined in 45CFR1185; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.
- (3) Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses enumerated in subsection (2).
- (4) Have not within a three-year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.
- (5) Will comply with all applicable requirements of all other state or federal laws, executive orders, regulations, and policies governing this program.

XV. AUDIT AND ACCESS TO RECORDS

The State reserves the right to conduct a programmatic and financial audit of the project, and the State may withhold payment until the audit is satisfactorily completed. The Grantee will be required to maintain all pertinent records and evidence pertaining to the grant contract, including grant and any required matching funds, in accordance with generally accepted accounting principles and other procedures specified by the State. The State or any of its duly authorized representatives must have

access, upon reasonable notice, to such books, records, documents, and other evidence for the purpose of inspection, audit, and copying. The Grantee will provide proper facilities for such access and inspection. All records must be maintained for a minimum of five years after the final payment has been issued to the Grantee by the State.

XVI. INSURANCE

(A) The Grantee must maintain insurance or self-assurance that will protect it from claims that may arise from the Grantee's actions under this Contract or from the actions of others for whom the Grantee may be held liable.

(B) The Grantee must comply with applicable workers' compensation laws while engaging in activities authorized under this Contract.

XVII. OTHER SOURCES OF FUNDING

The Grantee guarantees that any claims for reimbursement made to the State under this Contract must not be financed by any source other than the State under the terms of this Contract. If funding is received through any other source, the Grantee agrees to delete from Grantee's billings, or to immediately refund to the State, the total amount representing such duplication of funding.

XVIII. COMPENSATION

(A) A breakdown of costs allowed under this Contract is identified in Appendix A. The State will pay the Grantee a total amount not to exceed the amount on page one of this Contract, in accordance with Appendix A, and only for expenses incurred and paid. All other costs necessary to complete the project are the sole responsibility of the Grantee.

(B) Expenses incurred by the Grantee prior to the Start Date or after the End Date of this Contract are not allowed under the Contract.

(C) The State will approve payment requests after approval of reports and related documentation as required under this Contract.

(D) The State reserves the right to request additional information necessary to substantiate payment requests.

(E) Payments under this Contract may be processed by Electronic Funds Transfer (EFT). The Grantee may register to receive payments by EFT at the Contract & Payment Express Web Site (<http://www.cpexpress.state.mi.us>).

(F) An amount equal to 10 percent of the grant award will be withheld by the State until the project is completed in accordance with Section XIX, Closeout and Appendix A.

(G) The Grantee is committed to the match percentage on page 1 of the Contract, in accordance with Appendix A. The Grantee shall expend all local match committed to the project by the End Date on page 1 of the Contract.

XIX. CLOSEOUT

(A) A determination of project completion, which may include a site inspection and an audit, shall be made by the State after the Grantee has met any match obligations, satisfactorily completed the activities, and provided products and deliverables described in Appendix A.

(B) Upon issuance of final payment from the State, the Grantee releases the State of all claims against the State arising under this Contract. Unless otherwise provided in this Contract or by State law, final payment under this Contract shall not constitute a waiver of the State's claims against the Grantee.

(C) The Grantee shall immediately refund to the State any payments in excess of the costs allowed by this Contract.

XX. CANCELLATION

This Contract may be canceled by the State, upon 30 days written notice, due to Executive Order, budgetary reduction, other lack of funding, upon request by the Grantee, or upon mutual agreement by the State and Grantee. The State reserves the right to provide just and equitable compensation to the Grantee for all satisfactory work completed under this Contract.

XXI. TERMINATION

(A) This Contract may be terminated by the State as follows.

(1) Upon 30 days written notice to the Grantee:

- a. If the Grantee fails to comply with the terms and conditions of the Contract, or with the requirements of the authorizing legislation cited on page 1, or the rules promulgated thereunder, or other applicable law or rules.
- b. If the Grantee knowingly and willingly presents false information to the State for the purpose of obtaining this Contract or any payment under this Contract.
- c. If the State finds that the Grantee, or any of the Grantee's agents or representatives, offered or gave gratuities, favors, or gifts of monetary value to any official, employee or agent of the State in an attempt to secure a subcontract or favorable treatment in awarding, amending, or making any determinations related to the performance of this Contract.
- d. During the 30-day written notice period, the State shall also withhold payment for any findings under subparagraphs a through c, above.
- e. If the Grantee or any subcontractor, manufacturer or supplier of the Grantee appears in the register of persons engaging in unfair labor practices that is compiled by the Department of Labor & Economic Growth or its successor.

(2) Immediately and without further liability to the State if the Grantee, or any agent of the Grantee, or any agent of any subcontract is:

- a. Convicted of a criminal offense incident to the application for or performance of a State, public, or private contract or subcontract;
- b. Convicted of a criminal offense, including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees;
- c. Convicted under State or federal antitrust statutes; or
- d. Convicted of any other criminal offense which, in the sole discretion of the State, reflects on the Grantee's business integrity.
- e. Added to the federal or state Suspension and Debarment list.

(B) If a grant is terminated, the State reserves the right to require the Grantee to repay all or a portion of funds received under this Contract.

XXII. DISCLOSURE OF INFORMATION

All reports and other printed or electronic material prepared by or for the Grantee under the Contract will not be distributed without the prior written consent of the State.

PROGRAM SPECIFIC SECTION

XXII. FEDERAL FUNDING REQUIREMENTS

A maximum of 100 % of total disbursements is funded with Federal Funding. The Catalog of Federal Domestic Assistance (CFDA.) title is State Clean Diesel Grant Program and the CFDA number is 66.040. The federal grant number is DS00E66603, and this grant is funded with Federal funds from the U.S. Environmental Protection Agency. By accepting this Contract, the Grantee shall comply with all applicable Federal statutes and regulations in effect with respect to the period during which it receives grant funding. These regulations include, but are not limited to, the following:

(A) SINGLE AUDIT. Grantees expending \$500,000 or more in federal funds in their fiscal year shall have a single audit performed in compliance with OMB Circular A-133, Revised June 24, 1997, "Audits of State, Local Governments, & Non-Profit Organizations. This audit must be performed and copies provided to the appropriate agencies within nine months from the end of the grantee's fiscal year. The Grantee must submit a copy of the Audit Report to the Michigan Department of Environmental Quality, at the following address:

Michigan Department of Environmental Quality
Administration Division-Federal Aid Section
525 W. Allegan Street
Constitution Hall 6th Floor South Tower
Lansing, MI 48909

Or, the grantee may also submit the single audit report electronically to the Michigan Department of Treasury website (http://www.michigan.gov/treasury/0,1607,7-121-1751_31038---,00.html.)

It is the responsibility of the Grantee to report the expenditures related to this grant on the Grantee's annual Schedule of Expenditures of Federal Awards.

(B) The Grantee agrees to fulfill conditions that the Federal Government has imposed on the State as a condition of Federal funding as indicated herein and in all appendices.

(C) UTILIZATION OF SMALL, MINORITY AND WOMEN'S BUSINESS ENTERPRISES. The recipient agrees to comply with the requirements of the U.S. EPA's Program for Utilization of Small, Minority and Women's Business Enterprises (MBE/WBE) in procurement under assistance agreements, contained in 40 CFR, Part 33.

In accordance with the U.S. EPA's Program for Utilization of Small, Minority and Women's Business Enterprises (MBE/WBE) in procurement under assistance programs, contained in 40 CFR, Part 33, Subpart C, the Grantee agrees to Accept the applicable "fair share" goals negotiated with U.S. EPA by the Michigan Department of Environmental Quality as follows:

MBE 2% WBE 6%

SIX GOOD FAITH EFFORTS

Pursuant to 40 CFR, Section 33.301, the recipient agrees to make the following good faith efforts whenever procuring construction, equipment, services and supplies under this agreement, and to

ensure that sub-recipients, loan recipients and prime contractors also comply. Records documenting compliance with the six good faith efforts shall be retained:

- (a) Ensure Disadvantaged Business Enterprises (DBEs) are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
- (b) Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, whether the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
- (c) Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and local government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
- (d) Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
- (e) Use the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce in finding DBEs.
- (f) If the prime contractor awards subcontracts, require the prime contractor to take the steps in paragraphs (a) through (e) of this section.

MBE/WBE REPORTING

The recipient agrees to complete and submit EPA Form 5700-52A, "MBE/WBE Utilization Under Federal Grants, Cooperative Agreements and Interagency Agreements" beginning with the Federal fiscal year reporting period the recipient receives the award, and continuing until the project is completed. The reports must be submitted annually for the period ending September 30 for 40 CFR Part 30 Recipients (Non-profits and Institutions of Higher Education); and 40 CFR Part 35 Subpart A and Subpart B Recipients.

Final MBE/WBE reports must be submitted within 90 days after the project period of the grant ends. EPA Form 5700-52A may be obtained on the Internet at www.epa.gov/osbp.

The recipient agrees to comply with the contract administrations provisions of 40 CFR, Section 33.302, which establishes that a prime contractor must pay its subcontractor by 30 days after the grant recipient has made payment.

(D) HOTEL-MOTEL FIRE SAFETY. Pursuant to 40 CFR 30.18, if applicable, and 15 USC 2225a, the recipient agrees to ensure that all space for conferences, meetings, conventions, or training seminars funded in whole or in part with federal funds complies with the protection and control guidelines of the Hotel and Motel Fire Safety Act (PL 101-391, as amended). Recipients may search the Hotel-Motel National Master List at <http://www.usfa.dhs.gov/applications/hotel/> to see if a property is in compliance (FEMA ID is currently not required), or to find other information about the Act.

(E) RECYCLED PAPER. In accordance with the polices set forth in EPA Order 1000.25 and Executive Order 13423, Strengthening Federal Environmental, Energy and Transportation

Management (January 24, 2007), the recipient agrees to use recycled paper and double sided printing for all reports which are prepared as a part of this agreement and delivered to DEQ. This requirement does not apply to reports prepared on forms supplied by EPA, or to Standard Forms, which are printed on recycled paper and are available through the General Services Administration.

(F) PROCUREMENT OF RECYCLED PRODUCTS. Any State agency or agency of a political subdivision of a State which is using appropriated Federal funds shall comply with the requirements set forth in Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

(G) COPYRIGHTED MATERIAL. In accordance with 40 CFR 31.34 for State, local and Indian Tribal governments or 40 CFR 30.36 for other recipients, the U.S. EPA has the right to reproduce, publish, use, or authorize others to use copyrighted works or other data developed under this assistance agreement for Federal purposes. Examples of Federal purpose include but are not limited to: (1) Use by the U.S. EPA and other Federal employees for official Government purposes; (2) Use by Federal contractors performing specific tasks for the Government; (3) Publication in U.S. EPA documents provided the documents do not disclose trade secrets (e.g. software codes) and the work is properly attributed to the recipient through citation or otherwise; (4) Reproduction of documents for inclusion of Federal depositories; (5) Use by State, tribal and local governments that carry out delegated Federal environmental programs as “co-regulators” or act as official partners with the U.S. EPA to carry out a national environmental program within their jurisdiction; (6) Limited use by other grantees to carry out Federal grants provided the use is consistent with the terms of the U.S. EPA’s authorization to the grantee to use the copyrighted works or other data.

The grantee acknowledges that EPA may authorize another grantee(s) to use the copyrighted works or other data developed under this grant as a result of: a. the selection of another grantee by the U.S. EPA to perform a project that will involve the use of the copyrighted works or other data or; b. termination or expiration of this agreement. In addition, the U.S. EPA may authorize another grantee to use copyrighted works or other data developed with Agency funds provided under this grant to perform another grant when such use promotes efficient and effective use of Federal grant funds.

(H) DRUG-FREE WORKPLACE. The recipient organization of this U.S. EPA assistance agreement must make an ongoing, good faith effort to maintain a drug-free workplace pursuant to the specific requirements set forth in Title 2 CFR Part 1536 Subpart B. Additionally, in accordance with these regulations, the recipient organization must identify all known workplaces under its federal awards, and keep this information on file during the performance of the award.

(I) TRAFFICKING IN PERSONS. Grantees, contractors, and subcontractors may not engage in severe forms of trafficking in persons, procure a commercial sex act, or use forced labor in the performance of the grant or subcontracts.

(J) CONSULTANT CAP. Payment to consultants. EPA participation in the salary rate (excluding overhead) paid to individual consultants retained by recipients or by a recipient’s contractors or subcontractors shall be limited to the maximum daily rate for a Level IV of the Executive Schedule (formerly GS-18), to be adjust annually. This limit applies to consultation services of designated individuals with specialized skills who are paid at a daily or hourly rate. As of January 1, 2014, the

limit is \$604.23 per day and \$75.53 per hour. This rate does not include transportation and subsistence costs for travel performed (the recipient will pay these in accordance with their normal travel reimbursement practices),

Sub agreements with firms for services which are awarded using the procurement requirements in 40 CFR 30 or 31, as applicable, are not affected by this limitation unless the terms of the contract provided the recipient with responsibility for the selection, direction, and control of the individuals who will be providing services under the contract at an hourly or daily rate of compensation. See 40 CFR 31.36(j) or 30.27(b).

(K) SUBAWARDS

- a. The recipient agrees to:
 - (1) Establish all subaward agreements in writing;
 - (2) Ensure that any subawards comply with the standards in Section 210(a)-(d) of OMB Circular A-133 and are not used to acquire commercial goods or services for the recipient;
 - (3) Ensure that any subawards are awarded to eligible subrecipients and that proposed subaward costs are necessary, reasonable, and allocable;
 - (4) Ensure that any subawards to 501(c)(4) organizations do not involve lobbying activities;
 - (5) Monitor the performance of their recipients and ensure that they comply with all applicable regulations, statutes, and terms and conditions which flow down in the subaward;
 - (6) Obtain DEQ's consent before making a subaward to a foreign or international organization, or a subaward to be performed in a foreign country; and
 - (7) Obtain approval from DEQ for any new subaward work that is not outlined in the approved work plan in accordance with 40 CFR Parts 30.25 and 31.30, as applicable.
- b. Any questions about subrecipient eligibility or other issues pertaining to subawards should be addressed to the recipient's DEQ Project Manager. Additional information regarding subawards may be found at <http://www.epa.gov/ogd/guide/subaward-policy-part-2.pdf> Guidance for distinguishing between vendor and subrecipient relationships and ensuring compliance with Section (a)-(d) of OMB Circular A-133 can be found at <http://www.epa.gov/ogd/guide/subawards-appendix-b.pdf> and http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf
- c. The recipient is responsible for selecting its subrecipients and, if applicable, for conducting subaward competitions.

(L) LIGHT REFRESHMENTS AND MEALS. The Grantee agrees to obtain prior approval from the DEQ project administrator for the use of grant funds for light refreshments and/or meals served at meetings, conferences, training workshops and outreach activities (events). The Grantee must send requests for approval to the DEQ project administrator and include:

- (1) An estimated budget and description for the light refreshments, meals, and/or beverages to be served at the event(s);
- (2) A description of the purpose, agenda, location, length and timing for the event.
- (3) An estimated number of participants in the event and a description of their roles.

Note: U.S. General Services Administration regulations define light refreshments for morning, afternoon or evening breaks to include, but not be limited to, coffee, tea, milk, juice, soft drinks, donuts, bagels, fruit, pretzels, cookies, chips, or muffins. (41 CFR 301-74.11)

(M) EMISSIONS CONTROL TECHNOLOGIES. Emissions Reduction Projects funded pursuant to this assistance agreement must use verified technologies and/or must use engines and engine configurations certified by EPA and, if applicable, CARB Technologies are verified under EPA or California's Retrofit Verification Program. See <http://epa.gov/cleandiesel/verification/verif-list.htm> for an updated list of EPA's verified technologies and <http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm> for a list of CARB's verified technologies.

Any question as to the eligibility or preference of a retrofit technology, including vehicle/equipment replacement and repowers, should be directed to the DEQ Project Manager. Technology changes may not be allowed after a final workplan has been approved.

(N) USE OF FUNDS RESTRICTION.

- A. Mandated Measures: Recipient agrees that funds under this award cannot be used for emissions reductions that are mandated under federal law. This refers to specific compliance dates within the mandate, not when the mandate is passed. Voluntary or elective emissions reduction measures shall not be considered "mandated," regardless of whether the reductions are included in the State Implementation Plan of a State.
- B. Normal Attrition: Recipient agrees that funds under this award cannot be used for emission reductions that result from vehicle/equipment replacements or repowers that would have occurred through normal attrition/fleet turnover within three years of the project start date.
- C. Fleet Expansion: Recipient agrees that funds under this award, including subawards/subgrants cannot be used for the purchase of vehicles or equipment to expand a fleet. The recipient agrees that:
 - i. The replacement vehicle, engine, or equipment will perform the same function and operation 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);
 - ii. 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).
 - iii. The engine being replaced will be scrapped or rendered permanently disabled within ninety (90) days of the replacement, or returned to the original engine manufacturer for remanufacturing to a certified cleaner emission standard. Remanufacturing must be completed during the project period. Permanently disabling the engine while retaining possession of the engine is an acceptable scrapping method. Disabling the engine may be completed by drilling a hole in the engine block (the part of the engine containing the cylinders). Alternatively, disabling the engine may be completed by removing the engine oil from the crankcase, replacing it with a 40 percent solution of sodium silicate and running the engine for a short period of time at low speeds, thus rendering the engine inoperable. Remanufacturing of non-road engines requires that the engine be returned to the original engine manufacturer for remanufacturing to a certified cleaner emission standard. Remanufacturing of highway engines requires that the engine be returned to the original engine manufacturer for remanufacturing to MY 2007 or newer certified emissions standards. Other acceptable scrapping methods may be considered and will require prior approval. If scrapped or remanufactured engines are to be sold, program income requirements apply.
 - iv. The vehicle/equipment being replaced will be scrapped or rendered permanently disabled within ninety (90) days of the replacement, or returned to the original engine manufacturer for remanufacturing to a certified cleaner emission standard.

Remanufacturing must be completed during the project period. Permanently disabling the chassis and the engine (see above) while retaining possession of the vehicle/equipment is an acceptable scrapping method. Disabling the chassis may be completed by cutting the chassis in half. Remanufacturing of non-road vehicles/equipment requires that the vehicle/equipment be returned to the original engine manufacturer for remanufacturing to a certified cleaner emission standard. Remanufacturing of highway vehicles/equipment requires that the vehicle/equipment be returned to the original engine manufacturer for remanufacturing to MY 2007 or newer certified emission standards. Other acceptable scrapping methods may be considered and will require prior U.S. EPA approval. Vehicle/equipment components that are not part of the engine or chassis may be salvaged from the unit being replaced (e.g. plow blades, shovels, seats, etc.). If scrapped or remanufactured vehicles/equipment or salvaged vehicles/equipment chassis or components are to be sold, program income requirements apply.

D. Certified Vehicle/Equipment Replacement:

- i. Non-road Diesel Vehicles and Equipment: DEQ will fund the incremental cost of a newer, cleaner vehicle or piece of equipment powered by a 2013 model year or newer certified non-road diesel engine, up to 25% of the cost of an eligible replacement vehicle or piece of equipment; recipient is responsible for cost-sharing at least 75% of the cost of an eligible replacement vehicle or piece of equipment.
- ii. Highway Diesel Vehicles: DEQ will fund the incremental cost of a newer, cleaner medium or heavy-duty vehicle powered by an engine certified to the 2013 model year or newer standards for highway heavy-duty diesel engines, up to 25% of the cost of an eligible replacement vehicle/equipment; recipient is responsible for cost-sharing at least 75% of an eligible replacement vehicle or piece of equipment.
- iii. Drayage Vehicle Replacement: DEQ will fund up to 25% of the cost of eligible drayage trucks with a 2010 model year or newer heavy-duty engine equipped with a diesel particulate filter (or diesel oxidation catalyst in the case of a CNG engine); recipient is responsible for cost-sharing at least 75% of an eligible drayage replacement vehicle.

Matching Funds: Recipient agrees that funds under this award cannot be used for matching funds for other federal grants, lobbying, or intervention in federal regulatory or adjudicatory proceedings, and cannot be used to sue the Federal Government or any other government entity. Likewise, recipient may not use federal funds as cost-share funds for the State Clean Diesel Grant Program, including funds received under the National Diesel Emissions Reduction Program and federal Supplemental Environmental Project (SEP) funds.

(O) PROGRAM INCOME. If program income is generated during the course of the project, program income requirements apply. Program income is defined as gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. "During the grant period" is the time between the Start Date of the grant and the End Date of the granted reflected on page 1. Program income earned during the project period shall be retained by the recipient and, in accordance with 40 CFR Parts 31.25 and 30.24, recipient is authorized to use program income as follows:

- a. Program income may be added to funds committed to the project by DEQ and recipient and used to further eligible project or program objectives. The program income shall be used for the purposes and under the conditions of the grant agreement.
- b. Program income may be used to finance the non-Federal share of the project or program, including any mandatory or voluntary cost-share. The amount of the Federal grant award remains the same.
- c. Deducted from the total project or program allowable cost in determining the net allowable costs on which the Federal share of the costs is based. This means that the

recipient shall spend program income on project activities before spending/requesting federal funds for project activities. This may result in unspent federal funds at the end of the project period.

The recipient will maintain records adequate to document the extent to which transactions generate program income and the disposition of program income.

(P) EQUIPMENT USE, MANAGEMENT, AND DISPOSITION. These equipment use, management, and disposition instructions are applicable to assistance agreement recipients and subrecipients acquiring equipment under this award.

Recipient agrees the equipment acquired under this assistance agreement will be subject to the use and management and disposition regulations at 40 CFR 30.34 and 31.32, as applicable. Equipment is defined as tangible non-expendable personal property having a useful life of more than one year and an acquisition cost and/or current market value of \$5,000 or more per unit. Certified or verified technologies, vehicles, engines and non-road equipment are considered to be equipment to the extent they fall within this definition.

Recipient agrees that at the end of the project period the recipient will continue to use the equipment purchased under this assistance agreement in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds.

(Q) PROCUREMENT AND SUB-GRANT PROCEDURES. The recipient must follow applicable procurement and sub-grant procedures. EPA and the DEQ will not be a party to these transactions. If EPA funds are used to purchase goods or services, recipient agrees to compete the contracts for those goods and services and conduct cost and price analyses to the extent required by the fair and open competition for procurement provisions of 40 CFR Part 31, as appropriate. Approval of funding proposal does not relieve recipients of their obligations to compete service contracts, conduct cost and price analyses, and use sub-grants only for financial assistance purposes, in accordance with Subpart B Section .210 of OMB Circular A-133.

(R) FINAL REPORT. The final project report will include all categories of information required for quarterly reporting, including a final, detailed fleet description. The final project report will also include a narrative summary of the project or activity, actual project results (outputs and outcomes) including actual emissions benefits calculations, and the successes and lessons learned for the entire project. For projects involving vehicle/equipment replacement and repowers the recipient must provide in the final report: 1) Evidence that the replacement activity is an “early replacement” and would not have occurred during the normal attrition/fleet turnover (i.e. without the financial assistance provided by the grant) within three years of the project period start date. Supporting evidence can include verification that the vehicles or equipment being replaced have useful life left and fleet characterization showing fleet age ranges and average turnover rates per the vehicle or fleet owner’s budget plan, operating plan, standard procedures, or retirement schedule; 2) Evidence of appropriate scrappage or remanufacture, including the engine serial number and/or the vehicle identification number (VIN); and 3) Specification of the model years and the emission standard levels for PM and NOx, for both the engine being replaced and the new engine.

For projects that take place in an area affected by, or includes vehicles, engines or equipment affected by federal law mandating emissions reductions, the recipient must provide in the final report evidence that emission reductions funded with EPA funds were implemented prior to the effective date of the mandate and/or are in excess of (above and beyond) those required by the applicable mandate.

(S) ENVIRONMENTAL RESULTS. The grantee shall submit reports that include brief information on each of the following areas: 1) a comparison of actual accomplishments to the outputs/outcomes established in the assistance agreement workplan for the period; 2) the reasons for slippage if established outputs/outcomes were not met; and 3) additional pertinent information, including, when appropriate, analysis and information of cost overruns or high unit costs. The recipient agrees to inform DEQ as soon as problems, delays or adverse conditions become known which will materially impair the ability to meet the outputs/outcomes specified in the work plan.