



Michigan Department Environmental Quality
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Request for Proposals

Michigan Clean Diesel Grant Program

Fiscal Year 2013

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to
December 3, 2012

Rick Snyder, Governor
◆
Dan Wyant, Director

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I Grant Information

1. Grant Description

Competitive funding is available through the fiscal year 2013 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 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.

Proposed projects must utilize United States Environmental Protection Agency (USEPA) certified engine configurations for engine repowers and vehicle/equipment replacements, USEPA or California Air Resources Board (CARB) verified exhaust control technologies, USEPA verified idle reduction technologies, USEPA SmartWay verified aerodynamic technologies, or USEPA verified low rolling resistance tires. Proposals for vehicle replacements or repowers must include documentation that the repower/replacement is needed and that the project constitutes an accelerated replacement schedule for the intended vehicle

The 2013 Michigan Clean Diesel Grant Program funding is available statewide however the DEQ is primarily interested in projects from specified counties and surrounding areas in Michigan whose 3-year average annual air monitoring levels are at between 60 and 100% of the PM_{2.5} federal 24-hour standard and/or are within areas affected by the upcoming new federal 8-hour ozone standard.

2. Grant Objectives

The 2013 Michigan Clean Diesel Grant Program, Request for Proposal (RFP) Competition has three purposes:

- To implement a variety of statewide clean diesel projects to reduce diesel engine particulate matter (PM_{2.5}) and nitrogen oxide (NOx) emissions by encouraging pollution reduction and fuel efficiencies through cooperative partnerships across the state.
- To assist the DEQ in reaching or maintaining attainment under the federal National Ambient Air Quality Standards (NAAQS) for PM_{2.5} and 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 National Program Priorities

- Maximize public health benefits – applicants should describe any disproportionate health disparities in the area. 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, [local/county health department](#), [Michigan Department of Community Health](#), university or federal research, or other academic white papers.
- Are the most cost-effective – applicants should include an estimate of project costs and the cost-effectiveness of emission reductions.
- Are in areas with high population density, with poor air quality (including areas with toxic air pollutant concerns) - applicants should include a description of the air quality of the area affected by the project. 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”).

- Are in areas that receive a disproportionate quantity of air pollution from diesel fleets, including truck stops, ports, rail yards, terminals, and distribution centers, or that use a community-based multi-stakeholder collaborative process to reduce toxic emissions – applicants should include information on the quantity of air pollution produced by the diesel fleets in the area affected by the project.
- Include a certified engine configuration or verified technology that has a long expected useful life - applicants should include a description of any certified engine configurations or verified technologies to be used or funded by the project.
- Maximize the useful life of any certified engine configuration or verified technology used or funded by the applicant.
- Conserve diesel fuel.

ii. Midwest (and Michigan) Clean Diesel Initiatives’ Regional Program Priorities

- To reduce emissions from diesel-powered engines in USEPA Region V by implementing operational changes, technological improvements, and use of cleaner fuels.
- To participate and support the activities of both the USEPA’s Midwest Clean Diesel Initiative (MCDI) and the Michigan Clean Diesel Initiative’s (MiCDI) state coalition.

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.

3. Eligible Grant Activities

Eligible vehicles and equipment for the 2013 Michigan Clean Diesel Grant Program RFP competition include diesel engine: buses, medium or heavy duty trucks, marine engines, and non-road engines used in: the construction industry, at port operations, in the agricultural or mining industries, or for energy production (limited to 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.

4. Eligible Technologies

Projects funded under this RFP must use diesel emissions reduction solutions that are listed on the USEPA Verified Technologies List, the SmartWay Transport Partnership, or CARB technology lists, the Verified USEPA Idle Reduction list, or a USEPA 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:

- Verified Exhaust Control Technologies: the DEQ will fund up to 100% of the cost of eligible verified technologies.
- Engine Upgrades: the DEQ will fund up to 50% of the cost of eligible engine upgrades.
- Verified/Certified Cleaner Fuel Use: the DEQ will fund the cost differential between the eligible cleaner fuels and conventional diesel fuels.
- Verified Idle Reduction Technologies: the DEQ will not fund stand-alone idle reduction technologies, except for idle reduction technologies on locomotives, shore connection systems, and truck stop electrification technologies, as discussed below. The DEQ will fund up to 100% of the cost of an eligible, verified idle reduction technology if that technology is combined on the same vehicle with a new eligible verified exhaust control.
- Locomotive Idle Reduction Technologies: the DEQ will fund up to 50% of the cost of eligible idle reduction technologies on locomotives.
- Shore Connection Systems and Truck Stop Electrification Technologies: the DEQ will fund up to 25% of the cost of eligible shore connection systems and truck stop electrification technologies.
- Verified Aerodynamic Technologies and Low Rolling Resistance Tires: the DEQ will not fund stand-alone aerodynamic technologies or low rolling resistance tires. The DEQ will fund up to 100% of the cost of verified aerodynamic technologies or verified low rolling resistance tires if the technology is combined on the same vehicle with a new eligible verified exhaust control technology.
- Certified Engine Repower: the DEQ will fund up to 50% of the cost (labor and equipment) of an eligible engine repower.
- Certified Vehicle/Equipment Replacement:
 - Non-road diesel vehicles and equipment – the DEQ will fund the incremental cost of a newer, cleaner vehicle or piece of equipment powered by a 2011 or newer model year certified non-road diesel engine, up to 25% of the cost of an eligible replacement vehicle or piece of equipment.
 - Highway diesel vehicles and equipment – the DEQ will fund the incremental cost of a newer, cleaner vehicle or piece of equipment powered by a 2011 model year or newer certified highway heavy-duty diesel engine, up to 25% of the cost of an eligible replacement vehicle or piece of equipment (except for drayage vehicles; see below).
 - Drayage Truck Replacement – the DEQ will fund up to 50% of the cost of eligible drayage trucks with a 2007 model year or newer heavy-duty engine.

5. 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;
- Marine Engines;
- Locomotives; and
- Nonfood 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 USEPA standards began being phased in, for non-road engines, in 2008. Emission reductions from retrofits of post-2007 vehicles, engines and equipment will be considered, if the technologies, devices or systems proposed will achieve significant emission reductions beyond those required by USEPA regulations at the time of engine certification.

6. 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, is 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. Verified Retrofit Technologies

A “retrofit” project is defined broadly to include any technology, device, fuel, or system that, when applied to an existing diesel engine, achieves emission reductions beyond what is currently required by USEPA regulations at the time of the engine’s certification.

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

Exhaust Controls

Exhaust controls include pollution control devices installed in the exhaust system (such as oxidation catalysts and particulate matter filters), or systems that include crankcase emission control (like a closed crankcase filtration system). This funding can cover up to 100% of the cost (labor and equipment) for an eligible emission control. The DEQ suggests that each applicant requesting diesel particulate filters, datalog all vehicles to be considered before the application is submitted so that there is evidence that the fleets can accommodate the technology.

Engine Upgrades

Generally, an engine upgrade involves the removal of parts on a certified engine configuration and replacement with parts that cause the engine to represent an engine configuration which is certified to meet more stringent federal emission standards. Some engines are able to be upgraded to reduce their emissions by applying manufacturer

upgrades that are retrofits verified by USEPA or CARB as a package of components demonstrated to achieve specific levels of emission reductions. Some engines are able to be upgraded through the application of a “kit” that is used to rebuild the engine to represent an engine configuration which is certified to meet more stringent federal emission standards. Alternative fuel conversions that are accomplished by applying a certified alternative fuel conversion “kit” to an existing diesel engine are considered engine upgrades under this RFP. Engine upgrades may not be available for all engines, and not all upgrades may achieve an emissions benefit.

Funding can cover up to 50% of the cost (labor and equipment) of an eligible non-road, locomotive or marine engine upgrade. Funding can cover up to 50% of the cost (labor and equipment) of an eligible on-highway alternative fuel conversion. To be eligible for funding, the upgrade must either be a verified retrofit as described above, or a “kit” that will result in an emissions benefit by rebuilding the engine to represent an engine configuration which is certified to meet more stringent federal emission standards. For an engine to be eligible for an upgrade, the engine must be currently operating and performing its intended function. The DEQ suggests that the application include a discussion of the availability of engine upgrades and indicate the pre- and post-project emission standard levels of the engines in order to demonstrate that the upgrade will result in an emissions benefit.

NOTE: Certified alternative fuel conversions are the only type of engine upgrade eligible for on-highway engines.

Cleaner Fuels Use

Cleaner fuels include, but are not limited to, biodiesel, diesel emulsions, or additives verified by the USEPA or CARB, compressed natural gas, propane and other certified alternative fuels. For new or expanded use of a cleaner fuel, this funding can cover the cost differential between the cleaner fuel and conventional diesel fuel.

ii. Verified Idle Reduction Technologies

An idle reduction project is generally defined as the installation of a technology or device that reduces unnecessary idling of the main drive engine of diesel vehicles or equipment and/or is designed to provide services (such as heat, air conditioning, and/or electricity) to vehicles and equipment that would otherwise require the operation of the main drive engine while the vehicle is temporarily parked or remains stationary. The reduction in idling will conserve diesel fuel and must also lower emissions.

A list of EPA verified idle reduction technologies is available at:

www.epa.gov/smartway/technology/idling.htm. Technologies proposed for funding under this category must be specifically named on this list, and may only be used for the vehicle application specified on the list. The technology categories include: auxiliary power units and generator sets, battery air conditioning systems, thermal storage systems, electrified parking spaces (truck stop electrification), fuel operated heaters, shore connection systems and alternative maritime power, shore connection systems for locomotives, and automatic shutdown/start-up systems for locomotives.

Please note that technologies for the electrification of engines/vehicles/equipment other than those specifically listed above, cannot be considered verified idle reduction technologies, but may be eligible as a repower or a replacement.

Verified Idle Reduction Technologies on Locomotives

Funding can cover up to 50% of the cost (labor and equipment) of eligible verified idle reduction technologies on locomotives.

Shore Connection Systems and Electrified Parking Spaces

Funding can cover up to 25% of the cost (labor and equipment) of eligible shore connection systems and electrified parking spaces.

All Other Verified Idle Reduction Technologies

The DEQ will not fund stand-alone idle reduction technologies, except for use on locomotives, shore connection systems, or truck stop electrification technologies, as discussed above. This funding can cover up to 100 percent of the cost (labor and equipment) for all other eligible, verified idle reduction technologies, only if the technology is combined on the same vehicle with a new eligible verified exhaust control. For this RFP, auxiliary power units (APUs) and generators are not eligible for vehicles with 2007 model year or newer certified engine configurations on long haul Class 8 vehicles. Please note that APUs and generators are eligible for installation on long haul Class 8 vehicles with 2006 model year and older certified engine configurations.

iii. Verified Aerodynamic Technologies and Verified Low Rolling Resistance Tires

To improve fuel efficiency, long haul Class 8 trucks can be retrofitted with aerodynamic trailer fairings or the fairings can be provided as new equipment options. Certain tire models can provide a reduction in NOx emissions and fuel savings, relative to the “standard” new tires for long haul Class 8 trucks, when used on all axles.

A list of USEPA verified aerodynamic technologies is available at: www.epa.gov/smartway/technology/aerodynamics.htm, and includes:

- gap fairings that reduce the gap between the tractor and the trailer to reduce turbulence;
- trailer side skirts that minimize wind under the trailer; and
- trailer rear fairings that reduce turbulence and pressure drop at the rear of the trailer.

A list of USEPA verified low rolling resistance tires is available at www.epa.gov/smartway/technology/tires.htm, and includes both dual tires and single wide tires (single wide tires replace the double tire on each end of a drive or trailer axle, in effect turning an "18" wheeler into a "10" wheeler). Low rolling resistance tires can be used with lower-weight aluminum wheels to further improve fuel savings; however aluminum wheels are not eligible for funding under this RFP.

The DEQ will not fund stand-alone aerodynamic technologies or low rolling resistance tires. This funding, however, can cover up to 100% of the cost (labor and equipment) for verified aerodynamic technologies or verified low rolling resistance tires installed on long haul Class 8 trucks, if combined on the same vehicle with the new installation of one or more of the verified exhaust controls.

Note: Low rolling resistance tires are not eligible for funding where these types of tires have already been installed on the truck.

iv. Certified Engine Repowers

“Repower” refers to replacing an existing engine with a newer, cleaner engine that is certified to a more stringent set of engine emission standards. Repower includes, but is not limited to, diesel engine replacement with an engine certified for use with a cleaner fuel and/or the replacement of a non-road engine with a highway engine. In order for a repower to be eligible, the repowered vehicle, engine or equipment must continue to perform the same function as before the repower. The USEPA suggests that the application also indicate the pre- and post-project standard emission levels of the engines to be repowered, in order to ensure that the repower will result in a net emissions reduction. This funding can cover up to 50% of the cost (labor and equipment) of an eligible engine repower.

- For a repower that involves the replacement of an existing diesel propulsion engine with a stationary or auxiliary diesel powered electric generator (genset), the electric generator and the newer, cleaner engine comprising the genset are both eligible costs of the repower, subject to the cost-share requirement defined above.
- Repower of an existing genset involves replacing the existing diesel engine in the genset with a newer, cleaner engine. Only the newer, cleaner engine (labor and equipment) is an eligible cost of the repower, subject to the cost-share requirement defined above.
- Repower Disposal Criteria: repower projects are eligible for funding on the condition that the replaced engine is properly disposed of, which must include destruction of the engine block. Evidence of appropriate disposal, including the engine serial number, is required in a final grant contract report submitted to USEPA. Drilling a hole in the engine block and manifold while retaining possession of the engine is an acceptable scrapping method. Other methods may be considered and will require prior USEPA approval. If scrapped or salvaged engines are to be sold, program income requirements apply:
 - Non-road Engines: The engine being replaced must be scrapped or rendered permanently disabled or returned to the original engine manufacturer for remanufacturing to a certified cleaner emission standard.
 - Highway Engines: The engine being replaced must be scrapped or rendered permanently disabled or returned to the original engine manufacturer for remanufacturing to model year 2007 or newer certified emission standards.

v. 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 USEPA 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 or hybrid or alternative fuel vehicles/equipment. The replacement vehicle/equipment must be of the same type and similar gross vehicle weight rating or horsepower as the vehicle/equipment being replaced (e.g., a 300 horsepower bulldozer is replaced by a bulldozer of similar horsepower). The replacement vehicle/equipment must perform the same function as the vehicle/equipment that is being replaced (e.g., an excavator used to dig pipelines would be replaced by an excavator that continues to dig pipelines).

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 2011 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 USEPA's Web site at: www.epa.gov/otag/standards/nonroad/index.htm. Please see Section III.B of this RFP for additional information on cost-share requirements.

- 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 and equipment

This funding can cover the incremental cost of a newer, cleaner vehicle or piece of equipment, powered by an engine certified to the 2011 model year or newer standards for highway heavy-duty engines, up to 25% of the cost of an eligible replacement vehicle/equipment (except for drayage vehicles; see section 4 below), 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.

Replacements for Drayage Vehicles

The USEPA will fund up to 50% 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 (GVWR) 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: the USEPA will fund up to 50% of the cost of eligible drayage trucks with a 2007 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 page seven of the following PDF file: www.panynj.gov/truckers-resources/pdf/TRP-Pre-Screening-Form.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 page seven of the following PDF file: www.panynj.gov/truckers-resources/pdf/TRP-Pre-Screening-Form.pdf
- Required/Scheduled Maintenance: the USEPA 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.

Replacement Criteria

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

- The vehicle/equipment being replaced will be scrapped or rendered permanently disabled or returned to the original engine manufacturer for remanufacturing to a certified cleaner

emission standard. Drilling a hole in the engine block and manifold and disabling the chassis while retaining possession of the vehicle/equipment is an acceptable scrapping method. Other methods may be considered and will require prior DEQ 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.

- Evidence of appropriate disposal (such as a photograph of the scrapped equipment), including engine serial number and vehicle identification number (VIN), is required in a final grant contract report submitted to the DEQ.
- Additional funding restrictions for replacement projects are described below.

Requirements for Alternative Fuel Repowers and Upgrades

Conventional, original equipment manufacturer (OEM) diesel vehicles that are altered to operate on propane, natural gas, methane gas, ethanol, or electricity are classified as aftermarket alternative fuel vehicle (AFV) conversions. AFV conversions that are accomplished by applying a certified alternative fuel conversion “kit” to an existing diesel engine are considered engine upgrades under this RFP. AFV conversions that are accomplished by removing and scrapping the existing diesel engine and fueling system and replacing it with a certified AFV engine configuration are considered a repower under this RFP. In the United States, all vehicle conversions (except pure battery electric vehicles) must meet applicable USEPA standards. Vehicles operating in California must follow conversion rules issued by CARB.

The USEPA issues Certificates of Conformity that cover a "test group"—specific vehicle or engine models for certain model years that are modified to operate on an alternative fuel. An aftermarket conversion may only be performed on a vehicle if a Certificate of Conformity or CARB certification has been issued for that vehicle's test group. The USEPA refers to a vehicle converter as a "small volume manufacturer." The vehicle converter holds the Certificate of Conformity. An individual or entity wishing to convert a vehicle to operate on an alternative fuel must go through a company or organization associated with a certificate holder, and the work must be performed by a licensed technician associated with that company. It is the responsibility of the certificate holder to ensure the equipment is properly installed. Only certified alternative fueled engines are acceptable, the USEPA engine family must be documented, and all applicable regulatory procedures must be followed in the conversion.

vi. Repower and Replacement Restrictions

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

- Repowers or replacements that would have occurred through normal attrition are considered to be the result of normal fleet turnover and are not eligible for funding under this program. Normal attrition is generally defined as a replacement or repower that is scheduled to take place between now and the end of the project period. Normal attrition is typically defined by the vehicle or fleet owner's budget plan, operating plan, standard procedures, or retirement schedule. For example, if a 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.
- The purchase of new vehicles or equipment to expand a fleet is not covered by this program.

7. 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.

8. 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>

9. Evaluation and Selection Criteria

Project proposals for the 2013 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 (USEPA) and Regional (Midwest Clean Diesel Initiative) 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.

10. Assistance

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

The DEQ will also host a conference call to answer your questions. Check the [Michigan Clean Diesel Web site](#) for call-in details.

11. Funding Sources and Availability

Approximately \$200,000 is available for the 2013 Michigan Clean Diesel Grant Program. All grant proposals should be between \$50,000 (the minimum) and \$200,000 (the maximum). The maximum amount the DEQ will award is \$200,000. 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.

12. 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.

13. 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 (MPOs); 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.

14. 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.

15. Non-Duplicative Programs

The 2013 Michigan Clean Diesel Grant Program cannot be used to replace existing federal, state, or local financial commitments.

16. 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 C.

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.

17. Confidentiality

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

18. Judging Applications

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

19. 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.

20. Submission Requirements

Proposals must be postmarked or received by the DEQ no later than 5:00 pm on December 3, 2012. 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-1N
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
- Audit/Review Letter
- USEPA Fleet Description Spreadsheet (Appendix B of the proposal)
- 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, 2013.
- 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 verified technologies or certified engines that will be used, and the total number of vehicles, equipment or engines to be used 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, engines 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 the any federal or state grants you have administered using the table provided in the template.

7. Timeline and a description of Tasks/ Milestones

Using the table in the template provide a month and year and a detailed timeline of specific tasks and milestones, such as bidding, procurement and installation, to be achieved during the grant period. Begin the timeline with January 2013.

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 or 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:

- Amount of funds expended on the project.
- Evaluation of the completion status of the project.
- Amount of funds dispersed to sub-recipients.
- Status of Vendor selection(s) (initiated or completed).
- Status of procurements or bids (initiated or completed).
- Number of purchased or retrofitted engines/vehicles/equipment.

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 outcomes. Describe how each will be achieved.

- An increased understanding of the environmental effectiveness of the implemented technology. Indicate how this will be achieved.
- Dissemination of the increased knowledge via list serves, web sites, journals, and outreach events. Indicate how this will be accomplished.

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

- Widespread adoption of the implemented technology.
- Annual pounds or tons of fine particulate matter (PM2.5) and NO_x reduced.
- Greenhouse gases (GHG) or CO₂ and/or volatile organic compound (VOCs) reduced.
- Cost effectiveness of project (in \$/ton or \$/lb.).
- Health benefits achieved (health benefits may be measured by numbers of illnesses, health care costs, or missed work/school days avoided).
- Annual gallons of diesel fuel saved.

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

- 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.

Use the Diesel Emissions Quantifier found at:

<http://cfpub.epa.gov/quantifier/index.cfm?action=fleet.edit> to estimate some of the anticipated environmental outputs of your application. Instructions can be found at: www.epa.gov/cleandiesel/quantifier/stepbystep.htm. Most of the questions that users have can be answered by reading the users' guide for the quantifier found on the quantifier Web site at: www.epa.gov/cleandiesel/documents/420b10033.pdf.

Another tool for quantifying emission reductions is the National Mobile Inventory Model (www.epa.gov/otaq/nmim.htm). This tool must be used for State Implementation Plan calculations. For technical assistance regarding this tool, please email mobile@epa.gov.

iii. 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, HC, 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 USEPA 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 USEPA or CARB's verified technology list. Pre-retrofit and post-retrofit emissions testing and/or monitoring is not required nor is it an eligible use of grant funds under this grant.

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 Grant Proposal Budget Form which is available on the [Michigan Clean Diesel Web site](#) when completing the information below. The numbering and lettering listed below corresponds to numbering and lettering on the Grant Proposal 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.

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. USEPA 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 and repowers, supporting evidence that the repower or replacement activity is an "early repower or 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 Fleet Description Spreadsheet (see Appendix B) and attach to the proposal.

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/](http://www.dieselnet.com/standards/)
- USEPA's [Emissions Standards Reference Guide: http://www.epa.gov/otaq/standards/heavy-duty/index.htm](http://www.epa.gov/otaq/standards/heavy-duty/index.htm)
- [USEPA's Engine Certification Data](http://www.epa.gov/otaq/certdata.htm) 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 web site](#)

**Michigan Department of Environmental Quality
Clean Diesel Grant Program
FY 2013 Request for Proposals
Grant Proposal Cover Sheet**

APPLICANT/ORGANIZATION INFORMATION

Project Name: _____
Applicant/Organization's Name: _____
Address (physical location): _____
Address (mailing address): _____
City: _____ State: Michigan Zip Code: _____
County: _____
Applicant/Organization Telephone Number: _____
Applicant/Organization Fax Number: _____
Applicant/Organization's Federal ID #: _____

PROJECT CONTACT INFORMATION

Project Manager's Name and Title: _____
Address (if different than above): _____
City: _____ State: Michigan Zip Code: _____
Project Manager's Telephone Number
(if different from the above) _____
Project Manager's E-mail Address: _____

Project Location(s) -city, township, village or county. If
more than one, list all _____

GRANT INFORMATION

Grant Funding Amount Requested: \$ _____
Value of Additional Match: \$ _____
Total Project Costs: \$ _____

Please check the most
appropriate box for
applicant type:

- Michigan city, township or village
- Michigan county
- Port authority
- Public school district(s)
- Private school (non-profit only)
- Other non-profit

Type: _____

- Private fleet owner/operator

Type: _____

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
-

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

- Shut down/start up system
 - Auxiliary power (APU)
 - HVAC battery-power system
 - Fuel operated heater
 - Generator set
 - Solar storage & transfer
 - Thermal storage & transfer
 - Diesel oxidation catalyst
 - Diesel particulate filter
 - Certified engine, repower
 - New vehicle with certified engine, type: _____
 - Other: _____
-

GRANT ACCEPTANCE

Name of Person with Grant Acceptance Authority:

Title of Person:

Signature:

Title of Signatory

_____ Date

**Michigan Department of Environmental Quality
Clean Diesel Grant Program
FY 2013 Request for Proposals
Grant Proposal Template**

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

I. Project Summary

II. Work Plan

III. Commitment to the [USEPA](#), regional [Midwest Clean Diesel Initiative](#) and the DEQ's Programmatic Priorities

- This certifies that my organization is committed to helping the USEPA, the Midwest and Michigan Clean Diesel Initiatives and the Michigan Department of Environmental Quality 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 and Technologies 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 Outcomes:
- 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 (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. USEPA Fleet Description Spreadsheet (Appendix B of the proposal)

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

XI. Letters of Commitment (Appendix C of the proposal)

**Michigan Department of Environmental Quality
Clean Diesel Grant Program
FY 2013 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 Detail and Budget Form (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.
- USEPA Fleet Description Spreadsheet, including additional supporting evidence indicating that repower or replacement activity is an “early replacement or repower.” (Appendix B of the proposal)
- Repower vs. Replacement Demonstration
 - Documentation showing the cleaner emission levels for the new engine for equipment/vehicle replacements or repowers.
 - 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 (Appendix C of the proposal)
- Three hard copies of the entire proposal and appendices, along with a CD of the documents, sent by postal or overnight delivery mail or hand delivery. The electronic CD should be sent along with the hard copies of the proposal.
- Electronic copies of the following on CD. Proposals will not be accepted by fax.
 - 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)
 - USEPA Fleet Description Spreadsheet (Appendix B of the proposal)
 - Letters of Commitment (Appendix C)

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-1N
Lansing, Michigan 48933

Appendix B

Terms and Conditions of Grant Award

Responsibilities of Grant Recipients

Successful applicants will be required to enter into a project contract with the DEQ within 60 days of the grant award.

Grant recipients will be required to carry out all obligations contained in the project contract with the DEQ. A project contract consists of standard “boilerplate” language (Appendix C) the applicant’s work plan, timetable, and budget information.

The DEQ, reserves the right to review and approve all products developed and paid for by grants or used for local match. All such products become the property of the state of Michigan.

Grant recipients will be responsible for meeting the match amount committed in the project contract.

Additional requirements relevant to an individual project may be specified in the project contract.

The Project Manager and the Grant Manager may be required to attend a grant administration meeting to discuss contract and reporting requirements.

Subcontracts

The grant recipient will be required to secure professionally qualified personnel and/or subcontractors necessary to perform the duties of the project contract. The state reserves the right to approve all subcontractors for the project and to require the grant recipient to replace subcontractors found to be unacceptable.

The grant recipient will be required to assume responsibility for all contractual activities included in their work plan, whether or not they perform them. Further, the state will consider the grant recipient the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the project contract. The grant recipient is totally responsible for adherence by the subcontractor to all provisions of the project contract.

Any substitutions or additions to the subcontractors will be subject to the prior written approval of the state.

Audit Requirements

The State reserves the right to conduct a programmatic and financial audit of the project. 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 for a minimum of five years after the final payment has been issued to the Grantee by the State. Audits may include but are not limited to a review of travel logs, meeting sign-in sheets, timesheets and verification of actual salary and fringe rates.

Reporting

All grant recipients must submit Quarterly Status Reports to the DEQ following each quarter of the grant period. A quarterly status report consists of: 1) a Narrative Status Report detailing the status of each task; 2) a Financial Status Report documenting expenditures for that quarter; and 3) documentation supporting expenditures for the quarter (copies of invoices and proof of payment such as copies of checks). Since these grants are on a cost reimbursement basis, grantees must show that expenses were incurred and paid prior to being reimbursed by the DEQ. Any products developed during the quarter are to be submitted with the Quarterly Status Report. Copies of all products and Quarterly Status Reports shall be submitted to and approved by the DEQ before payment will be made. Grantees shall submit one original Quarterly Status Report, plus one copy, to the grant administrator at the address listed in the grant contract

The DEQ reserves the right to request annual progress reports of any grant recipient.

Final project reports are approved by the DEQ before final grant payment will be made. Final reports should detail what was attempted in the project, what worked, what did not, and any lessons learned. Final reports should also include final copies of all grant "products." In keeping with P2 principles, it is preferred that reports are submitted on recycled content paper and printed on both sides. Draft final reports are due to the DEQ 45 days prior to the grant contract end date.

Incurring Costs

The state of Michigan is not liable for any cost incurred by the grant recipient or any subcontractor prior to the signing of a grant contract. Liability of the state is limited solely to the terms and conditions of this request and any resulting grant. The state fiscal year is October 1 through September 30. Grants awarded in any given fiscal year are contingent upon enactment of both federal and state legislative appropriations.

Conflict of Interest

No member of the legislature, judicial, or executive branch of state government, or any local unit of government shall benefit from this contract. No member or delegate to congress, or resident of commissioner shall be admitted to any share or part of this contract or to any benefit that may arise there from.

Cancellation

The state of Michigan may immediately cancel a contract without further liability if the Grantee, any agent of the Grantee, or any agent of any subcontract is: convicted of a criminal offense incident to the application for, or performance of a state, public, private contract, or subcontract; 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, attempting to influence a public employee to breach the ethical conduct standards for state of Michigan employee; convicted under state or federal antitrust statutes; or convicted of any other criminal offense which, in the sole discretion of the state, reflects on the Grantee's business integrity.

Appendix C



**THE MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY
2012-2013 DIESEL EMISSIONS REDUCTION ACT GRANT PROJECT CONTRACT
BETWEEN THE
MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY
AND GRANTEE NAME**

This Grant Contract ("Contract") is made between the Michigan Department of Environmental Quality, (DEQ), **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 funding assistance pursuant for State Clean Diesel Program projects pursuant to the Public Act 63 of 2011 and 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: \$ _____ % of grant state / _____% of grant federal
 Amount of match: \$ _____ = _____% PROJECT TOTAL: \$ _____ (grant plus match)
 Start Date: date executed by DEQ 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
 Office of Environmental Assistance

Division/Bureau/Office
 PO Box 30457

Address
 Lansing, Michigan 48909-7957

Address

Telephone number

Fax number

E-mail address

The individuals signing below certify by their signatures that they are authorized to sign this Contract on behalf of their agencies and that the parties will fulfill the terms of this Contract, including any attached appendices, 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 schedule:

Reporting Period	Due Date
January 1 – March 31	April 30
April 1 – June 30	July 31
July 1 – September 30	Before October 15*
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 expenses 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 Contract.

(C) The Grantee must provide three copies 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 state funding from the Michigan Department of Environmental Quality 2011-2012 Diesel Emissions Reduction Act Grant Project, 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 drawings, designs, 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 state or 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 45 CFR 1185; 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 this 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-insurance 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 1 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, or final payment 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 Michigan Department of Labor and 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 that, 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.

**ADMINISTRATIVE TERMS AND CONDITIONS
MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY
2011-2012 DIESEL EMISSIONS REDUCTION GRANT PROJECT
COOPERATIVE AGREEMENTS**

A. STATE FUNDING REQUIREMENTS

A maximum of _____ or _____% of total disbursements, is funded with state funding. The funding source is Michigan Public Act 63 of 2011. This grant is funded with state match funding which was used to receive federal grant funds from the U.S. EPA to implement projects under the Energy Policy Act of 2005, Diesel Emissions Reduction Program and the requirements found in the 40 CFR 30. By accepting this contract, the grantee agrees to comply with these requirements as well as the provisions set forth in the Michigan Clean Diesel Grant Program's 2011-2012 Request for Projects Competition. Use of state match funding includes but is not limited to the following provisions:

1. Grantees receiving \$500,000 or more in federal and state funds in their fiscal year shall have a single audit performed in compliance with federal OMB Circular A-133, Revised June 24, 1997, "Audits of State, Local Governments, and 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
P.O. Box 30473
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#_TopOfPage.

2. The Grantee agrees to fulfill equal conditions that the Federal Government has imposed on the State as a condition of state or federal funding of the state clean diesel program as indicated herein and in all appendices.
3. The Grantee will comply with the Hatch Political Activity Act, as amended, 5 USC §§ 1501-1508, and the Intergovernmental Personnel Act of 1970 as amended by Title (6) of the Civil Service Reform Act, 42 USC § 4728, which states that employees working in programs financed with federal grants may not be a candidate for elective public office in a partisan election, use official authority or influence to affect the result of an election, or influence a state or local officer to provide financial support for a political purpose.

B. DRUG-FREE WORKPLACE CERTIFICATION FOR ALL EPA RECIPIENTS

The recipient organization of this state assistance agreement must make an ongoing, good faith effort to maintain a drug-free workplace. The state adopts the specific requirements set forth in federal Title 40 CFR 36.200 - 36.230. Additionally, in accordance with these federal regulations, the recipient organization must identify all known workplaces under federal and state awards, and keep this information on file during the performance of the award.

Those recipients who are individuals must comply with the drug-free provisions set forth in federal Title 40 CFR 36.300.

The consequences for violating this condition are detailed under federal Title 40 CFR 36.510. Recipients can access the federal Code of Federal Regulations (CFR) Title 40 Part 36 at http://www.access.gpo.gov/nara/cfr/waisidx_06/40cfr36_06.html.

C. HOTEL-MOTEL FIRE SAFETY

The state adopts federal CFR 30.18, if applicable, and 15 USC 2225a, and the recipient agrees to ensure that all space for conferences, meetings, conventions, or training seminars funded in whole or in part with federal or state funds complies with the protection and control guidelines of the federal 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.

D. RESTRICTIONS ON LOBBYING

The state adopts federal Title 40 CFR Part 34 and the subgrantee agrees to comply with the New Restrictions on Lobbying and is required to submit certification and disclosure forms accordingly. In accordance with the federal Byrd Anti-Lobbying Amendment, any recipient who makes a prohibited expenditure under federal Title 40 CFR Part 34 or fails to file the required certification or lobbying forms shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure.

E. RECYCLING AND WASTE PREVENTION

The state adopts the polices set forth in federal U.S. EPA Order 1000.25 and Executive Order 13423, Strengthening Federal Environmental, Energy and Transportation Management (January 24, 2007) and/or federal 40 CFR 30.16, 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 the state or U.S. EPA. This requirement does not apply to reports prepared on forms supplied by the state or U.S. EPA, or to Standard Forms, which are printed on recycled paper and are available through the federal General Services Administration.

F. PAYMENT TO CONSULTANTS

The state adopts the U.S. 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 adjusted 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, 2011, the limit is \$596.00 per day and \$74.50 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).

Subagreements with firms for services which are awarded using the procurement requirements in federal 40 CFR 30 or 31, as applicable, are not affected by this limitation unless the terms of the contract provide 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 federal 40 CFR 31.36(j) or 30.27(b) or www.opm.gov/oca/09tables/html/ex.asp.

G. UTILIZATION OF SMALL, MINORITY AND WOMEN'S BUSINESS ENTERPRISES STATES WITH ESTABLISHED GOALS - PROJECT GRANTS [NON-PART 35, SUBPART A] GENERAL COMPLIANCE, 40 CFR, Part 33

The state adopts the U.S. EPA's Program for Utilization of Minority and Women's Business Enterprises (MBE/WBE) in procurement under assistance agreements, contained in 40 CFR, Part 33 and the recipient agrees to comply with the requirements of this section.

FAIR SHARE OBJECTIVES, 40 CFR, Part 33, Subpart D

The state adopts the Fair share objectives for MBE and WBE participation in procurement under the financial assistance agreement and the recipient must negotiate with the appropriate U.S. EPA award official or his/her designee the Fair share objectives for MBE and WBE participation.

Current Fair Share Objective/Goal

The dollar amount of this assistance agreement is \$250,000, or more; or the total dollar amount of all of the recipient's non-TAG assistance agreements from U.S. EPA in the current fiscal year is \$250,000, or more. The Michigan Department of Environmental Quality has negotiated the following, applicable MBE/WBE fair share objectives/goals with EPA as follows:

MBE: 2%

WBE: 6%

Negotiating Fair Share Objectives/Goals, 40 CFR, Section 33.404

If the recipient has not yet negotiated its MBE/WBE fair share objectives/goals, the recipient agrees to submit proposed MBE/WBE objectives/goals based on an availability analysis, or disparity study, of qualified MBEs and WBEs in their relevant geographic buying market for construction, services, supplies and equipment.

The recipient agrees to submit proposed fair share objectives/goals, together with the supporting availability analysis or disparity study, to the Regional MBE/WBE Coordinator within 120 days of its acceptance of the financial assistance award. U.S. EPA will respond to the proposed fair share objective/goals within 30 days of receiving the submission. If proposed fair share objective/goals are not received within the 120 day time frame, the recipient may not expend its U.S. EPA funds for procurements until the proposed fair share objective/goals are submitted.

SIX GOOD FAITH EFFORTS, 40 CFR, Part 33, Subpart C

The state adopts federal 40 CFR, Section 33.301, and the recipient agrees to make the following good faith efforts whenever procuring construction, equipment, services and supplies under a U.S. EPA financial assistance 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, where 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, 40 CFR, Part 33, Sections 33.502 and 33.503

The state adopts the MBE/WBE Reporting requirements under 40 CFR 33 and the recipient agrees to complete and submit U.S. 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. **Only procurements with certified MBE/WBEs are counted toward a recipient's MBE/WBE accomplishments.** The reports must be submitted **semiannually** for the periods ending March 31 and September 30 for:

Recipients of financial assistance agreements that capitalize revolving loan programs (CWSRF, DWSRF, Brownfields); and

All other recipients not identified as annual reporters (40 CFR Part 30 and 40 CFR Part 35, Subpart A and Subpart B recipients are annual reporters).

The reports are due within 30 days of the end of the semiannual reporting periods (April 30 and October 30). Reports should be sent to:

**Adrienne M. Callahan, Region 5 MBE/WBE Coordinator
USEPA, Acquisition and Assistance Branch
77 West Jackson Boulevard (MC-10J)
Chicago, IL 60604**

Final MBE/WBE reports must be submitted within 90 days after the project period of the grant ends. Your grant cannot be officially closed without all MBE/WBE reports.

U.S. EPA Form 5700-52A may be obtained from the EPA Office of Small Business Program's Home Page on the Internet at <http://www.epa.gov/osbp>.

CONTRACT ADMINISTRATION PROVISIONS, 40 CFR, Section 33.302

The state adopts the federal Contract Administration Provisions of federal 40 CFR 33 and the recipient agrees to comply with the contract administration provisions of federal 40 CFR, Section 33.302. and 33.501(b) and (c).

H. FY 10 ACORN FUNDING RESTRICTIONS

Congress has prohibited federal U.S. EPA from using its FY 2011 appropriations to provide funds to the Association of community Organizations for Reform Now (ACORN) or any of its subsidiaries and the state adopts this ACORN funding restriction. None of the funds provided under this agreement may be used for subawards/subgrants or contracts to ACORN or its subsidiaries. Recipients should direct any questions about this prohibition to their U.S. EPA Grants Management Office.

**PROGRAMMATIC TERMS AND CONDITIONS
THE 2011-2012 DIESEL EMISSIONS REDUCTION ACT GRANT PROJECT
COOPERATIVE AGREEMENTS**

1. EMISSIONS CONTROL TECHNOLOGIES

Certified engine configurations or verified technologies may be used for Emissions Control Projects funded by the recipient pursuant to this assistance agreement. Technologies are verified under U.S. EPA or California's Retrofit Verification Program. See <http://www.epa.gov/otaq/retrofit/verif-list.htm> for an updated list of U.S. EPA's or <http://www.arb.ca.gov/diesel/verdev/verdev.htm> for an updated list of CARB's verified technologies. Any question as to the preference of a retrofit technology, including engine replacement and repowers, should be directed to the DERA Grant Program Manager at the Michigan Department of Environmental Quality (MDEQ).

2. QUARTERLY REPORTING AND ENVIRONMENTAL RESULTS

Quarterly progress reports will be required. Quarterly reports are considered project status reports and will address the progress made regarding achieving the work plan goals. In general, quarterly reports will include summary information on technical progress, planned activities for next quarter and expenditures. Award recipients will be provided with additional information and guidance on reporting performance measures and project progress. Quarterly reports must be submitted 30 days after the end of each reporting period.

The first reporting period begins at the project start date.

- Q1: October 1 –December 31
- Q2: January 1 – March 31
- Q3: April 1– June 30
- Q4: July – September 30

This quarterly reporting schedule shall be repeated for the duration of the award agreement. The content of each quarterly report will be based on the format outlined in the MDEQ, Office of Environmental Assistance (OEA) *2011-2012 Quarterly Progress and Financial Status Reports State Clean Diesel Grant Sub-grantee Guidance Document*.

3. FINAL REPORT:

The final project report will include a narrative summary of the project or activity, actual results (outputs and outcomes) and costs, the successes and lessons learned for the entire project, evidence that the replacement or repower activity is an "early replacement," a U.S. EPA Certificate of Conformity specifying the new emission levels of the engine, evidence of appropriate scrappage or remanufacture of old engines, vehicles and equipment, as well as all other categories of information required for quarterly reporting. The content of the final report will be based on the format outlined in the MDEQ, Office of Environmental Assistance (OEA) *2011-2012 Quarterly Progress and Financial Status Reports State Clean Diesel Grant Sub-grantee Guidance Document*. This report shall be submitted to the State Clean Diesel Program Manager ten (10) days after the expiration or termination of the contract, completion of the project (if prior to the expiration of the assistance agreement), and/or the final project's quarter. Recipient understands

that the final report will include actual emissions benefit calculations and an updated, detailed fleet description.

4. PROCUREMENT AND SUB-GRANT PROCEDURES

The recipient must follow applicable procurement and sub-grant procedures as stated by the Michigan Department of Environmental Quality. The U.S. EPA will not be a party to these transactions. If federal or state funds are used to purchase goods or services, the sub-grantee 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 federal 40 CFR Part 31, as appropriate. Approval of a funding proposal does not relieve recipients of their obligations to complete service contracts, conduct cost and price analyses, and use sub-grants only for financial assistance purposes, in accordance with Subpart B Section .210 of federal OMB Circular A-133.

5. EMPLOYEE AND/OR CONTRACTOR SELECTION

The U.S. EPA or the State of Michigan will not help select employees or contractors hired by the recipient.

6. 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 effective date of the award and the ending date of the award reflected in the final financial report. Program income earned during the project period shall be retained by the recipient and, in accordance with federal 40 CFR Parts 31.25, the recipient is authorized to use program income as follows:

(a) Program income may be added to funds committed to the project by the MDEQ and sub-grantee 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-state share of the project or program, including any mandatory or voluntary cost-share. The amount of the state grant award remains the same.

(c) Deducted from the total project or program allowable cost in determining the net allowable costs on which the state share of costs is based. This means that the recipient shall spend program income on project activities before spending/requesting state funds for project activities. This may result in unspent state 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.

7. SCRAPPAGE OR REMANUFACTURE

The recipient agrees to complete scrappage or remanufacture in the case of repowers and replacements for all projects funded under this assistance agreement, including subawards/subgrants. To be considered a repower or replacement, the purchase of new vehicles, engines, and equipment must be accompanied by the scrappage or remanufacturing

of old vehicles, engines and equipment. The purchase of new vehicles, engines or equipment to expand a fleet is not covered by this assistance agreement.

Scrappage is defined as a permanently disabled engine or vehicle, no longer suitable for use. Engine scrappage can be completed by drilling a hole in the engine block and manifold. Vehicle scrappage requires permanently disabling the chassis, e.g. cutting it in half. Other acceptable scrapping methods may be considered, with MDEQ and EPA approval. Owner/operators of the original vehicle or equipment may retain possession of the scrapped engine and chassis.

If remanufactured, scrapped or salvaged engines/vehicles are to be sold, program income requirements apply. Evidence of appropriate disposal, including the engine serial number and/or Vehicle Identification Number (VIN), is required in a final assistance agreement report submitted to the MDEQ.

For engine repower and/or vehicle replacement, the recipient agrees to the following:

(a) The replacement vehicle, engine, or equipment will perform the same function as the vehicle, engine, or equipment that is being replaced (e.g., an excavator used to dig pipelines would be replaced by an excavator that continues to dig pipelines);

(b) 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);

(c) The vehicle, engine, or equipment being replaced will be scrapped within ninety (90) days of the replacement, or the replaced vehicle, engine, or equipment will be returned to the original engine manufacturer for remanufacturing to a cleaner standard;

(d) Early Replacement: Funds may be used for the early replacement of vehicles, engines and/or equipment. Emission reductions that result from vehicle, engine, or equipment replacements that would have occurred through normal attrition are considered to be the result of normal fleet turnover and are not eligible costs under this assistance agreement. On or before submission of the final report, the recipient must provide evidence that the replacement activity would not have occurred without the financial assistance provided by the MDEQ. 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. Grant awards cannot be used to purchase vehicles or equipment to expand a fleet;

(e) For tire replacement projects, the original tires should be scrapped according to local or state requirements, or the tires can be salvaged for reuse or retreading. The salvaged value of the original tires must be treated as program income.

8. EQUIPMENT DISPOSITION

Equipment is defined as tangible non-expendable personal property including exempt property charged directly to the award having a useful life or more than one year and an acquisition cost of \$5,000 or more per unit. Certified or verified technologies, vehicles, engines and nonroad 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 equipment acquired under this assistance agreement will be subject to the property disposition regulations at federal 40 CFR 30.34 or 40 CFR 31.32, as applicable. Specifically, the Recipient is instructed to continue to

use the equipment purchased under this assistance agreement in the project or program for which it was acquired for the remainder of its useful life, whether or not the project or program continues to be supported by state funds and shall not encumber the equipment without approval of the State of Michigan.

If a vehicle, engine or nonroad equipment on which a verified or certified technology meeting the definition of equipment is installed reaches the end of its useful life, and the verified or certified technology has a remaining useful life of more than one year, the Recipient is instructed to use the verified or certified technology on another eligible vehicle, engine or nonroad equipment equivalent to the vehicle, engine or nonroad equipment on which it was originally installed and to continue to use the verified or certified technology for its original purpose until the end of its useful life. This applies whether or not the project or program continues to be supported by state funds.

Please be advised that these disposition instructions are applicable to assistance agreement recipients and any other third-party recipients acquiring equipment under this award. State agencies may use, manage and dispose of equipment acquired under assistance agreements in accordance with State laws and procedures.

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