



**MICHIGAN DEPARTMENT OF
ENVIRONMENTAL QUALITY**

2009 REQUEST FOR PROJECTS

**THE MICHIGAN CLEAN DIESEL RECOVERY
AND REINVESTMENT PROJECT**



May 15, 2009 – June 15, 2009

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Grant Description

The Michigan Department of Environmental Quality (MDEQ) is announcing a Request for Projects (RFP) grant application process for clean diesel engine activities under the Diesel Emissions Reduction National Program (DERA). Given that inhalation of diesel exhaust fumes can lead to a number of public health problems, including increased risk of premature mortality, cancer, cardiovascular disease, and respiratory illnesses such as asthma, the MDEQ is giving priority to projects that reduce diesel emissions from on-road, stationary and non-road diesel engines.

The Michigan Clean Diesel Recovery and Reinvestment RFP has three purposes:

1. To implement a variety of statewide clean diesel projects to reduce diesel engine-generated particulate matter emissions, and to maximize job creation or preservation while helping stimulate both the national and state economies.
2. To assist the MDEQ reach attainment status under the federal National Ambient Air Quality Standards (NAAQS) in areas of the state that are currently in non-attainment for the annual particulate matter (PM_{2.5}) standard. The designated non-attainment areas in Michigan for PM_{2.5} are outlined in Appendix A.
3. To provide increased health and welfare benefits for populations in areas of the state where the air quality is at or above 60% of the 24-hour PM_{2.5} standard, or where there are significant and demonstrated health disparities as a result of exposure to diesel engine emissions from nearby stationary or mobile emission sources. Appendix A outlines the areas of Michigan that have a 3-year average that are within 60-100% of the 24-hour PM_{2.5} standard of 35 µg/m³.

Eligible applicants may propose a variety of projects that include retrofit technologies, engine upgrades and repowers, and certified vehicle and equipment replacements. Preference for funding will be given to those projects that are located in areas where there is non-attainment for particulate matter (PM_{2.5}), or where demonstrated health disparities exist and where the air quality is at or above 60% of the 24-hour PM_{2.5} standard. Private businesses may also seek funding through this grant however, they are limited to projects on public or private fleets that do business in the PM_{2.5} non-attainment areas of the state. Because the intent of the Michigan Clean Diesel Recovery and Reinvestment Project is to encourage widespread technology use and upgrades in a variety of diesel engine vehicles and equipment, this RFP is looking for the bulk of the grant funding to be directed toward the installation of vehicle and equipment technology on public and private fleets in an expeditious manner.



Funding Source

The federal government has made approximately \$300 million available nationally under the U.S. Environmental Protection Agency's (U.S. EPA) DERA program in response to federal legislation authorized under the American Recovery and Reinvestment Act (ARRA, also known as the Recovery Act) of 2009. Of these funds, approximately 30% or \$88.2 million was made available for state clean diesel grant programs. Therefore, each state and the District of Columbia received \$1.73 million for state clean diesel activities.

Funding Availability

Approximately \$1.5 million is available for Michigan Clean Diesel Recovery and Reinvestment grant projects. Only RFPs requesting funding between \$50,000 and \$500,000 will be accepted.

Funding Type

All state clean diesel projects are funded as pass through grants, and will be implemented through grant contracts with award recipients (also known as the grantees). Administration of the grant contract is the responsibility of the grantee and cannot be contracted out.

Deadlines for Submittal

Applications for proposed projects will be accepted from Friday, May 15, 2009 through **Monday, June 15, 2009, 5 p.m. EDT**. The deadline will not be extended. Project proposals must be received by this date and time in order to be considered (see page 12 for "Submission Requirements and Methods."). Proposals submitted outside of this timeframe will not be considered for funding.

Project Period: The project period begins upon execution of a grant contract by the MDEQ and ends June 30, 2010.

Eligible Applicants

Applicants for the Michigan Clean Diesel Recovery and Reinvestment Project 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.
- Tribal agencies that have the promotion of transportation or air quality as their focus.
- 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)



- Private business and industry if the public or private fleet identified for the project operates in a PM_{2.5} non-attainment zone.

Eligible Projects

Eligible vehicles and equipment for the Michigan Clean Diesel Recovery and Reinvestment Project include diesel engine: buses; medium or heavy duty trucks; marine engines; and non-road engines used in: the construction industry; at a port authority or rail yard; in the agricultural or mining industries; or for energy production (limited to stationary generators and pumps). Both eligible vehicles and equipment used in the Michigan Clean Diesel Recovery and Reinvestment Project require the grantee to enter into a five-year commitment with the MDEQ to continue the operation of the vehicles and equipment in the areas identified in Section I (the Work Plan) of the Grant application Cover Sheet and Proposal for a period of five years after the ending date of the grant agreement.

Eligible Technologies

Projects funded under this RFP must use diesel emissions reduction solutions that are listed on the Verified U.S. EPA or California Air Resources Board (CARB) technology lists, the Verified U.S. EPA Idle Reduction list, or a U.S. EPA certified engine configuration.

1. **Verified Retrofit Technologies:** A “retrofit” project is defined broadly to include any technology, device, fuel or system that when applied to an existing diesel engine achieves emission reductions beyond what is currently required by EPA regulations at the time of the engine’s certification. A list of EPA verified technologies is available at <http://www.epa.gov/otaq/retrofit/verif-list.htm>. A list of CARB verified technologies is available at <http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm>.

Note: technologies on the “Previously Verified” lists are not eligible for funding.

Verified retrofit technologies include:

- a) **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 100% of the cost (labor and equipment) for an exhaust control** that is verified by the U.S. EPA or CARB.
- b) **Engine Upgrades:** An engine upgrade is defined as an engine that is rebuilt or remanufactured to meet higher federal emission standards. Some engines are able to be upgraded to reduce their emissions by applying manufacturer recommended upgrades (or kits) to certified or verified configurations. **This funding can cover 100% of the cost (labor and equipment) for an engine upgrade with a manufacturer’s kit** listed on the CARB or U.S. EPA’s verified lists, or engine upgrade to a U.S. EPA certified engine configuration.

Note: this funding cannot be applied to the entire cost of an engine rebuild, but only the emissions-reducing upgrade kit and associated labor costs for installation.



2. **Verified Idle Reduction Technologies:** An idle reduction project is generally defined as the installation of a technology or device that (a) is installed in one or more of the following vehicle(s) or equipment: a bus, medium-duty or heavy-duty truck, marine engine, non-road engine or vehicle used in construction, handling of freight (including at a port), agriculture, mining, or energy production, or is installed in the ground; (b) reduces unnecessary idling of the main drive engine of such vehicles or equipment; and/or (c) 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 must also lower emissions. The U.S. EPA has verified a number of categories of idle reduction technologies: (a) auxiliary power units and generator sets; (b) battery air conditioning systems; (c) thermal storage systems; (d) fuel operated heaters; (e) shore connection systems and alternative maritime power; and (f) automatic shutdown/start-up systems. Although electrified parking spaces (truck stop electrification) is a verified U.S. EPA idle reduction technology, this grant cannot be used to fund this type of idle reduction technology. The MDEQ is particularly interested in projects that combine idle reduction technologies with verified retrofit technologies which will further reduce emissions, e.g., through the addition of exhaust controls such as a diesel particulate filter, diesel oxidation catalyst or crankcase emission control. **This funding can cover 50% of the cost (labor and equipment) for an idle reduction technology. Participating fleet owners are expected to pick up the remaining 50% costs associated with the purchase and installation of the idle reduction technology.** A list of U.S. EPA verified idle reduction technologies is available at www.epa.gov/smartway/transport/what-smartway/verified-technologies.htm.
3. **Certified Engine Repowers:** Repower refers to the removal of an existing engine and its replacement with a newer or cleaner engine that is certified to a more stringent set of engine emissions standards. Repower includes, but is not limited to, diesel engine replacement with an engine certified for use with a cleaner fuel and/or the replacement of a nonroad 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 MDEQ is particularly interested in projects that combine engine repower with verified technologies which will further reduce emissions, e.g., through the addition exhaust controls such as a diesel particulate filter, diesel oxidation catalyst or crankcase emission control. **This funding can cover 50% of the cost of an engine repower, which includes labor and equipment. Participating fleet owners are expected to pick up the remaining 50% cost of the purchase and installation of the certified engine repower.** A list of U.S. EPA certified engine configurations is available at <http://www.epa.gov/otag/retrofit/nonroad-list.htm#epa>.
 - a) **Repower Criteria:** Repower projects are eligible for funding on the condition that the following criteria are satisfied:
 1. The engine being replaced will be scrapped or rendered permanently disabled or returned to the original engine manufacturer for remanufacturing to a certified cleaner emission standard. 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 MDEQ and U.S. EPA approval. If scrapped or salvaged engines are to be sold, grantees must keep any proceeds generated from the sale of these items and must apply the proceeds to purchase



additional clean diesel technologies, equipment or vehicles (see “Other Requirements/Restrictions for Funding Eligibility” for additional criteria).

2. Evidence of appropriate disposal, including the engine serial number, is required in the final report submitted to the MDEQ by the grantee.

4. **Certified Vehicle and Equipment Replacements:** Non-road and highway diesel vehicles and equipment can be replaced under this program with newer, cleaner vehicles and equipment that operate on diesel or alternative fuels and meet a more stringent set of engine emissions standards. Replacement projects can include the replacement of diesel vehicles/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). These projects can also include the replacement of non-road vehicles/equipment with highway models if the highway models are capable of performing the same functions as the nonroad models. The MDEQ encourages the replacement of older vehicles/equipment containing engines that were manufactured prior to the implementation of emissions standards. This funding covers the incremental costs of new vehicles and equipment. **Incremental costs are defined as 25% of the cost of the new vehicle or equipment (except for school buses—see provision below). Participating fleet owners are expected to pick up the remaining 75% cost for the purchase of the vehicle/equipment replacement.**

- a) **Replacements for School Buses:** Funding levels will cover up to 25% or 50% of the cost of a replacement school bus, depending on the engine emission certification levels of the replacement bus.

1. **Twenty-five percent level:** This funding will cover 25% for school buses with engines manufactured in model years 2007, 2008 or 2009. These buses are particulate filter equipped in the case of diesel engines or catalyst equipped in the case of CNG engines, and satisfy regulatory requirements for school bus engines manufactured in that model year and do not exceed the limits of particulate matter (PM) at 0.01, nitrogen oxides (NOx) at 2.0, and nonmethane hydrocarbons (NMHC) at 0.40 (expressed in grams per brake horsepower hour, g/BHP-hr). **Participating fleet owners are expected to pick up the remaining 75% cost for the replacement of a school bus.**

2. **Fifty percent Level:** This funding will cover 50% of the cost of a replacement school bus with engines manufactured in model year 2007, 2008, or 2009 that satisfy 2010 model year regulatory limits for emissions of PM, NOx and NMHC. The model year 2010 regulatory requirements are: PM at 0.01 grams per brake horsepower hour, NOx at 0.20 and NMHC at 0.14. **Participating fleet owners are expected to pick up the remaining 50% cost for the replacement of a school bus.**



b) **Replacement Criteria:** Replacement projects are eligible for funding on the condition that the following criteria are satisfied:

1. 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 MDEQ and U.S. EPA approval. Equipment and vehicle components that are not part of the engine or chassis may be salvaged from the unit being replaced (e.g. plow blades, shovels, seats, tires, etc.) If scrapped or salvaged engines are to be sold, grantees must keep any proceeds generated from the sale of these items and must apply the proceeds to purchase additional clean diesel technologies, equipment or vehicles.(see “Other Requirements/Restrictions for Funding Eligibility” for additional criteria).
2. Evidence of appropriate disposal, including engine serial number and vehicle identification number (VIN), is required in the final grantee report submitted to MDEQ.

Administrative Qualifications, Previous Project History and Eligible Reimbursement Allowance

1. Staff Expertise and Qualifications

Given the expeditious nature associated with implementing the Michigan Clean Diesel Recovery and Reinvestment project, applicants are asked to provide information on the staff and organization’s experience for timely and successfully administration of the grant’s objectives, tasks and timelines outlined in this project proposal. Staff expertise and qualifications should be focused on the experience, knowledge and resources available to the applicant in order to successfully achieve the goals of the proposed project. Examples include detailing the previous grant administration experience of the grant manager, or the automotive experience of an in-house mechanic for equipment installation.

2. Resources and Previous Project History

Given the expeditious nature of the Recovery Act funding, past performance capability, progress toward achieving anticipated results, and timely reporting history of the applicant will be evaluated by the MDEQ. Grant applicants who can demonstrate past success with achieving timeframes in a prompt, efficient and effective manner will receive selection preference during the selection and evaluation process.



3. Cost Reimbursement Limitation

Administrative costs for staff overseeing grant activities are allowed under this grant. Reimbursables include: salary, fringe benefits, indirect costs and travel associated with the administration and implementation of the grant project. Fringe benefits are reimbursable at the grantee's actual rate, up to a maximum of 40% of salary applied to the grant project. Indirect charges are limited to the grantee's actual rate, up to a maximum of 20% of all salary and fringe benefits charged off to the grant project.

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 MDEQ reserves the right to award grants for amounts other than what is requested and/or to request changes to or clarification of a proposed work plan.

Content for Project Proposal

Project proposals for the Michigan Clean Diesel Recovery and Reinvestment Project must not exceed a total of 10 single-spaced typewritten pages. Proposals in excess of the 10-page limit or not adhering to the Project Proposal Format (see page 14) will not be considered. Supporting materials such as letters of support, the Budget Detail sheet and the fleet description can be submitted as attachments and are not included in the 10-page limit.

Proposals must be developed in Microsoft Word software while fleet descriptions and the Budget Detail are to be documented in Microsoft Excel software. Electronic copies of both the Content for Project Proposals, the Budget Detail as well as the Fleet Description Spreadsheet for the Michigan Clean Diesel Recovery and Reinvestment Project are available on the [Michigan Clean Diesel Initiative \(MiCDI\)](http://www.michigan.gov/degair) web site at www.michigan.gov/degair. Select "Assessment and Planning" from the left-hand menu, and then "Mobile Sources." The MiCDI web page is located half-way down the page on the Mobile Sources site.

Each project proposal will include: a Cover Sheet; Work Plan; a Commitment by the Applicant statement to federal Recovery Act Funding Priorities; a Commitment by the applicant to [U.S. EPA](http://www.epa.gov), regional [Midwest \(and Michigan\) Clean Diesel Initiative](http://www.epa.gov/midwest) and the MDEQ's Air Quality Programmatic Priorities; a description of Administrative Abilities, Staff Expertise and Previous Project History; a Timeline and a Description of Tasks/ Milestones; the Anticipated Outputs and Outcomes; Budget Detail, and a Fleet Description Spreadsheet for the project. The instructions for completing the grant application proposal and its respective components are available on page 14 of this document.

Partnership and Match Requirements

Letters of Support

The MDEQ is looking for the formation of strong partnerships for each grant project proposal, and encourages grant applicants to bundle various types of fleets and various diesel emission reduction solutions into one application. For clean diesel applications in which the vehicles/equipment to be used in the project are not directly owned by the applicant, a signed letter of support from the owners of the vehicles/equipment is required to be submitted that



certifies approval and permission to have the fleet participate in the proposed project. For projects in which the applicant is the owner of the vehicles/equipment, letters of support for each grant project proposal are optional, but highly recommended.

Financial or In-Kind Match

There is a mandatory cost-share requirement for projects that involve vehicle/equipment replacements, engine repowers and idle reduction technology. Outside of the cost-share component for these projects, a match is not required. However, grant applicants who can demonstrate the cost-effectiveness of their clean diesel solution(s) will receive greater consideration during the grant evaluation and selection process. Cost-effectiveness can be determined by dividing the total grant funding request by the amount of lifetime tons of PM_{2.5} emissions reduced. To determine lifetime PM_{2.5} reductions (in \$/ton or \$/lb), see the “Outputs and Outcomes” section of the grant application instructions on page 18.

Sources of Match

Match is a financial commitment made by the grant recipient and other partnering agencies to help implement the project. Labor, in-kind services, and materials can count as match. All grant recipients that use a match component in the grant project proposal must adhere to the following:

1. Whatever match is included in the application will become part of the contractual obligation, if the project is selected for full funding. Therefore, any match that is committed must be realistic in order to be met.
2. Match activities will be held to the same standards as grant-funded activities.
3. Match cannot be applied until the starting date of a contract signed by both parties.
4. Note that the auditing requirements in the Section VII - Budget Detail (page 20) require grantees to document match earned by providing letters from matching agencies, verifying the work completed, and the value of that work. Therefore, it is important that the match commitment made by the applicant be realistic.

Evaluation and Selection Criteria

Project proposals for the Michigan Clean Diesel Recovery and Reinvestment project will be evaluated based on how thoroughly the applicant addresses the following selection criteria:

1. Diesel Engine Emissions Reduction Outputs and Outcomes
 - a. Cost effectiveness of the overall project.
2. Linkage to National (U.S. EPA), Regional (Midwest Clean Diesel Initiative) and State (MDEQ) clean air and clean diesel priorities
Preference will be given to activities and projects associated with:
 - a. PM_{2.5} non-attainment areas of the state
 - b. Health and welfare disparities of populations or communities in an area that is 60-100% of the 24-hour PM_{2.5} NAAQS, see Appendix A.
3. Ability to meet the accelerated project timeline and the federal Recovery Act Funding Priorities for:
 - a. Grant administration (including staff expertise, experience and qualifications).
 - b. The procurement and installation diesel emission reduction solutions.
 - c. Enhanced economic benefits – the preservation or creation of jobs.



4. A well developed and clear project narrative, work plan and overall diesel emissions reduction solution and approach.
5. Budget and resource(s) match for this project.
6. Detailed identification and description of targeted fleet(s).

Award Administration

Grant awards are expected to be made no later than August 31, 2009. Successful applicants will be notified by letter; no notification will be made to unsuccessful applicants. Each successful applicant will sign a grant contract with the MDEQ in order to begin implementation of the proposed project. Activity undertaken prior to the grant contract's execution will not be eligible for reimbursement under this grant. Grantees must procure all clean diesel vehicles and equipment through an open and competitive bid procurement process. All clean diesel vehicles and equipment must be ordered between the effective date of the grant contract and December 31, 2009.

Reporting Requirements

Reporting requirements for grantees are accelerated for the Michigan Clean Diesel Recovery and Reinvestment Project, given the expeditious nature of the federal Recovery Act funding. Grantees will be required to submit project status and financial reports to the MDEQ at a minimum each quarter during the project period. Given the expedited provisions placed on the allocation of this funding, grantees may be required to submit project status and financial reports within 5 calendar days after the end of each quarter.

Other Requirements/Restrictions for Funding Eligibility

1. Applicants are highly encouraged to incorporate a variety of vehicles and equipment in a single application, and to form multiple partnerships and collaborations with fleet owners/operators and other interested parties. However, each grant will be awarded to a single entity.
2. Repower and Replacement Restrictions: The following are not covered under Repowers and Replacements:
 - a) Emission reductions 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 (September 30, 2010). 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 7 years, a bus that is currently in its 6th or 7th year of service is not eligible for replacement. A bus that is currently in its 5th year of service and has 2 years of useful life remaining is eligible for replacement.
 - b) The purchase of new vehicles or equipment to expand a fleet is not covered by this program.



3. Ineligible costs and equipment
 - a) Items/installation/labor executed before a grant contract is signed.
 - b) Engine repowers or vehicle/equipment replacements if the replacement would have occurred as a result of normal fleet turnover.
 - c) Disposal costs for engine replacements or any devices removed from a vehicle/equipment.
 - d) Optional accessories that are in addition to the basic unit (verified technology or certified engine) required for this project.
4. Non-duplicative funding
 - a) Direct or pass-through federal or state funding, from separate programs other than DERA, cannot be used as a financial or in-kind match for this project.
5. Program income generated from scrappage:
 - a) Must be added to funds committed to the project, and must be used to further eligible projects or program objectives. The program income must be used for the purposes and under the conditions of the grant contract.
 - b) Requires that the grantee maintain records adequate to document the extent to which transactions generate program income and the disposition of program income.
 - c) Requires that program income be used before requesting additional payments for work completed under this grant project.
6. Educational components of a project such as public relations, promotional events or for staff training are ineligible activities for grant funding or match.

Acceptance Criteria

Successful applicants will be required to enter into a grant project contract with the MDEQ within 30 calendar days of the grant award. A grant project contract consists of standard “boilerplate” language, the applicant’s work plan, timetable, and budget information. Successful applicants will be required to review the grant award contract with the MDEQ staff prior to final contract acceptance.

Appendix B (page 31) outlines some of the contractual requirements that will be required under the federal Recovery Act. Failure of a successful applicant to accept these obligations may result in withdrawal or cancellation of the grant. The MDEQ reserves the right to offer partial funding for any grant proposal.

Confidentiality

All information and materials submitted for this RFP and subsequent grant awards are subject to the state’s Freedom of Information Act (FOIA). Information about activities undertaken under the Michigan Clean Diesel Recovery and Reinvestment Project including grant project summaries, a description of fleet types and technologies utilized in a project, contractor awards for each project and project status reports will be posted on both the [Michigan Clean Diesel Initiative \(MiCDI\)](http://www.michigan.gov/recovery) and State of Michigan Clean Diesel Recovery and Reinvestment Plan (www.michigan.gov/recovery) web sites.



Submission Requirements and Methods

All grant project proposals must follow the outlined "Content for Project Proposal" listed on page 8 and the Project Proposal Format available in the grant application on page 14. Failure to adhere to the Project Proposal Format, page length requirements, and submittal method will void your grant application.

Submission Requirements

Five hard (paper) copies of the project proposal must be submitted to the MDEQ Lansing office (see below), along with electronic copies of the Cover Sheet and Project Proposal (completed in Microsoft Word software) and Fleet Description Spreadsheet (completed in Microsoft Excel software). An electronic copy of the entire proposal including the Cover Sheet; Work Plan; a Commitment by the Applicant statement to federal Recovery Act Funding Priorities; a Commitment by the applicant to [U.S. EPA](#), regional [Midwest \(and Michigan\) Clean Diesel Initiative](#) and the MDEQ's Air Quality Programmatic Priorities; a description of Administrative Abilities, Staff Expertise and Previous Project History; a Timeline and a Description of Tasks/ Milestones; the Anticipated Outputs and Outcomes; the Budget Detail, and a Fleet Description Spreadsheet, must accompany the hard copy proposal on Compact Disk (CD). **Projects must be received by the MDEQ no later than Monday, June 15, 2009 by 5 p.m. EDT.**

Submission Methods

Projects must be sent through postal mail, overnight delivery or hand-delivered to the MDEQ office in Lansing. No project proposals will be accepted by e-mail or by facsimile machine (fax).

SUBMIT PROJECT PROPOSALS TO:

**Michigan Department of Environmental Quality
Environmental Science and Services Division
P.O. Box 30457
Lansing, MI 48909
Attention: Donna Davis**

(by postal mail)

**Michigan Department of Environmental Quality
Environmental Science and Services Division
525 W. Allegan
Lansing, MI 48933
Attention: Donna Davis**

**(by overnight mail or
hand-delivery)**



Where to Go for Assistance

The following are program contacts for the Diesel Emissions Reduction (DERA) state program, and the Michigan Clean Diesel Recovery and Reinvestment project.

Note: Program contacts cannot provide pre-submittal reviews, or comment on draft grant project proposals that are intended to be submitted at a later date. However, program contacts can provide guidance to applicants to ensure accurate and complete submittal of a project proposal by the deadline.

Donna Davis, State Clean Diesel Grant Program Manager
Michigan Department of Environmental Quality
Environmental Science and Services Division
P.O. Box 30457
Lansing, MI 48909
(517) 335-2784
davisd8@michigan.gov

Robert Rusch
Michigan Department of Environmental Quality
Air Quality Division
P.O. Box 30260
Lansing, MI 48909
(517) 373-7041
ruschr@michigan.gov



**Michigan Department of Environmental Quality
The Michigan Clean Diesel Recovery and Reinvestment Project**

**INSTRUCTIONS FOR COMPLETING GRANT APPLICATION
COVER SHEET AND PROPOSAL**

Project Proposal Format

The entire project proposal for the Michigan Clean Diesel Recovery and Reinvestment Project must not exceed a total of 10 single-spaced typewritten pages, and must follow the Project Proposal Format. Proposals must be typed in Arial 11 pt. font and have top, bottom, left and right margins no wider or smaller than 1" in size. Proposals in excess of the 10-page limit or not adhering to the Project Proposal Format will not be considered. Supporting materials such as letters of support, budget detail and fleet descriptions can be submitted as attachments and are not included in the 10-page limit. Applications for proposed projects will be accepted from **Friday, May 15, 2009 through Monday, June 15, 2009, 5 p.m. EDT.**

Proposals must be developed in Microsoft Word software while fleet descriptions and budget detail are to be documented in Microsoft Excel software. Electronic copies of the Content for Project Proposals, the Budget Detail sheet, and the Fleet Description Spreadsheet for the Michigan Clean Diesel Recovery and Reinvestment Project are available on the [Michigan Clean Diesel Initiative \(MiCDI\)](http://www.michigan.gov/deqair) web site at www.michigan.gov/deqair. Select "Assessment and Planning" from the left-hand menu, and then "Mobile Sources." The MiCDI web page is located half-way down the page on the Mobile Sources site.

I. 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:

- A. The way in which the project will achieve a significant reduction in diesel emissions.
 - a. The reason why the project's area is being targeted for this project (i.e. air quality status, demonstrated health disparities, etc.).
- B. 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 or engines to be used in this project.
- C. The roles and responsibilities of the applicant organization and any other project partners.
- D. Information on whom or what organization(s) will retain ownership of any vehicles, engines and/or equipment purchased with funding from this project.

Applicants are asked to carefully review Sections II and III and affirm that the proposed project meets the priorities outlined under the Recovery Act, the U.S. EPA, the Midwest Clean Diesel Initiative, and the Michigan Department of Environmental Quality's (MDEQ's), Air Quality



Program. If the proposed project meets each Section's priorities, check the box, and copy each statement to the appropriate section in the project proposal's application.

II. Commitment by the Applicant to Federal Recovery Act Funding Priorities

American Recovery and Reinvestment Act Federal Priorities

- A. Preserving and/or creating jobs and promoting economic recovery;
- B. Maximizing job creation and economic benefit;
- C. Assisting those impacted by the current economic conditions;
- D. Providing investments needed to increase economic efficiency by spurring technological advances in science and health;
- E. Investing in transportation, environmental protection and other activities that will provide long-term economic benefits;
- F. Commencing expenditures and activities as quickly as possible consistent with prudent management; and
- G. Timely tracking and measuring the recipient's progress towards achieving Recovery Act priorities.

If you agree to meet these priorities, check the box, and copy the statement below to your project proposal application under this Section II's heading.

- This certifies that this project proposal is able to meet the funding priorities as outlined in the "Instructions" of the Cover Sheet and Project Proposal and the Michigan Clean Diesel Recovery and Reinvestment Project RFP.

III. Commitment to the U.S. EPA, regional Midwest (and Michigan) Clean Diesel Initiative and the MDEQ's, Air Quality Programmatic Priorities

A. U.S. EPA National Program Priorities

1. Maximize public health benefits – applicants should describe any disproportionate health disparities in both attainment or non-attainment areas;
2. Are the most cost-effective – applicants should include an estimate of project costs and the cost-effectiveness of emission reductions (see page 19 for more information on cost-effectiveness);
3. Are in areas with high population density, that are poor air quality areas (including non-attainment or maintenance of the NAAQS for a criteria pollutant or 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 MDEQ, Air Quality Division web site at www.michigan.gov/deqair. 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 for PM is located here;
4. Are in areas that receive a disproportionate quantity of air pollution from diesel fleets, including truck stops, ports, rail yards, terminals, and distribution centers, or that use a community-based multi-stakeholder collaborative process to reduce toxic emissions – applicants should include information on the quantity of air pollution produced by the diesel fleets in the area affected by the project;



5. 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;
6. Maximize the useful life of any certified engine configuration or verified technology used or funded by the applicant; and
7. Conserve diesel fuel.

B. Midwest (and Michigan) Clean Diesel Initiatives' Regional Program Priorities

- A. To reduce emissions from 1 million diesel-powered engines in U.S. EPA Region V by 2010 by implementing operational changes, technological improvements and use of cleaner fuels.
- B. To participate and support the activities of both the U.S. EPA's Midwest Clean Diesel Initiative (MCDI) and the Michigan Clean Diesel Initiative's (MiCDI) state coalition.

C. Michigan, Department of Environmental Quality, Air Quality Program Priorities

- A. Improve the general populace's understanding of the PM_{2.5} National Ambient Air Quality Standards (NAAQS) non-attainment problem, including helping identify the contribution of emission source types that contribute to source regions' PM_{2.5} levels.
- B. Create a greater awareness among residents of the health and welfare impacts of PM_{2.5} in areas of Michigan located within close proximity to an ongoing exposure to diesel engine emissions.
- C. Track the progress of emissions' solutions towards PM_{2.5} attainment, and assess the effectiveness of emission reduction programs.

If you agree to meet these priorities, check the box, and copy the statement below to your project proposal application under this Section III's heading.

This certifies that my organization is committed to helping the U.S. EPA, 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

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.

Name of Project Staff	Title of Staff	Affiliated Organization	Role/Responsibility with the Project
Example: Joe Smoe	Transportation Director	ABC School District	Grant Administrator



Given the expeditious nature of the Recovery Act funding, past performance capability, progress toward achieving anticipated results, and timely reporting history of the applicant will be evaluated by the MDEQ. Please provide a list of the any federal or state grants, or funding agreements that the applicant or organization has received in the last 3 years using the following format:

Name of Grant Project	Start and End Dates of Grant	Name of Grantor/ Agency	Grant Project Number
<u>Example:</u> The ABC School District's Engine Project	10/1/08 – 4/30/09	U.S. EPA	0001-22-00567

V. Timeline and a Description of Tasks/ Milestones

Using the following table format, 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. All timelines should begin on September 1, 2009.

Anticipated Timeline for Completion	Task or Milestone to Achieve
<u>Example:</u> October 2009	Review fleet needs and develop procurement documents.

VI. Anticipated Outputs and Outcomes

Identify the expected project's economic and environmental outputs and outcomes. Briefly specify how progress will be made toward achieving economic or environmental outputs as well as how progress will be tracked, measured and reported. Briefly describe how economic or 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 following table format:

Activity	Outputs	Outcomes
<u>Example:</u> Retrofit 100 school buses	# of technology installed (100 DOCs on 100 school buses)	<p><u>Short term:</u> Successful installation of 100 DOCs. Promoted the future health and environmental benefit to local area parents. Maintained 5 FTE positions within the agency.</p> <p><u>Medium term:</u> Emissions reductions x tons/yr. of PM, NO_x HC, CO</p> <p><u>Long term:</u> Improved health effects – reduction in school age asthma.</p>



Outputs

The term “output” means an economic or environmental activity, effort and/or associated products related to an economic or 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
- Number of individual jobs preserved and/or created working directly on the project.

Outcomes

The term “outcome” means the result, effect or consequence that will occur from carrying out an economic or environmental program or activity that is related to an economic or environmental or programmatic goal or objective. Outcomes may be economic, 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 economic and environmental outcomes of the project, including those related to the Recovery Act, 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:

A. Short-term outcomes such as:

- i. An increased understanding of the environmental or economic effectiveness of the implemented technology;
- ii. Dissemination of the increased knowledge via list serves, web sites, journals, and outreach events; and
- iii. Preservation and/or creation of jobs and the promotion of economic recovery.

b. Medium-term outcomes such as:

- i. Widespread adoption of the implemented technology;
- ii. Assisting those most impacted by the current economic conditions;
- iii. Providing investments needed to increase economic efficiency by spurring technological advances in science and health;
- iv. Annual pounds or tons of fine particulate matter (PM2.5), nitrogen oxides (NOx), greenhouse gases (GHG) and/or volatile organic compound (VOCs) reduced,
- v. Cost effectiveness of project (in \$/ton or \$/lb);
- vi. Health benefits achieved (health benefits may be measured by numbers of illnesses, health care costs, or missed work/school days avoided);
- vii. Preservation and/or creation of jobs and the promotion of economic recovery; and



viii. Annual gallons of diesel fuel saved.

c. Long-term outcomes such as:

- i. 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);
- ii. Documented improved ambient air quality;
- iii. Investment in transportation, environmental protection and other activities that will provide long-term economic benefits including jobs created/retained; and
- iv. Preservation and/or creation of jobs and the promotion of economic recovery.

To estimate some of the anticipated environmental outputs of your application, (e.g. pollution reduced), EPA encourages you to use the Diesel Emissions Quantifier found at <http://cfpub.epa.gov/quantifier/view/index.cfm>. If you are having trouble getting started, please check out the step-by-step instructions on <http://cfpub.epa.gov/quantifier/view/stepbystep.cfm>. 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 <http://cfpub.epa.gov/quantifier/view/UserGuide.pdf>. In addition, EPA produced a webinar tutorial on the DEQ which can be found here: <http://epa.gov/otaq/diesel/webinar.htm#deq>.

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

Cost Effectiveness Calculation

Project cost effectiveness is a programmatic priority and the applicant is encouraged to use the Diesel Emissions Quantifier (DEQ) to make this calculation. Cost effectiveness of the total project can be reported on the Fleet Description Spreadsheet under the column entitled, "Total Grant Cost Effectiveness" in Section 5.

When running the DEQ for a particular project, funding information is inputted for the diesel fleet. If a project has multiple fleets (e.g. both school buses and public transit buses), enter the funding information for the first fleet only and leave the others blank, then save the scenario. When technologies are added to the fleets, the applicant has the option of entering the Unit Cost and Installation Cost for each technology. Once all of this information has been entered, the DEQ calculates the Capital Cost Effectiveness and Total Cost Effectiveness in dollars per ton reduced. **Emission reduction benefits shall only be calculated for the period preceding any effective date or compliance deadline, if applicable.**

The Capital Cost Effectiveness is calculated by dividing the total unit and installation costs of all the technologies by the Amount Reduced for each of the following pollutants: NO_x, PM, HC, CO, and CO₂. The Total Cost Effectiveness is calculated by dividing the total amount of funding for the project (which includes unit cost, installation cost, administrative costs, travel costs, fees, etc.) by the Amount Reduced for each pollutant. Both cost effectiveness values reflect the lifetime of the project, which is based on the remaining life of your fleets. Please submit the



separate Total Cost Effectiveness numbers for each of the following pollutants: NO_x, PM, HC, CO, and CO₂.

If you are unable to use these models, please describe your methodology for estimating or determining outcomes in detail. Emission reduction estimates and measurements for a verified technology should be based on demonstrated emissions reductions and emission factors listed on the U.S. EPA or CARB's verified technology list. Pre-retrofit and post-retrofit emissions testing and/or monitoring are not an eligible use of grant funds under this grant.

VII. Budget Detail

A. Financial or In-Kind Match

Identify what additional financial or in-kind resources will be used in this project and who or what organization is providing them (i.e. the applicant, a partner, etc.). Indicate how the financial or in-kind match will complement the grant project and its activities and the overall efforts and mission of the organization to provide cleaner diesel vehicles/equipment in the area served by that fleet.

B. Audits

All applicants must include with their proposal a letter from a certified public accountant documenting that the organization has undergone a successful financial audit within the last 24 months. The letter must also include the dates and scope of the successful financial audit. This information is necessary to assure that the applicant has in place a financial accounting system that operates in accordance with accepted accounting principles.

C. How to Complete the Budget Detail sheet

The Budget Detail sheet is a separate document to be completed in Microsoft Excel software. A copy of the Budget Detail sheet can be obtained from the MiCDI web site (see page 14). The numbering and lettering listed below corresponds to numbering and lettering on the Budget Detail sheet.

1. Personnel

- 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 Personnel should also be included and accounted for in Section IV: The Description of Administrative Abilities, Staff Expertise and Previous Project History.
- Personnel costs for staff in agencies other than the grant recipient should be budgeted under Contractual.
- Add subtotals.

2. Fringe Benefits

Fringe benefits can include insurance; FICA; federal, state, and local taxes; vacation and sick time; and workers' compensation.



- Most agencies have set fringe benefit rates. Use your agency's fringe benefit rate; it cannot exceed 40 percent.
- 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 MDEQ reserves the right to request applicants to supply information indicating how their fringe benefits were calculated.
- Add subtotals.

3. Contractual Services

Contractual costs are services or materials provided by a contractor, a partner or agencies other than the grant recipient. Because direct administration of this grant cannot be contracted out, contractual services are limited to reimbursement of work time, benefits, travel costs, and the procurement of eligible equipment or vehicles. The state of Michigan reserves the right to approve all contractors used in conjunction with this project, and reserves the right to require the grant recipient to replace a contractor found to be unacceptable.

- In column A, list all costs associated with the grant recipient's contractual agreement. Put estimated amounts in columns B and C.
- Any partnership services included here and attributed to partnership agreements should also be cited in Section IV: The Description of Administrative Abilities, Staff Expertise and Previous Project History of this application.
- Subtotal contractual costs.

4. Project Equipment, Supplies, and Materials (Purchased by Grantee)

4a. 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. Vehicle or equipment purchases will require the grantee to enter into a five-year commitment with the MDEQ to continue operation of the equipment in the areas identified in Section I: The Work Plan of this application for five years after the ending date of the grant agreement.
- Itemize equipment on the Budget Form and explain any cost that may appear out of the ordinary.

4b. 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.

5. Travel Costs (For Grantee)

- 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.

6. Total Direct Costs

Total direct costs would be the sum of all grant funds requested and all local match funds identified.

7. 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 percent 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.

8. Totals

- Add the subtotals for each budget category.
- Attach the Budget Detail, Budget Detail sheet and Audit Letter as Appendix A of the proposal.
-

Note: The totals at the bottom of the Budget Sheet should be the same as those on page 2 of the Grant Proposal Cover Sheet, Grant Information Section.

VIII. Fleet Description

A. Briefly describe the type(s) of vehicles/equipment to be used in the project including:

1. The number, typical uses, and ownership of the vehicles or equipment engines targeted in this project for emissions reductions (e.g. two medium duty trucks 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.
2. The age and expected useful life of the vehicles, engines and/or equipment targeted in this project for emissions reductions.

B. Complete the Fleet Description sheet and attach as Appendix B of the proposal.

IX. Letters of Support

Letters of support for each grant project proposal are optional, but highly recommended. For clean diesel applications in which the vehicles/equipment to be used in the project are not



directly owned by the applicant, a signed letter of support from the owners of the vehicles/equipment is required to be submitted that certifies approval and permission to have the fleet participate in the proposed project Attach the letter(s) of support as Appendix C of the proposal.

Submission Requirements

Five hard (paper) copies of the project proposal must be submitted to the MDEQ Lansing office (see below), along with electronic copies of the Cover Sheet and Project Proposal (completed in Microsoft Word software) and Fleet Description Spreadsheet (completed in Microsoft Excel software). An electronic copy of the proposal must accompany the hard copy proposal on Compact Disk (CD). **Projects must be received by the MDEQ no later than Monday, June 15, 2009 by 5 p.m. EDT.**

Submission Methods

Projects must be sent through postal mail, overnight delivery or hand-delivered to the MDEQ office in Lansing. No project proposals will be accepted by e-mail or by facsimile machine (fax).

SUBMIT PROJECT PROPOSALS TO:

Michigan Department of Environmental Quality
Environmental Science and Services Division
P.O. Box 30457
Lansing, MI 48909
Attention: Donna Davis

(by postal mail)

Michigan Department of Environmental Quality
Environmental Science and Services Division
525 W. Allegan
Lansing, MI 48933
Attention: Donna Davis

(by overnight mail or
hand-delivery)



Where to Go for Assistance

The following are program contacts for the Diesel Emissions Reduction (DERA) state program, and the Michigan Clean Diesel Recovery and Reinvestment project.

Note: Program contacts cannot provide pre-submittal reviews, or comment on draft grant project proposals that are intended to be submitted at a later date. However, program contacts can provide guidance to applicants to ensure accurate and complete submittal of a project proposal by the deadline.

Donna Davis, State Clean Diesel Grant Program Manager
Michigan Department of Environmental Quality
Environmental Science and Services Division
P.O. Box 30457
Lansing, MI 48909
(517) 335-2784
david8@michigan.gov

Robert Rusch
Michigan Department of Environmental Quality
Air Quality Division
P.O. Box 30260
Lansing, MI 48909
(517) 373-7041
ruschr@michigan.gov



**Michigan Department of Environmental Quality
 The Michigan Clean Diesel Recovery and Reinvestment Project
 GRANT PROPOSAL COVER SHEET**

(This is page 1 of your proposal)

APPLICANT/ORGANIZATION INFORMATION

Project Name:	
Applicant/Organization's Name	
Address (physical location)	
Address (mailing address)	
City	
State	Michigan
Zip Code	
County	
Applicant/Organization's Telephone Number	
Fax Number	
Applicant/Organization's Federal ID Number	
Applicant/Organization's DUNS # (Dun & Bradstreet Universal Numbering System) *	

* This is required under the Recovery Act. If you do not currently have a DUNS number, visit <http://fedgov.dnb.com/webform/displayHomePage.do;jsessionid=8C9676751AF165D1CE363FCE669DBCF9> or call 1-800-705-5711 to obtain one.

PROJECT CONTACT INFORMATION

Project Manager's Name	
Address (if different than above)	
City	
State	
Zip Code	
Project Manager's Telephone Number (if different from the above)	
Project Manager's E-mail Address	
Project Location (city, township, village or county – if more than 1, list all)	
State Senate District Number(s) for Project Location(s)	
State House District Number(s) for Project Location	
U.S. House District Number(s) for Project Location	
U.S. Senate District Number(s) for Project Location	



GRANT PROPOSAL COVER SHEET (continued)
 (This is page 2 of your proposal)

GRANT INFORMATION

Grant Funding Amount Requested	\$	
Value of Additional Match	\$	
Total Project Costs	\$	
Number of Jobs (generated directly from this grant project)	Number of Jobs Created	Number of Jobs Retained
Number of Jobs (generated indirectly from this grant project, if known)		

GRANT ACCEPTANCE

Please check the most appropriate box for applicant type:	<input type="checkbox"/> Michigan city, township or village
	<input type="checkbox"/> Michigan county
	<input type="checkbox"/> Port authority
	<input type="checkbox"/> Tribal agency (transportation & air quality only)
	<input type="checkbox"/> Public school district(s)
	<input type="checkbox"/> Private school (non-profit only)
	<input type="checkbox"/> Other non-profit _____
	<input type="checkbox"/> Private fleet owner/operator
	<input type="checkbox"/> Single owner/operator of small business
<input type="checkbox"/> Equipment/vehicle supplier	
Name of Person with Grant Acceptance Authority	
Title of Person	

Signature: _____
 Title of Signatory _____

_____ Date



**Michigan Department of Environmental Quality
 The Michigan Clean Diesel Recovery and Reinvestment Project
 GRANT PROJECT PROPOSAL FORMAT**

(This information begins the 3rd page of your proposal)

Project Name:	
Applicant/Organization's Name	
City	
County	

I. Work Plan

II. Commitment by the Applicant to Federal Recovery Act Funding Priorities

This certifies that this project proposal is able to meet the funding priorities as outlined in the "Instructions" section of Cover Sheet and Project Proposal and the Michigan Clean Diesel Recovery and Reinvestment Project RFP.

III. Commitment to the [U.S. EPA](#), regional [Midwest Clean Diesel Initiative](#) and the MDEQ's Programmatic Priorities

This certifies that my organization is committed to helping the U.S. EPA, the Midwest and Michigan Clean Diesel Initiatives and the 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

Name of Project Staff	Title of Staff	Affiliated Organization	Role/Responsibility with the Project
Example: Joe Smoe	Transportation Director	ABC School District	Grant Administrator

Name of Grant Project	Start and End Dates of Grant	Name of Grantor/ Agency	Grant Project Number
Example: The ABC School District's Engine Project	10/1/08 – 4/30/09	U.S. EPA	0001-22-00567



V. Timeline and a description of Tasks/ Milestones

Anticipated Timeline for Completion	Task or Milestone to Achieve
Example: October 2009	Review fleet needs and develop procurement documents.

VI. Anticipated Outputs/Outcomes

Activity	Outputs	Outcomes
Example: Retrofit 100 school buses	# of technology installed (100 DOCs on 100 school buses)	<p><u>Short term:</u> Successful installation of 100 DOCs. Promoted the future health and environmental benefit to local area parents. Maintained 5 FTE positions within the agency.</p> <p><u>Medium term:</u> Emissions reductions x tons/yr. of PM, NO_x HC, CO</p> <p><u>Long term:</u> Improved health effects – reduction in school age asthma.</p>

VII. Budget Detail (for financial or in-kind match) and **Budget Detail sheet** (Appendix A of the proposal)

IX. Fleet Description and Fleet Description Spreadsheet (Appendix B of the proposal)

X. Letters of Support (Appendix C of the proposal)



**Michigan Department of Environmental Quality
The Michigan Clean Diesel Recovery and Reinvestment Project**

CHECKLIST FOR GRANT 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
 - Commitment by the Applicant to Federal Recovery Act Funding Priorities
 - Commitment to the [U.S. EPA](#), regional [Midwest Clean Diesel Initiative](#) and the MDEQ's Programmatic Priorities
 - Description of Administrative Abilities and Staffing
 - Timeline and a description of Tasks/ Milestones
 - Anticipated Outputs/Outcomes
 - Budget Detail
 - Fleet Description

- Budget Detail and Budget Detail sheet (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.

- Fleet Description Spreadsheet (Appendix B of the proposal)

- Letters of Support (Appendix C of the proposal)

- Five hard (paper) copies of the entire proposal, appendices and letters of support

- Electronic copies of the following on CD:
 - Grant Proposal Cover Sheet (pages 1 and 2 of the proposal)
 - Grant Project Proposal Format (pages 3-10 of the proposal)
 - Budget Detail sheet (Appendix A of the proposal)
 - Fleet Description Spreadsheet (Appendix B of the proposal)



APPENDIX A

**MICHIGAN'S DESIGNATED NON-ATTAINMENT AREAS
 FOR THE ANNUAL PM_{2.5} STANDARD**

Livingston	Monroe	St. Clair	Wayne
Macomb	Oakland	Washtenaw	

**COUNTIES IN MICHIGAN WITH A 3-YEAR AVERAGE THAT IS
 WITHIN 60% OF THE 24-Hour PM STANDARD**

Allegan	Houghton	Livingston	Oakland	Wayne
Bay	Ingham	Macomb	Ottawa	
Berrien	Kent	Monroe	St. Clair	
Genesee	Kalamazoo	Muskegon	Washtenaw	



APPENDIX B

TERMS AND CONDITIONS OF GRANT AWARDS

The American Recovery And Reinvestment Act of 2009

The following are some of the special terms and conditions that are required under the American Recovery and Reinvestment Act of 2009. These draft terms are an exhaustive description of the special terms and conditions applicable to Recovery Act funds and are subject to change or modification.

Administrative Conditions

Reports on Use of Funds

The recipient (the State of Michigan) of the American Recovery and Reinvestment Act (Recovery Act) funds must report on the use of funds by submitting the SF-PPR Recovery form not later than 10 days after the end of each calendar quarter to (the U.S.) EPA. The report will be posted to Recovery.gov. Recipients and their sub-recipients (first-tier) must have a Dun and Bradstreet Universal Numbering system (DUNS number (www.dnb.com)) and must maintain active and current profiles in the Central Contractor Registration (www.ccr.gov).

Recipient (the State of Michigan and grant sub-recipient) agrees to use a (U.S.) EPA enterprise solution (or one developed by the State of Michigan or OMB) for reporting that reflects guidance from OMB. Specific guidance on the process, procedures, data tables, and schemas for reporting (which...(may)... rely on existing services such as the Exchange Network) will be published to recipients no later than 30 days after the OMB publishes its final guidance on recipient reporting. Recipient agrees to comply with any other guidance related to the reporting requirements of section 1512 of the Recovery Act issued by the OMB or EPA.

Inspector General Reviews

In addition to access to records provisions of 2 CFR 215.53 or 40 CFR 31.42, and in accordance with the provisions of section 1515 of the American Recovery and Reinvestment Act of 2009 (ARRA), recipient agrees to allow any appropriate representative of the Office of Inspector General to (1) examine any records of the recipient, any of its procurement contractors and subcontractors or sub grantees, or any State or local agency administering such contract, that pertain to, and involve transactions relating to, the procurement contract, subcontract, grant or sub grant; and (2) interview any officer or employee of the recipient, subcontractor, grantee, sub grantee, or agency regarding such transactions.

The Grantee is advised that providing false, fictitious or misleading information with respect to the receipt and disbursement of EPA grant funds may result in criminal, civil or administrative fines and/or penalties.



Recipient should be aware that the findings of any review, along with any audits, conducted by an inspector general of the Federal department or executive Agency and concerning funds awarded under ARRA shall be posted on the inspector general's web site and linked to www.recovery.gov, except that information that is protected from disclosure under sections 552 and 552a of title 5, United States Code may be redacted from the posted version.

Preference for Quick –Start Activities

- (a) Recipient shall use funds in a manner that maximizes job creation and economic benefit.
- (b) Recipients using funds for infrastructure investment must give preference to funding activities that can be started and completed expeditiously, including a goal of using at least 50% of the funds for activities that can be initiated not later than June 17, 2009. EPA considers projects for the construction, alteration, maintenance or repair of Truck Stop Electrification (TSE) facilities to be infrastructure investments. Recipients that conduct TSE projects must comply with this term and condition.

Recovery Act Logo

This project receives funding under the American Recovery and Reinvestment Act of 2009 (Recovery Act) and the grantee, sub-grantee or loan recipient must display the Recovery Act Logo in a manner that informs the public that the project is a Recovery Act investment. The (federal) ARRA logo may be obtained from the EPA grants office listed in this contract award (The state of Michigan ARRA log may be obtained from the Michigan Department of Environmental Quality listed in this contract award). If the EPA logo is displayed along with the Recovery Act logo or logos of other participating entities (i.e. state of Michigan Recovery Act logo), the EPA logo must be accompanied with a statement indicating that the grantee, sub-grantee or loan recipient received financial assistance from EPA for this project.

The Michigan Department of Environmental Quality (MDEQ)

Responsibilities of Grant Recipients

- Successful applicants will be required to enter into a project contract with the MDEQ within 30 days of the grant award.
- Grant recipients will be required to carry out all obligations contained in the project contract with the MDEQ. A project contract consists of standard “boilerplate” language (some of which has been simplified and included here,) the applicant's work plan, timetable, and budget information.
- The MDEQ also 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.



- Project Manager and Grant Manager are 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

All projects will be subject to a post-project audit. The MDEQ will conduct an audit of all the files, and may conduct an audit of a grant recipient's financial files before releasing final payment to the grantee. Therefore, grantees will be expected to maintain records and make available to the MDEQ all records pertaining to the grant. Grantees will be required to submit detailed information in their project status reports.

Reporting

- All grant recipients must submit Quarterly Status Reports to the MDEQ, 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. 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 MDEQ, before payment will be made. Submit copies as follows:
- Original Quarterly Status Report plus one copy to the MDEQ, ESSD, Lansing Office

The MDEQ, ESSD reserves the right to request annual progress reports of any grant recipient.

Final project reports are approved by the MDEQ before final grant payment will be made. Final reports should detail what was attempted in the project, what worked, what didn't, and any lessons learned. Final reports should also include final copies of all grant "products." In keeping with the MDEQ's pollution prevention focus, it is preferred that reports are submitted on recycled content paper and printed on both sides. Draft final reports are due to the MDEQ 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 project 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 agreement. No member or delegate to congress, or resident of commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise there from.

Cancellation

The state of Michigan may immediately cancel an Agreement without further liability if the Grantee, any agent of the Grantee, or any agent of any sub-agreement 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.