

	<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>  <b>Assistance Amendment</b>	<b>GRANT NUMBER (FAIN):</b> 00A00154 <b>MODIFICATION NUMBER:</b> 1 <b>PROGRAM CODE:</b> DS	<b>DATE OF AWARD</b> 09/24/2018
		<b>TYPE OF ACTION</b> Augmentation: Increase	<b>MAILING DATE</b> 10/01/2018
		<b>PAYMENT METHOD:</b> ASAP	<b>ACH#</b> 10109
		<b>RECIPIENT TYPE:</b> State	
<b>RECIPIENT:</b> Connecticut DEEP 79 Elm Street Hartford, CT 06106-5127 <b>EIN:</b> 86-1154163		<b>PAYEE:</b> Connecticut DEEP 79 Elm Street Hartford, CT 06106-5127	
<b>PROJECT MANAGER</b> Richard Pirolli 79 Elm Street Hartford, CT 06106-5127 <b>E-Mail:</b> ric.pirolli@ct.gov <b>Phone:</b> 860-424-4152		<b>EPA PROJECT OFFICER</b> John Rogan 5 Post Office Square, Suite 100, OEP05-2 Boston, MA 02109-3912 <b>E-Mail:</b> rogan.john@epa.gov <b>Phone:</b> 617-918-1645	
<b>EPA GRANT SPECIALIST</b> MaryEllen Stanis Grants Management Office, OARM05-5 <b>E-Mail:</b> stanis.maryellen@epa.gov <b>Phone:</b> 617-918-1173			
<b>PROJECT TITLE AND EXPLANATION OF CHANGES</b> FY 2018 State Clean Diesel Grant Program Amendment #1 increases the federal funding by \$413,031 and it revises the Administrative and Programmatic terms and conditions. The project and budget period end dates are extended to 9-30-2019.			
<b>BUDGET PERIOD</b> 10/01/2017 - 09/30/2019	<b>PROJECT PERIOD</b> 10/01/2017 - 09/30/2019	<b>TOTAL BUDGET PERIOD COST</b> \$1,277,880.00	<b>TOTAL PROJECT PERIOD COST</b> \$1,277,880.00
<b>NOTICE OF AWARD</b>			
<p>Based on your Application dated 06/25/2018 including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA) hereby awards \$413,031. EPA agrees to cost-share <u>60.00%</u> of all approved budget period costs incurred, up to and not exceeding total federal funding of \$766,728. Recipient's signature is not required on this agreement. The recipient demonstrates its commitment to carry out this award by either: 1) drawing down funds within 21 days after the EPA award or amendment mailing date; or 2) not filing a notice of disagreement with the award terms and conditions within 21 days after the EPA award or amendment mailing date. If the recipient disagrees with the terms and conditions specified in this award, the authorized representative of the recipient must furnish a notice of disagreement to the EPA Award Official within 21 days after the EPA award or amendment mailing date. In case of disagreement, and until the disagreement is resolved, the recipient should not draw down on the funds provided by this award/amendment, and any costs incurred by the recipient are at its own risk. This agreement is subject to applicable EPA regulatory and statutory provisions, all terms and conditions of this agreement and any attachments.</p>			
<b>ISSUING OFFICE (GRANTS MANAGEMENT OFFICE)</b>		<b>AWARD APPROVAL OFFICE</b>	
<b>ORGANIZATION / ADDRESS</b> EPA New England 5 Post Office Square, Suite 100 Boston, MA 02109-3912		<b>ORGANIZATION / ADDRESS</b> U.S. EPA, Region 1  5 Post Office Square, Suite 100 Boston, MA 02109-3912	
<b>THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<b>Digital signature applied by EPA Award Official</b> Arthur Johnson - Acting Director Office of Administration and Resource Management			<b>DATE</b> 09/24/2018

## EPA Funding Information

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
EPA Amount This Action	\$ 353,697	\$ 413,031	\$ 766,728
EPA In-Kind Amount	\$ 0	\$	\$ 0
Unexpended Prior Year Balance	\$ 0	\$	\$ 0
Other Federal Funds	\$ 0	\$	\$ 0
Recipient Contribution	\$ 0	\$	\$ 0
State Contribution	\$ 0	\$	\$ 0
Local Contribution	\$ 0	\$	\$ 0
Other Contribution	\$ 235,798	\$ 275,354	\$ 511,152
<b>Allowable Project Cost</b>	<b>\$ 589,495</b>	<b>\$ 688,385</b>	<b>\$ 1,277,880</b>

Assistance Program (CFDA)	Statutory Authority	Regulatory Authority
66.040 - State Clean Diesel Grant Program (B)	Diesel Emissions Reduction Act of 2010 codified at 42 U.S.C. 16131 et seq Consolidated Appropriations Act of 2018 (P.L. 115-141)	2 CFR 200 2 CFR 1500 and 40 CFR 33

Fiscal									
Site Name	Req No	FY	Approp. Code	Budget Organization	PRC	Object Class	Site/Project	Cost Organization	Obligation / Deobligation
-	18010CG021	18	E4	011	000AH4	4123			413,031
									413,031



## Budget Summary Page

<b>Table A - Object Class Category (Non-construction)</b>	<b>Total Approved Allowable Budget Period Cost</b>
<b>1. Personnel</b>	\$56,454
<b>2. Fringe Benefits</b>	\$44,889
<b>3. Travel</b>	\$0
<b>4. Equipment</b>	\$0
<b>5. Supplies</b>	\$0
<b>6. Contractual</b>	\$0
<b>7. Construction</b>	\$0
<b>8. Other</b>	\$1,162,871
<b>9. Total Direct Charges</b>	\$1,264,214
<b>10. Indirect Costs: % Base</b>	\$13,666
<b>11. Total (Share: Recipient <u>40.00</u> % Federal <u>60.00</u> %.)</b>	\$1,277,880
<b>12. Total Approved Assistance Amount</b>	\$766,728
<b>13. Program Income</b>	\$0
<b>14. Total EPA Amount Awarded This Action</b>	\$413,031
<b>15. Total EPA Amount Awarded To Date</b>	\$766,728

## **Administrative Conditions**

### **A. UTILIZATION OF SMALL, MINORITY AND WOMEN'S BUSINESS ENTERPRISES GENERAL COMPLIANCE, 40 CFR, Part 33**

The recipient agrees to comply with the requirements of EPA's Disadvantaged Business Enterprise (DBE) Program for procurement activities under assistance agreements, contained in 40 CFR, Part 33.

#### **MBE/WBE REPORTING, 40 CFR, Part 33, Subpart E**

The recipient agrees to complete and submit a "MBE/WBE Utilization Under Federal Grants and Cooperative Agreements" report (EPA Form 5700-52A) on an annual basis. The current EPA Form 5700-52A can be found at the EPA Office of Small and Disadvantaged Business Utilization's Home Page at <https://www.epa.gov/resources-small-businesses>

MBE/WBE reporting is required in annual reports. Reporting is required for assistance agreements where there are funds budgeted for procuring construction, equipment, services and supplies, including funds budgeted for direct procurement by the recipient or procurement under subawards or loans in the "Other" category with a cumulative total that exceed the threshold amount of \$150,000, including amendments and/or modifications. The recipient must make reporting a requirement of all sub-awards/loans. All procurement actions are reportable, not just that portion which exceeds \$150,000.

When completing the annual report, recipients are instructed to check the box titled "annual" in section 1B of the form. For the final report, recipients are instructed to check the box titled "annual" and the box indicated for the "last report" of the project in section 1B of the form. Annual reports are due by October 30th of each year. Final reports are due by October 30th or 90 days after the end of the project period, whichever comes first.

The reporting requirement is based on total procurements. Recipients with expended and/or budgeted funds for procurement are required to report annually whether the planned procurements take place during the reporting period or not. If no budgeted procurements take place during the reporting period, the recipient should check the box in section 5B when completing the form.

Based on EPA's review of the planned budget, this award meets the conditions above and is subject to the Disadvantaged Business Enterprise (DBE) Program reporting requirements. However, if the recipient believes this award does not meet these conditions, it must provide a justification and budget detail within 21 days of the award date clearly demonstrating that, based on the planned budget, this award is not subject to the DBE reporting requirements to the Regional or Headquarters point of contact defined in the correspondence condition, if applicable.

This provision represents an approved deviation from the MBE/WBE reporting requirements as described in 40 CFR, Part 33, Section 33.502; however, the other requirements outlined in 40 CFR Part 33 remain in effect, including the Good Faith Effort requirements as described in 40 CFR Part 33 Subpart C, and Fair Share Objectives negotiation as described in 40 CFR Part 33 Subpart D and explained below.

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

A recipient must negotiate with the appropriate EPA award official, or his/her designee, fair share objectives for MBE and WBE participation in procurement under the financial assistance agreements.

In accordance with 40 CFR, Section 33.411 some recipients may be exempt from the fair share objectives requirements described in 40 CFR, Part 33, Subpart D. Recipients should work with their DBE coordinator, if they think their organization may qualify for an exemption.

#### **Current Fair Share Objective/Goal**

The dollar amount of this assistance agreement or the total dollar amount of all of the recipient's financial assistance agreements in the current federal fiscal year from EPA is \$250,000, or more. The **CT DEEP or OTHER ENTITY** has negotiated the following, applicable MBE/WBE fair share objectives/goals with EPA

as follows:

MBE: CONSTRUCTION 3%; SUPPLIES 3%; SERVICES 3%; EQUIPMENT 3%  
WBE: CONSTRUCTION 5%; SUPPLIES 5%; SERVICES 5%; EQUIPMENT 5%

### **Negotiating Fair Share Objectives/Goals**

In accordance with 40 CFR, Part 33, Subpart D, established goals/objectives remain in effect for three fiscal years unless there are significant changes to the data supporting the fair share objectives. The recipient is required to follow requirements as outlined in 40 CFR Part 33, Subpart D when renegotiating the fair share objectives/goals.

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

Pursuant to 40 CFR, Section 33.301, the recipient agrees to make the following good faith efforts whenever procuring construction, equipment, services and supplies under an EPA financial assistance agreement, and to require that sub-recipients, loan recipients, and prime contractors also comply. Records documenting compliance with the six good faith efforts shall be retained:

- (a) Ensure DBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local and 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 SBA and the Minority Business Development Agency of the Department of Commerce.
- (f) If the prime contractor awards subcontracts, require the prime contractor to take the steps in paragraphs (a) through (e) of this section.

### **CONTRACT ADMINISTRATION PROVISIONS, 40 CFR, Section 33.302**

The recipient agrees to comply with the contract administration provisions of 40 CFR, Section 33.302.

### **BIDDERS LIST, 40 CFR, Section 33.501(b) and (c)**

Recipients of a Continuing Environmental Program Grant or other annual reporting grant, agree to create and maintain a bidders list. Recipients of an EPA financial assistance agreement to capitalize a revolving loan fund also agree to require entities receiving identified loans to create and maintain a bidders list if the recipient of the loan is subject to, or chooses to follow, competitive bidding requirements. Please see 40 CFR, Section 33.501 (b) and (c) for specific requirements and exemptions.

## **B. General Terms and Conditions effective 10-2-2017**

The recipient agrees to comply with the current EPA general terms and conditions available at:  
[https://www.epa.gov/sites/production/files/2017-10/documents/updated\\_epa\\_general\\_terms\\_and\\_conditio](https://www.epa.gov/sites/production/files/2017-10/documents/updated_epa_general_terms_and_conditio)

[ns\\_effective\\_october\\_2\\_2017\\_or\\_later.pdf](#) . These terms and conditions are in addition to the assurances and certifications made as a part of the award and the terms, conditions, or restrictions cited throughout the award.

The EPA repository for the general terms and conditions by year can be found at <http://www.epa.gov/grants/grant-terms-and-conditions>.

## **Programmatic Conditions**

### **A. Substantial Federal Involvement for Cooperative Agreements**

EPA will provide substantial involvement in the form of technical assistance, development of outputs, and oversight. Specifically, substantial federal involvement will take the form of monitoring the recipient's project, participation and collaboration between EPA and the recipient in program content, review of project progress, and quantification and reporting of results.

### **B. Emissions Control Technologies**

Emissions Reduction Projects funded by the recipient pursuant to this assistance agreement must use verified technologies and/or must use engines and engine configurations certified by EPA and, if applicable, CARB. Technologies are verified under EPA or California's Retrofit Technology Verification Programs. See the following lists for eligible technologies:

- B.1. EPA verified exhaust control technologies and engine upgrade technologies:  
[www.epa.gov/verified-diesel-tech/verified-technologies-list-clean-diesel](http://www.epa.gov/verified-diesel-tech/verified-technologies-list-clean-diesel)
- B.2. California Air Resources Board (CARB) verified exhaust control technologies:  
[www.arb.ca.gov/diesel/verdev/vt/cvt.htm](http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm)
- B.3. EPA verified idle reduction technologies:  
[www.epa.gov/verified-diesel-tech/idling-reduction-technologies-irts-trucks-and-school-buses](http://www.epa.gov/verified-diesel-tech/idling-reduction-technologies-irts-trucks-and-school-buses)
- B.4. EPA verified aerodynamic technologies:  
[www.epa.gov/verified-diesel-tech/aerodynamic-devices](http://www.epa.gov/verified-diesel-tech/aerodynamic-devices)
- B.5. EPA verified low rolling resistance tires:  
[www.epa.gov/verified-diesel-tech/low-rolling-resistance-lrr-new-and-retread-tires](http://www.epa.gov/verified-diesel-tech/low-rolling-resistance-lrr-new-and-retread-tires)
- B.6. EPA certified engines and certified remanufacture systems for locomotives and marine engines: [www.epa.gov/compliance-and-fuel-economy-data/engine-certification-data](http://www.epa.gov/compliance-and-fuel-economy-data/engine-certification-data)
- B.7. EPA Certified Conversion Systems for New Vehicles and Engines and compliant Conversion Systems for Intermediate-Age Vehicles and Engines:  
[www.epa.gov/vehicle-and-engine-certification/lists-epa-compliant-alternative-fuel-conversion-systems](http://www.epa.gov/vehicle-and-engine-certification/lists-epa-compliant-alternative-fuel-conversion-systems)
- B.8. CARB Approved Alternate Fuel Retrofit Systems:  
[www.arb.ca.gov/msprog/aftermkt/altfuel/altfuel.htm](http://www.arb.ca.gov/msprog/aftermkt/altfuel/altfuel.htm)

Any question as to the eligibility or preference of a retrofit technology, including vehicle/engine/equipment replacements, should be directed to the EPA Project Officer.

### **C. Quarterly Reporting and Environmental Results**

Quarterly progress reports will be required. Quarterly reports are considered project status reports and will address the progress made achieving the work plan goals. In general, quarterly reports will include summary information on technical progress and expenditures, and planned activities for next quarter. A template for the quarterly report will be available at [www.epa.gov/cleandiesel/clean-diesel-state-allocations](http://www.epa.gov/cleandiesel/clean-diesel-state-allocations). Quarterly reports are due according to the following schedule. If a due date falls on a weekend or holiday, the report will be due on the next business day.

April 1 – June 30 Reporting Period: report due date July 30

July 1 – September 30 Reporting Period: report due date October 30

October 1 – December 31 Reporting Period: report due date January 30

January 1 – March 31 Reporting Period: report due date April 30

If a project start date falls within a defined Reporting Period, the recipient must report for that period by the given due date. This quarterly reporting schedule shall be repeated for the duration of the award agreement.

C.1. Subaward Reporting Requirement

If the recipient chooses to pass funds from this assistance agreement to other entities, the recipient must comply with applicable provisions of 2 CFR Part 200 and the EPA Subaward Policy, which may be found at: <https://epa.gov/grants/epa-subaward-policy>. If applicable, the recipient must report on its subaward monitoring activities under 2 CFR 200.331(d). Examples of items that must be reported if the pass-through entity has the information available are:

- C.1.1. Summaries of results of reviews of financial and programmatic reports.
- C.1.2. Summaries of findings from site visits and/or desk reviews to ensure effective subrecipient performance.
- C.1.3. Environmental results the subrecipient achieved.
- C.1.4. Summaries of audit findings and related pass-through entity management decisions.
- C.1.5. Actions the pass-through entity has taken to correct deficiencies such as those specified at 2 CFR 200.331(e), 2 CFR 200.207 and the 2 CFR Part 200.338 Remedies for Noncompliance.

**D. Final Report:**

The final project report will include all categories of information required for quarterly reporting, including a final, detailed fleet description. The final project report will also include a narrative summary of the project or activity, project results (outputs and outcomes) including final emissions benefit calculations, and the successes and lessons learned for the entire project. To the extent possible, final emission benefit calculations should be based on the actual number and type of technologies, vehicles, equipment and engines implemented under the award and actual vehicle miles traveled, idling and/or operating hours, and fuel use. If actual vehicle miles traveled, idling and/or operating hours, and fuel use are not available, the final report will include a detailed explanation of how these values are derived, as well as any assumptions or default values used, for the purposes of emissions benefit calculations.



The final report will also detail the methodologies used for the emission benefit calculation.

For projects involving vehicle/engine/equipment replacement the recipient must provide in the final report: 1) Evidence that the replacement activity is an “early replacement,” and would not have occurred through normal attrition/fleet turnover (i.e. without the financial assistance provided by EPA) within three years of the project period start date. Supporting evidence can include verification that the vehicles or equipment being replaced have useful life left and fleet characterization showing fleet age ranges and average turnover rates per the vehicle or fleet owner’s budget plan, operating plan, standard procedures, or retirement schedule; 2) Evidence of appropriate scrappage (see E.9.4 below); and 3) Specification of the model years and the emission standard levels for PM and NOx, for both the engine being replaced and the new engine.

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

The final report shall be submitted to the EPA Project Officer within 90 days after the project period end date or termination of the assistance agreement. A template for the final report will be available at [www.epa.gov/cleandiesel/clean-diesel-state-allocations](http://www.epa.gov/cleandiesel/clean-diesel-state-allocations).

#### D.1. Subaward Reporting Requirement

If the recipient chooses to pass funds from this assistance agreement to other entities, the recipient must comply with applicable provisions of 2 CFR Part 200 and the EPA Subaward Policy, which may be found at: <https://epa.gov/grants/epa-subaward-policy>. If applicable, the recipient must report on its subaward monitoring activities under 2 CFR 200.331(d). Examples of items that must be reported if the pass-through entity has the information available are:

- D.1.1. Summaries of results of reviews of financial and programmatic reports.
- D.1.2. Summaries of findings from site visits and/or desk reviews to ensure effective subrecipient performance.
- D.1.3. Environmental results the subrecipient achieved.
- D.1.4. Summaries of audit findings and related pass-through entity management decisions.
- D.1.5. Actions the pass-through entity has taken to correct deficiencies such as those specified at 2 CFR 200.331(e), 2 CFR 200.207 and the 2 CFR Part 200.338 Remedies for Noncompliance.

#### E. **Use of Funds Restriction:**

- E.1. Federal Matching Funds: Recipient agrees that funds under this award cannot be used for matching funds for other federal grants unless expressly authorized by statute. Likewise, recipient may not use federal funds as cost-share funds for the State Clean Diesel Grant Program, including funds received under EPA’s National Diesel

Emissions Reduction Programs and federal Supplemental Environmental Project (SEP) funds.

- E.2. Administrative Cost Expense Cap: Recipient agrees that no more than 15 percent of the recipient's total project costs may be used to cover administrative type costs (e.g. personnel, benefits, travel, and office supplies). Total project costs include the federal share as well as any cost-share provided by the state. The state's indirect costs are not considered as administrative type costs and do not count towards the 15 percent maximum. The EPA Project Officer has the discretion to allow state matching funds to exceed the 15% cap if the state provides justification for unique circumstances.
- E.3. Expenses Incurred Prior to the Budget Period: Recipient agrees that funds under this award cannot be used to cover expenses incurred prior to the budget period defined in this assistance agreement. Additionally, expenses incurred prior to the budget period defined in this assistance agreement are not eligible as a cost-share.
- E.4. Formerly Verified Technologies: Recipient agrees that funds under this award cannot be used for retrofit technologies on EPA's or CARB's, "Formerly Verified Technologies" lists. EPA's formerly verified list can be found at: [www.epa.gov/verified-diesel-tech/list-formerly-verified-technologies-clean-diesel](http://www.epa.gov/verified-diesel-tech/list-formerly-verified-technologies-clean-diesel), and CARB's formerly verified lists can be found at: [www.arb.ca.gov/diesel/verdev/vt/fv1.htm](http://www.arb.ca.gov/diesel/verdev/vt/fv1.htm), [www.arb.ca.gov/diesel/verdev/vt/fv2.htm](http://www.arb.ca.gov/diesel/verdev/vt/fv2.htm), and [www.arb.ca.gov/diesel/verdev/vt/fv3.htm](http://www.arb.ca.gov/diesel/verdev/vt/fv3.htm).
- E.5. Emissions Testing: Recipient agrees that funds under this award cannot be used for emissions testing and/or air monitoring activities (including the acquisition cost of emissions testing equipment), or research and development.
- E.6. Fueling Infrastructure: Recipient agrees that funds under this award cannot be used for fueling infrastructure, such as that used for the production and/or distribution of biodiesel, compressed natural gas, liquefied natural gas, and or other fuels.
- E.7. Mandated Measures: Recipient agrees that funds under this award cannot be used for emissions reductions that are mandated under federal law. This refers to specific compliance dates within the mandate, not when the mandate is passed. Voluntary or elective emissions reductions measures shall not be considered "mandated", regardless of whether the reductions are included in the State Implementation Plan of a State.
- E.8. Normal Attrition: Recipient agrees that funds under this award cannot be used for emission reductions that result from replacements that would have occurred through normal attrition/fleet turnover within three years of the project start date. Any question as to eligibility of a replacement should be directed to the EPA Project Officer.
- E.9. Fleet Expansion: Recipient agrees that funds under this award, including subawards/subgrants, cannot be used for the purchase of vehicles, engines, or

equipment to expand a fleet. Engine, vehicle, and equipment replacement projects are eligible for funding on the condition that the following criteria are satisfied:

- E.9.1. The vehicle, equipment and/or engine being replaced must be fully operational and in current, regular service.
- E.9.2. The replacement vehicle, engine, or equipment will continue to perform the same function and operation as the vehicle, engine, or equipment that is being replaced.
- E.9.3. 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.9.3.1. Nonroad, Locomotive, and Marine: Horsepower increases of more than 25 percent will require specific approval by EPA prior to purchase, and the applicant may be required to pay the additional costs associated with the higher horsepower equipment.
  - E.9.3.2. Highway: The replacement vehicle must not be in a larger weight class than the existing vehicle (Class 5, 6, 7, or 8). The engine's primary intended service class must match the vehicle's weight class (i.e. a LHD diesel engine is used in a vehicle with GVWR 16,001 – 19,500 pounds, a MHD diesel engine is used in a vehicle with a GVWR of 19,501 – 33,000 pounds, and an HHD diesel engine is used in a vehicle with a GVWR greater than 33,000 pounds.) Exceptions may be granted for vocational purposes, however the GVWR must stay within 10 percent of the engine's intended service class and any exceptions will require specific EPA approval prior to purchase.
- E.9.4. The vehicle, equipment, and/or engine being replaced must be scrapped or rendered permanently disabled within ninety (90) days of being replaced.
  - E.9.4.1. If a Tier 3 nonroad vehicle, equipment and/or engine is replaced, the Tier 3 unit may be retained or sold if the Tier 3 unit will replace a similar Tier 2 or lower nonroad unit, and the Tier 2 or lower nonroad unit will be scrapped. The scrapped unit must currently be in service, operate more than 500 hours per year, and have a similar usage profile as the replaced unit. It is preferred that the scrapped unit currently operates within the same project location(s) as the Tier 3 unit currently operates, however alternative scenarios will be considered. All equipment must operate within the United States. Under this scenario, a detailed scrappage plan must be submitted and will require prior written approval from the EPA Project Officer.
  - E.9.4.2. Cutting a three-inch by three-inch hole in the engine block (the part of the engine containing the cylinders) is the preferred scrapping method. Other acceptable scrappage methods may be considered and will require prior written approval from the EPA Project Officer.
  - E.9.4.3. Disabling the chassis may be completed by cutting through the frame/frame rails on each side at a point located between the front and rear axles. Other acceptable scrappage methods may be considered and will require prior written approval from the EPA Project Officer.

- E.9.4.4. Evidence of appropriate disposal is required in a final assistance agreement report submitted to EPA and includes a signed certificate of destruction (to be provided by the EPA Project Officer) and digital photos of the engine tag (showing serial number, engine family number, and engine model year), the destroyed engine block, and cut frame rails or other cut structural components as applicable.
- E.9.4.5. Scrapped engines and equipment and vehicle components may be salvaged from the unit being replaced (e.g. plow blades, shovels, seats, tires, etc.). If scrapped or salvaged engines, vehicles, equipment, or parts are to be sold, program income requirements apply.
- E.9.4.6. 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. If salvaged tires are sold, program income requirements apply.

E.10. Single-Wide Wheels: Recipient agrees that funds under this award cannot be used for the purchase of single-wide wheels except where a fleet is retrofitting from standard dual tires to SmartWay-verified single-wide low rolling resistance tires. In this case, the cost of single-wide wheels would be acceptable as additional equipment necessary to use the SmartWay verified technology.

E.11. Auxiliary Power Units: Recipient agrees that funds under this award cannot be used for the purchase of APUs or generators for vehicles with engine model year 2007 or newer.

E.12. Replacement Technologies: Recipient agrees that funds under this award cannot be used for the purchase of exhaust controls, idle reduction technologies, low rolling resistance tires or advanced aerodynamic technologies if similar technologies have previously been installed on the truck or trailer.

E.13. Highway Model Year: Recipient agrees that funds under this award cannot be used to retrofit (including idle reduction technologies and aerodynamics and tires), convert, or replace a transit bus, school bus, medium-duty, or heavy-duty highway vehicle with engine model year 1994 and older or 2010 and newer, or to retrofit engine model year 2007 and newer with DOCs or DPFs, or retrofit engine model year 2010 and newer with SCR, or replace engine model year 2007-2009 with other than all-electric (zero-emission). Refer to Table 1 for further explanation.

E.13.1. Clean Alternative Fuel Conversion: Funds under this award cannot be used to purchase certified/approved conversion systems that do not meet the following criteria:

E.13.1.1 Existing engine model 1995-2006: Conversion kit must be certified or approved to achieve at least a 30% NO<sub>x</sub> reduction and a 10% PM reduction from the applicable certified emission standard of the original engine.

E.13.1.2 Existing engine model 2007-2009: Conversion kit must be certified or approved to achieve at least a 20% NO<sub>x</sub> reduction with no increase in

PM from the applicable certified emission standards of the original engine.

**Table 1: Medium and Heavy-Duty Trucks, Transit Buses, and School Buses Funding Restrictions**

<b>Current Engine Model Year (EMY)</b>	<b>DO C +/- CC V</b>	<b>DP F</b>	<b>SC R</b>	<b>Verified Idle Reduction , Tires, or Aero-dynamics</b>	<b>Vehicle or Engine Replacement : EMY 2017+ (2012+ for Drayage)</b>	<b>Vehicle or Engine Replacement : Electric</b>	<b>Clean Alternative Fuel Conversion</b>
older - 1994	No	No	No	No	No	No	No
1995 - 2006	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2007 - 2009	No	No	Yes	Yes*	No	Yes	Yes
2010 - newer	No	No	No	No	No	No	No

\* Auxiliary Power Units and generators are not eligible on vehicles with EMY 2007 or newer.

E.14. Nonroad Operating Hours: Recipient agrees that funds under this award cannot be used to retrofit, replace or upgrade, or replace a nonroad engine operates less than 500 hours per year.

E.15. Nonroad Model Year and Tier: Recipient agrees that funds under this award cannot be used to retrofit, upgrade or replace a nonroad engine that is 50 HP or less and engine model year 2004 or older, or between 51-300 HP and engine model year 1994 or older, or 301 HP or greater and engine model year 1984 or older. Refer to Table 2 for further explanation.

E.15.1. *Equipment and Vehicle Replacement* : Funds under this award cannot be used to replace nonroad vehicles and equipment with vehicles/equipment powered by unregulated, Tier 1, or Tier 2 engines. Tier 3 and Tier 4 interim (4i) engines are allowed for vehicle/equipment replacement only when Tier 4 final is not yet available from OEM for 2017 model year equipment under the Transition Program for Equipment Manufacturers (TPEM).

E.15.2. *Engine Replacement* : Funds under this award cannot be used to replace nonroad engines with Tier 3 or lower engines.

**Table 2. Nonroad Engine Funding Restrictions**

Current Engine Horsepower	Current Engine Model Year (EMY) and Tier	V e h i c l e / E q u i p m e n t R e p l a c e m e n t :	Verified Exhaust Control
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		E M Y 2 0 1 7 +				
		Tier 0 - 2	Tie			
0-50	2005 and Newer; Unregulated - Tier 2	No		No	Yes	Y e s
51-300	1995 and Newer; Tier 0 - Tier 2	No		Yes*	Yes	Y e s
51-300	1995 and Newer; Tier 3	No		No	Yes	Y e s
301+	1985 and Newer; Tier 0 - Tier 2	No		Yes*	Yes	Y e s
	1985 and Newer;					Y e s

301+	Tier 3	No	No	Yes	Yes
Current Engine Horsepower	Current Engine Model Year (EMY) and Tier*	Engine Replacement: EMY 2017+**			Verified Engine Upgrade
		Tier 0 - 3	Tier 4	All-Electric	
0-50	2005 and Newer; Unregulated - Tier 2	No	Yes	Yes	Yes
51-300	1995 and Newer; Tier 0 - Tier 3	No	Yes	Yes	Yes
301-750	1985 and Newer; Tier 0 - Tier 3	No	Yes	Yes	Yes
751+	1985 and Newer; Tier 0 - Tier 2	No	Yes	Yes	Yes

\*Tier 3 and Tier 4 interim (4i) allowed for vehicle/equipment replacement only when Tier 4 final is not yet available from OEM for 2017 model year equipment under the Transition Program for Equipment Manufacturers (TPEM).

\*\*Previous engine model year engines may be used for engine replacement if the engine is certified to the same emission standards applicable to EMY 2017.

E.16. Locomotive and Marine Operating Hours: Recipient agrees that funds under this award cannot be used to retrofit, replace, upgrade or install idle reduction technologies on eligible locomotives or marine engines that operate less than 1,000 hours per year.

E.17. Marine Engine Tier: Recipient agrees that funds under this award cannot be used to replace or upgrade Tier 3 or Tier 4 marine engines, or to replace marine engines with a Tier 2 or lower marine engine. Refer to Table 3 for further explanation.

**Table 3: Marine Engines Funding Restrictions**

Current Engine Tier	Engine Replacement:			Certified Remanufacture System	Verified Engine Upgrade
	EMY 2017+ *				
	Tier	Tier	All-Electri		



	1-2	3-4	c		
Unregulated - Tier 2	No	Yes	Yes	Yes	Yes
Tier 3 - 4	No	No	No	No	No

\*Previous engine model year engines may be used if the engine is certified to the same emission standards applicable to EMY 2017.

E.18. Marine Shore Connection: Recipient agrees that funds under this award cannot be used for marine shore connection system projects that are expected to be utilized less than 1,000 MW-hr/year.

E.19. Locomotive Tier: Recipient agrees that funds under this award cannot be used to replace any locomotive engine with a Tier 3 or lower engine. No funds awarded under the Program shall be used to replace Tier 2+ line-haul locomotive engines. No funds awarded under the Program shall be used to install Automatic Engine Start-Stop technologies on locomotives currently certified to Tier 0+ or higher. Refer to Table 4 for further explanation.

**Table 4: Locomotive Engines Funding Restrictions**

Current Locomotive Tier	Locomotive Replacement or Engine Replacement: EMY 2017+* or Electric			Verified Exhaust Control	Idle-Reduction Technology	Certified Remanufacture System
	Tier 0+ - 3	Tier 4	All - Electric			
Unregulated - Tier 2	No	Yes	Yes	Yes	Yes**	Yes
Tier 2+ switcher	No	Yes	Yes	Yes	Yes**	Yes

Tier 2+ line haul	No	No	No	Yes	Yes**	Yes
Tier 3 – Tier 4	No	No	No	No	No	No

\*Previous engine model year engines may be used if the engine is certified to the same emission standards applicable to EMY 2017.

\*\*Automatic Engine Start-Stop technologies are only eligible to be installed on locomotives currently certified to Tier 0 or unregulated.

E.20. Locomotive Shore Connection: Recipient agrees that funds under this award cannot be used for locomotive shore connection system projects that are expected to be utilized less than 1,000 hours per year.

E.21. Tires and Aerodynamics: Recipient agrees that funds under this award cannot be used to purchase aerodynamic technologies or low rolling resistance tires, unless they are combined on the same vehicle with a new installation of a verified exhaust control funded under this award.

E.22. Engine Upgrade: In the case of an engine upgrade with a certified remanufacture system applied at the time of rebuild (not manufacturer upgrades that are retrofits verified by EPA or CARB), recipient agrees that funds under this award cannot be used for the entire cost of the engine rebuild, but only for the incremental cost of the certified remanufacture system and associated labor costs for installation. Any question as to eligibility of engine upgrade costs should be directed to the EPA Project Officer.

**F. Drayage Vehicle Replacement Project Requirements:**

F.1. In addition to the applicable requirements for highway vehicles described in E above, recipients replacing drayage vehicles are required to establish and document guidelines to ensure that the scrapped vehicle has a history of operating on a frequent basis over the prior year as a drayage truck.

F.2. The recipient must establish and document guidelines to ensure that all drayage trucks receiving grant funds are operated in a manner consistent with the definition of a drayage truck, defined as any Class 8a and 8b in-use highway vehicle with a gross 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.

**G. Delays or Favorable Developments:**

The recipient agrees that it will promptly notify the EPA Project Officer of any problems, delays, or adverse conditions which may materially impair its ability to deliver on the outputs/outcomes specified in the work plan. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation. The recipient agrees that it will also notify the EPA Project Officer of any favorable developments which may enable meeting time schedules and objectives sooner or at less cost than

anticipated or producing more beneficial results than originally planned.

**H. Employee and/or Contractor Selection:**

EPA will not help select employees or contractors hired by the recipient.

**I. Program Income:**

Program income as defined at 2 CFR §200.80 means gross income received by the grantee or subrecipient that is directly generated by a grant supported activity or earned as a result of the Federal award during the period of performance. Under DERA grants, program income is generally limited to the sale of scrapped or remanufactured engines/chassis or salvaged engine/vehicle/equipment components and does not include revenue generated by recipients or subrecipients through the commercial use of vehicles and equipment purchased with grant funds. "Period of performance" is the time between the start and end dates of the period of performance as included in the Federal award.

Program income earned during the project period shall be retained by the recipient and, in accordance with 2 CFR §200.307 recipient is authorized to use program income to meet the cost-sharing or matching requirement of the Federal award, including any mandatory or voluntary cost-share. The recipient will maintain records adequate to document the extent to which transactions generate program income and the disposition of program income.

**J. Equipment Use, Management, and Disposition**

These equipment use, management, and disposition instructions are applicable to assistance agreement recipients and subrecipients acquiring equipment under this award. State agencies may use, manage and dispose of equipment acquired a Federal award by the state in accordance with state laws and procedures.

Recipient agrees the equipment acquired under this assistance agreement will be subject to the use and management and disposition regulations at 2 CFR §200.313.

Equipment is defined as tangible personal property having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of \$5,000, or the capitalization level established by the non-Federal entity for financial statement purposes (see 2 CFR §200.12 Capital assets). 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 recipient will continue to use the equipment purchased under this assistance agreement in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award. When acquiring replacement equipment, the non-Federal entity may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property. Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.

**K. Procurement Procedures:**

The recipient must follow applicable procurement procedures. EPA will not be a party to these transactions. When procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds. The state will comply with 2 CFR §200.322 Procurement of Recovered Materials, and ensure that every purchase order or other contract includes any clauses required by 2 CFR §200.326 Contract provisions. All other non-Federal entities, including subrecipients of a state, will follow 2 CFR §§200.318 General Procurement Standards through 200.326 Contract Provisions.

**L. For-Profit Sub-recipients**

In addition to the EPA General Term and Condition #7 “Establishing and Managing Subawards”, the recipient (i.e. “pass-through entity”) agrees to require that for-profit subrecipients comply with Subparts A through F of the Uniform Grant Guidance (2 CFR Part 200) and the Federal cost principles applicable to for-profit entities located at 48 CFR Part 31, with the exception of the method of payment to for-profit subrecipients must be “reimbursement” rather than “advance”. Pass-through entities must obtain documentation that the for-profit subrecipient has incurred eligible and allowable costs prior to releasing EPA funds to the subrecipient.

**M. Public Notification:**

Not later than 60 days after the date of the award of a subaward, rebate, or loan by a State, the State shall publish on the Web site of the State:

- M.1. For subawards, rebates, and loans provided to the owner of a diesel vehicle or fleet, the total number and dollar amount of subawards, rebates, or loans provided, as well as a breakdown of the technologies funded through the subawards, rebates, or loans; and
- M.2. For other subawards, rebates, and loans, a description of each application for which the subaward, rebate, or loan is provided.

**N. Mandatory Cost-Share Requirement**

Any voluntary matching funds provided by the state to qualify for the matching incentive are included in the “EPA funds and state voluntary matching funds” described below. Mandatory cost-share funds provided by the state and/or eligible third parties cannot count towards the state’s voluntary matching funds to qualify for the matching incentive. However, if a state requires a third-party cost-share contribution above and beyond the mandatory cost-share amount for the elected technology, then the “excess” cost-share may be applied towards the state voluntary match funds for the purpose of qualifying for the matching incentive.

This award and the resulting federal funding share (as shown under "Notice of Award" in the award document) is based on estimated costs requested in the recipient’s final approved workplan. While actual total costs may differ from those estimates, the recipient may not use EPA funds and state voluntary matching funds to provide more than the cost-share

percentages outlined below, as applicable, of the final equipment costs. EPA's participation shall not exceed the total amount of federal funds awarded or the maximum federal cost-share percentages of the final equipment costs as outlined below, as applicable. Recipients must satisfy any applicable cost-share requirements with allowable costs as set forth in 2 CFR §200.306. The cost-share requirements are as follows:

- N.1. Engine Upgrades: EPA funds and state voluntary matching funds can cover up to 40% of the cost (labor and equipment) of an eligible engine upgrade; states and/or eligible third parties are responsible for the mandatory cost-share of at least 60% of the cost of an eligible engine upgrade.
- N.2. Idle Reduction Technologies on Locomotives: EPA funds and state voluntary matching funds can cover up to 40% of the cost (labor and equipment) of an eligible idle reduction technology for a locomotive; states and/or eligible third parties are responsible for the mandatory cost-share of at least 60% of the cost of an eligible idle reduction technology for a locomotive.
- N.3. Idle Reduction Technologies on Highway Diesel Vehicles: EPA funds and state voluntary matching funds can cover up to 25% of the cost (labor and equipment) of eligible, verified idle technologies on Class 8 long-haul trucks and school buses; states and/or eligible third parties are responsible for the mandatory cost-share of at least 75% of the cost of eligible, verified idle reduction technologies on Class 8 long-haul trucks and school buses.
- N.4. Marine Shore Power Connection Systems: EPA funds and state voluntary matching funds can cover up to 25% of the cost (labor and equipment) of an eligible shore connection system; states and/or eligible third parties are responsible for the mandatory cost-share of at least 75% of the cost of an eligible shore connection system.
- N.5. Electrified Parking Spaces (EPS): EPA funds and state voluntary matching funds can cover up to 30% of the cost (labor and equipment) of eligible EPS technology; states and/or eligible third parties are responsible for the mandatory cost-share of at least 70% of the cost of eligible EPS technology.
- N.6. Certified Engine Replacement:
  - N.6.1. EPA funds and state voluntary matching funds can cover up to 40% of the cost (labor and equipment) of an eligible diesel or alternative fuel engine replacement. States and/or eligible third parties are responsible for the mandatory cost-share of at least 60% of the cost of an eligible engine replacement.
  - N.6.2. *Highway Low-NOx* : EPA funds and state voluntary matching funds can cover up to 50% of the cost (labor and equipment) of replacing a highway diesel engine with a 2017 model year or newer engine that is certified to CARB's Optional Low-NOx Standards of 0.1 g/bhp-hr, 0.05 g/bhp-hr, or 0.02 g/bhp-hr NOx. States and/or eligible third parties are responsible for the mandatory cost-share of at least 50% of the cost of eligible Low-NOx engine replacement.

N.6.3. *All-Electric* : EPA funds and state voluntary matching funds can cover up to 60% of the cost (labor and equipment) of an eligible all-electric engine replacement. States and/or eligible third parties are responsible for the mandatory cost-share of at least 40% of the cost of an eligible all-electric engine replacement.

N.7. Certified Vehicle/Equipment Replacement:

N.7.1. EPA funds and state voluntary matching funds can cover up to 25% of the cost of an eligible replacement vehicle or piece of equipment powered by a 2017 model year or newer certified engine; states and/or eligible third parties are responsible for the mandatory cost-share of at least 75% of the cost of an eligible replacement vehicle or piece of equipment.

N.7.2. *Highway Low-NOx* : EPA funds and state voluntary matching funds can cover up to 35% of the cost of an eligible highway replacement vehicle powered by a 2017 model year or newer engine certified to meet CARB's Optional Low-NOx Standards of 0.1 g/bhp-hr, 0.05 g/bhp-hr, or 0.02 g/bhp-hr NOx. Engines certified to CARB's Optional Low NOx Standards may be found by searching CARB's Executive Orders for Heavy-duty Engines and Vehicles, found at: [www.arb.ca.gov/msprog/onroad/cert/cert.php](http://www.arb.ca.gov/msprog/onroad/cert/cert.php). States and/or eligible third parties are responsible for the mandatory cost-share of at least 65% of the cost of an eligible replacement vehicle.

N.7.3. *All-Electric* : EPA funds and state voluntary matching funds can cover up to 45% of the cost of an eligible all-electric replacement vehicle or equipment. States and/or eligible third parties are responsible for the mandatory cost-share of at least 55% of the cost of an eligible all-electric replacement vehicle or piece of equipment.

N.7.4. *Drayage Trucks* : EPA funds and state voluntary matching funds can cover up to 50% of the cost of an eligible replacement drayage truck powered by a 2012 model year or newer certified engine. States and/or eligible third parties are responsible for the mandatory cost-share of at least 50% of the cost of an eligible replacement drayage vehicle.

N.8. Clean Alternative Fuel Conversion: EPA funds and state voluntary matching funds can cover up to 40% of the cost (labor and equipment) of an eligible certified or compliant clean alternative fuel conversion. States and/or eligible third parties are responsible for the mandatory cost-share of at least 60% of the cost of an eligible clean alternative fuel conversion.

The eligible acquisition cost for equipment means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in transit insurance and freight may be included in or excluded from the acquisition cost in accordance with the non-Federal entity's regular accounting practices.

## O. Leveraging

The recipient agrees to provide the proposed leveraged funding, including any voluntary cost-share contribution that is described in its final approved workplan. If the proposed leveraging does not materialize during the period of award performance, and the recipient does not provide a satisfactory explanation, the Agency may consider this factor in evaluating future proposals from the recipient. In addition, if the proposed leveraging does not materialize during the period of award performance then EPA may reconsider the legitimacy of the award. If EPA determines that the recipient knowingly or recklessly provided inaccurate information regarding the leveraged funding the recipient described in its final approved workplan, EPA may take action as authorized by 2 CFR Part 200 and/or 2 CFR Part 180 as applicable.

#### **P. Voluntary Match Incentive**

If a state provides a voluntary match equal to the base allocation offered by EPA, EPA will provide a matching incentive equal to 50 percent of the base allocation. The voluntary match may be satisfied by allowable costs incurred by the state (i.e. in-kind contributions), or by cash donations of state funds or private funds. State voluntary matching funds included in the approved project budget are subject to the same terms and conditions and funding limits as the awarded DERA funds. A recipient is legally obligated to expend any voluntary match included in the approved project budget within the project period of that award.

Any voluntary matching funds provided by the state to qualify for the matching incentive count towards the “EPA funds and state voluntary matching funds” described in Term and Condition N, above. Mandatory cost share funds provided by the state and/or eligible third parties cannot count towards the state’s voluntary matching funds to qualify for the matching incentive. However, if a state requires a third-party cost-share contribution above and beyond the mandatory cost-share amount for the elected technology, then the “excess” cost-share may be applied towards the state voluntary match funds for the purpose of qualifying for the matching incentive.

This award and the resulting federal funding of **\$688,385** is based on estimated costs requested in the recipient’s final approved workplan. Included in these costs is a voluntary cost-share contribution of **\$275,354** by the recipient in the form of a voluntary cost-share that the recipient included in its final approved workplan. The recipient must provide this voluntary cost-share contribution during performance of this award unless the EPA agrees otherwise in a modification to this agreement. While actual total costs may differ from the estimates in the recipient’s application, EPA's participation shall not exceed the total amount of federal funds awarded.

If the recipient fails to provide the voluntary cost-share contribution during the period of award performance, and does not provide a satisfactory explanation, the Agency may consider this factor in evaluating future proposals from the recipient. In addition, if the voluntary cost-share contribution does not materialize during the period of award performance then EPA may reconsider the legitimacy of the award; if EPA determines that the recipient knowingly or recklessly provided inaccurate information regarding the voluntary cost-share or overmatch the recipient described in its final approved workplan, EPA may take

action as authorized by 2 CFR Part 200 and/or 2 CFR Part 180 as applicable.