

Federal Agency Name: U.S. Environmental Protection Agency, Office of Water, Office of Wetlands, Oceans, and Watersheds

Funding Opportunity Title: Targeted Watersheds Grants for Water Quality Trading or Other Market-Based Projects to Reduce the Hypoxic Zone in the Northern Gulf of Mexico

Announcement Type: Request for Proposals

Funding Opportunity Number: EPA-OW-OWOW-08-04

Catalog of Federal Domestic Assistance (CFDA) Number: 66.439

Dates: Proposals must be received by the Agency Contact (see Section IV of this RFP) by **4:00 PM Eastern Daylight Time (EDT) September 9, 2008**, or by electronic submission through Grants.gov by **11:59 PM EDT September 9, 2008**. Questions about this Request for Proposals must be submitted in writing via e-mail and must be received by the Agency contact identified in Section VII before **July 21, 2008**. Written responses will be posted on EPA's website at: www.epa.gov/waterqualitytrading.

Following EPA's evaluation of proposals, all applicants will be notified regarding their status. Final applications will be requested from those eligible entities whose proposal has been successfully evaluated and preliminarily recommended for award. Those entities will be provided with instructions and a due date for submittal of the final application package.

SUMMARY

The U.S. Environmental Protection Agency (EPA) is soliciting proposals from eligible entities for the development of market-based water quality programs to improve water quality by reducing nitrogen, phosphorus, sediment loadings, or pollutant loadings that cause low Biological Oxygen Demand (BOD) in local waters that enter the Mississippi River system and are ultimately discharged into the Northern Gulf of Mexico. EPA will accept proposals for the following two Priorities: (I) Market Feasibility Assessment; and (II) Program Design and/or Program Implementation. Proposals submitted under this announcement must be for projects located within at least one of the three Mississippi River sub-basins characterized by the U.S. Geologic Survey's (USGS) eight digit Hydrologic Unit Code (HUC) that start with the numbers 05, 07, or 08 (the Ohio River sub-basin, the Upper Mississippi River sub-basin, or the Lower Mississippi River sub-basin, respectively).

States, local governments, public and private nonprofit institutions/organizations, federally recognized Indian tribal governments, U.S. territories or possessions, and interstate agencies are eligible to apply. For-profit commercial entities and all federal agencies are ineligible. Nonprofit organizations described in Section 501(c)(4) of the Internal Revenue Code that engage in lobbying activities as defined in Section 3 of the Lobbying Disclosure Act of 1995 are not eligible to apply.

The total amount of expected funding available under this announcement is approximately \$4,200,000, depending on Agency funding levels and other applicable considerations. EPA

anticipates awarding 15 to 20 Priority I assistance agreements ranging in value from \$100,000 to \$200,000 in federal funds. EPA also anticipates awarding 1 to 6 Priority II assistance agreements ranging in value from \$400,000 to \$1,000,000 in federal funds.

It is anticipated that Priority I awards funded under this announcement will have one to two-year project periods, and Priority II awards funded under this announcement will have two to four-year project periods.

EPA reserves the right to increase or decrease (including to zero) the total number of awards for each Priority, or change the ratio of Priority I to Priority II assistance agreements it awards. Such change may be necessary as a response to the quality of proposals received by EPA, the amount of funds awarded to the selected applicants, or budget availability.

I. FUNDING OPPORTUNITY DESCRIPTION

A. BACKGROUND

To achieve environmental goals, EPA encourages the adoption of a watershed approach as a broad coordinating process for focusing on priority water resource problems. Using a watershed approach, multiple stakeholders integrate regional and locally-led activities with local, state, tribal, and federal environmental management programs. These environmental goals should ultimately protect and restore the health of the nation's aquatic resources, which not only includes but goes beyond meeting water quality standards. Information on the watershed approach can be found at <http://www.epa.gov/owow/watershed/approach.html>.

Through this announcement, EPA is making available approximately \$4,200,000 in funds from the Targeted Watersheds Grants Program to support market-based water quality projects to reduce the hypoxic zone in the Northern Gulf of Mexico. Projects must address reducing nitrogen, phosphorus, sediment loadings, or pollutant loadings that cause low BOD in local waters, which enter the Mississippi River system and are ultimately discharged into the Northern Gulf of Mexico. Sources of these pollutants will vary greatly depending upon the location of the proposed project in the three Mississippi River sub-basins that are the geographic focus of this effort: the Ohio River sub-basin, the Upper Mississippi River sub-basin, and/or the Lower Mississippi River sub-basin. The following publications provide information on sources of these pollutants throughout the Mississippi River Basin:

- *Differences in Phosphorus and Nitrogen Delivery to the Gulf of Mexico from the Mississippi River Basin* (Environmental Sciences and Technology: Vol. 42, No. 3, 2008 available at <http://pubs.acs.org/cgi-bin/sample.cgi/esthag/2008/42/i03/html/es0716103.html>);
- *Hypoxia in the Northern Gulf of Mexico: An Update by the EPA Science Advisory Board* (EPA Publication Number EPA-SAB-08-003 available at [http://yosemite.epa.gov/sab/sabproduct.nsf/C3D2F27094E03F90852573B800601D93/\\$File/EPA-SAB-08-003complete.unsigned.pdf](http://yosemite.epa.gov/sab/sabproduct.nsf/C3D2F27094E03F90852573B800601D93/$File/EPA-SAB-08-003complete.unsigned.pdf)); and

- [An Integrated Assessment: Hypoxia in the Northern Gulf of Mexico](http://oceanservice.noaa.gov/products/pubs_hypox.html) (National Science and Technology Council, Committee on Environment and Natural Resources, May 2000 available at http://oceanservice.noaa.gov/products/pubs_hypox.html).

B. PRIORITIES

It is an EPA priority to support the development of innovative, market-based water quality programs. Examples of market-based water quality programs include, but are not limited to: (1) water quality trading programs to meet regulatory limits on pollutant discharges; and (2) reverse auctions for implementing pollutant control measures. Market-based approaches to improve water quality can be more cost-effective than regulatory approaches alone. However, before a scientifically sound, market-based water quality program can be implemented there must be an economic demand for the program.

EPA is soliciting proposals from eligible entities for market-based water quality projects to reduce nitrogen, phosphorus, sediment loadings, or pollutant loadings that cause low BOD in local waters that enter the Mississippi River system through the three Mississippi River sub-basins with the highest nutrient fluxes contributing to hypoxia in the Northern Gulf of Mexico. Proposed projects must be located within at least one of the following sub-basins: the Ohio River sub-basin, the Upper Mississippi River sub-basin, and/or the Lower Mississippi River sub-basin. These sub-basins can be identified by the USGS HUCs that start with the numbers 05, 07, and 08, respectively (see <http://www.epa.gov/msbasin/subbasins/index.htm>). Specifically, EPA is soliciting proposals that address one of the following two Priorities: (I) Market Feasibility Assessment; or (II) Program Design and/or Program Implementation.

For further information on conducting market feasibility assessments applicants are encouraged to review EPA's *Water Quality Trading Assessment Handbook* (available at <http://www.epa.gov/owow/watershed/trading/handbook/>, EPA Publication Number 841-B-4-001). This publication describes the general components of a market feasibility assessment in terms of water quality trading. Many of these components are also appropriate for market feasibility assessments for other types of market-based water quality programs.

If the proposed project is a water quality trading program, applicants are encouraged to review EPA's *2003 Water Quality Trading Policy* (<http://www.epa.gov/owow/watershed/trading/finalpolicy2003.html>) and EPA's *Water Quality Trading Toolkit for Permit Writers* (<http://www.epa.gov/owow/watershed/trading/WQTTToolkit.html>, EPA Publication Number EPA-833-R-07-00). The Toolkit is a "how-to" manual for designing and implementing water quality trading programs consistent with EPA's *2003 National Water Quality Trading Policy*. Although the Toolkit is geared toward state and regional permitting authorities, other parties interested in trading such as permitted entities, watershed groups, and agricultural and other nonpoint sources will find valuable information in the Toolkit.

An applicant's proposal must address one, and only one, of the aforementioned Priorities which are further described below. Applicants may submit more than one complete proposal package (including project narrative, SF 424, SF 424A, Governor or Tribal Leader nomination letter, etc.)

under this announcement. However, each complete proposal package must address only one Priority listed in Section I.B. The cover page of each proposal package should clearly indicate which Priority is addressed. Proposals that address more than one Priority will not be reviewed.

Priority I - Market Feasibility Assessment

EPA is soliciting proposals under this Priority to assess whether environmental and economic factors align in the proposed project area to sustain a market-based water quality program. Market-based approaches to improve water quality can be more cost-effective than traditional approaches. However, it is critical to assess whether threshold conditions for sustaining these types of programs exist in the project area before initiating program design and implementation.

Applicants submitting a proposal under Priority I must demonstrate in the proposal that the project will conduct both a pollutant suitability analysis and an economic suitability analysis. Proposals should include the general elements described below for both a pollutant suitability analysis and an economic suitability analysis, or should describe an alternative approach that will achieve similar results. If any of the elements is not applicable, applicants should demonstrate why it is not in the proposal. Applicants may also propose to include additional elements that may enhance the pollutant suitability and economic suitability analyses.

Pollutant Suitability Analysis

Applicants must describe in their proposal the proposed approach to conduct a pollutant suitability analysis of one or more of the following pollutants: nitrogen, phosphorus, sediment loadings, or pollutant loadings that cause low BOD in local waters. The applicant's proposed approach should determine whether the characteristics of one or more of the aforementioned pollutants within the targeted market area (e.g., a well-defined watershed or a portion of a watershed) make it a potentially suitable commodity for a market-based water quality program. The applicant's proposed approach to conduct a pollutant suitability analysis should include, but is not limited to, the following general components:

1. **Pollutant Identification.** Identify the pollutant(s) that will be the focus of the feasibility assessment. Explain the rationale for selecting this pollutant(s) to assess if there could be a market for its reduction (e.g., new more stringent water quality criteria for this pollutant, a Total Maximum Daily Load (TMDL) has or will be developed for this pollutant, a regulatory obligation to reduce this pollutant, etc.).
2. **Geographic Scope.** Describe the geographic scope for the market feasibility assessment. The project area should be of sufficient size to allow the pollutant suitability assessment to account for the fate and transport of pollutant(s) that would be involved in a market-based water quality program. The description of the project area should include a rationale for the geographic scope (e.g., watershed boundaries, political boundaries, limitations of authority, practical issues of management and resources, etc.).
3. **Buyer and Seller Identification.** Identify potential types of buyers (e.g., municipal wastewater treatment plants, state environmental agencies, conservation districts).

- Describe buyers' incentives for wanting to purchase pollutant reductions (e.g., wastewater treatment plants may be interested in buying pollutant reductions to avoid the expense of installing on-site pollutant controls to meet new National Pollutant Discharge Elimination System (NPDES) pollutant effluent limits, a state or conservation district may want to buy pollutant reductions to restore a water quality impairment). Identify potential types of sellers (e.g., wastewater treatment plants or agricultural producers). Describe sellers' incentives for wanting to sell pollutant reductions (e.g., income, recover costs, etc.).
4. Demand Estimate. Describe a strategy to preliminarily quantify potential buyers' demand for pollutant reductions. The strategy should plan to:
 - a. estimate the current level of pollutant control measures in place (e.g., mass per time);
 - b. estimate the future level of pollutant control measures needed to meet regulatory obligations or desired water quality goals (e.g., mass per time); and
 - c. analyze the ability to meet those regulatory obligations or desired water quality goals through pollution prevention, recycling/reuse, and/or installing treatment technology.
 5. Supply Estimate. Describe the proposed strategy to preliminarily quantify sellers' potential supply of pollutant reductions. The strategy should:
 - a. estimate the current level of pollutant control measures in place (e.g., mass per time);
 - b. estimate the practical extent to which new control measures can be implemented (e.g., mass per time);
 - c. identify and account for any existing pollutant reduction obligations that must be met prior to generating pollutant reductions to sell (e.g., mass per time); and
 - d. analyze whether the potential supply of pollutant reductions can be made available at the time potential buyers may need the pollutant reductions to meet regulatory obligations (e.g., to meet potential buyers' seasonal NPDES effluent limits).
 6. Trade Ratios. Describe a strategy to preliminarily quantify any applicable trade ratios that would be needed in a market-based water quality program. Trade ratios are typically used to either discount or normalize the value of pollutant reductions to account for variations in water quality impact of the discharges from potential buyers and sellers of the particular pollutant. Applicable trade ratios may include one or more of the following: (a) equivalency; (b) distance or location; (c) uncertainty; and/or (d) retirement. The strategy should also include an approach to preliminarily quantify the impact of applicable trade ratios on pollutant reduction supply and demand. (See the Water Quality Trading Toolkit for Permit Writers for additional information regarding trade ratios.)

7. Prevent High Levels of Pollutants. Describe a strategy to evaluate the potential for a market-based program to result in localized areas with unacceptably high levels of pollutants (i.e., levels that exceed water quality standards) and how this could be prevented.
8. Lifetime of a Pollutant Reduction Unit. Describe an approach for estimating the period of time during which a buyer may use a seller's pollutant reductions to offset a pollutant load that the buyer discharges, if applicable.
9. Model(s)/Method(s). Describe a strategy to identify specific model(s), method(s), and/or other assessment approaches that will be used to preliminarily quantify the elements of a pollutant suitability analysis within the proposed geographic project area of the assessment. The strategy should describe an approach to:
 - a. analyze how the proposed model(s), method(s), and/or other assessment approaches balance accuracy against cost and complexity;
 - b. a strategy for validating models or other assessment approaches; and
 - c. identify existing data, any data gaps, and collecting any data needed to conduct the pollutant suitability analysis.
10. Additional Factors. Describe any additional factors which the project will analyze as part of the pollutant suitability analysis.
11. Pollutant Suitability Determination. Describe an approach to evaluate the results of the pollutant suitability analysis and determine whether or not the pollutant is a suitable commodity for a market-based water quality program.

Economic Suitability Analysis

Applicants must also propose to conduct an economic suitability analysis of buying and selling reductions of nitrogen, phosphorus, sediment loadings, or pollutant loadings that cause low BOD. Applicants should describe an approach to determine whether the potential buyers of pollutant reductions would be willing to pay the price demanded by potential sellers of pollutant reductions. The proposed approach to conduct an economic suitability analysis should include, but is not limited to, the following general components:

1. Willingness-to-pay. Describe an approach to quantify potential buyers' willingness-to-pay for pollutant reductions (e.g., cost of achieving potential buyers' objectives in the absence of the market-based program measured in dollars per mass per time). Factors that should be considered that influence buyers' willingness-to-pay may include, for example:
 - a. capital, operation, and maintenance costs of different pollutant control technologies;
 - b. the ability to achieve pollutant reductions through pollution prevention or recycling; and

- c. transaction costs (e.g., information collection, contract negotiation, and monitoring).
2. Price. Describe an approach to quantify potential sellers' price for producing pollutant reductions for buyers (e.g., price per pollutant mass per time). Factors that should be considered that influence sellers' price for pollutant reductions include, for example opportunity costs, sunk costs, and transaction costs (e.g., information collection, contract negotiation, monitoring).
3. Trade Ratios. Describe an approach to quantify the effect of any applicable trade ratios on the price of pollutant reductions, pollutant supply, and pollutant demand. Trade ratios are typically used to either discount or normalize the value of pollutant reductions to account for variations in water quality impact of the discharges from potential buyers and sellers of the particular pollutant. Applicable trade ratios may include one or more of the following: (a) equivalency; (b) distance or location; (c) uncertainty; and/or (d) retirement. (See the Water Quality Trading Toolkit for Permit Writers for additional information regarding trade ratios.)
4. Stakeholders Involvement. Describe an approach to estimate the potential costs associated with involving stakeholders in the design and implementation of a market-based water quality program. Stakeholders may include but are not limited to, state, local and tribal governments, interstate agencies, nonprofit organizations, pollutant reduction buyers, and pollutant reduction sellers. For example, costs may include public notification, website design, communications materials production, facilitation of stakeholder meetings, and meeting space.
5. Model(s)/Method(s). Describe a strategy to identify specific model(s), method(s), and/or other assessment approaches that will be used to preliminarily quantify the elements of an economic suitability analysis. The description should include for example:
 - a. an explanation of how the model(s), method(s) and/or other assessment approaches balance accuracy against cost and complexity;
 - b. a strategy for validating models or other assessment approaches; and
 - c. the identification of any existing data, any data gaps, and the proposed approach for collecting any data needed to undertake an economic suitability analysis.
6. Additional Factors. Describe the approach to include and quantify any additional factors, as warranted, that may influence buyers' willingness-to-pay and sellers' price for pollutant reductions.
7. Economic Suitability Determination. Describe an approach to evaluate the results of the economic suitability analysis to determine whether or not the potential buyers of pollutant reductions would be willing to pay the price demanded by potential sellers of pollutant reductions.

Proposals will be evaluated based on the criteria in Section V including how well and thoroughly the Priority is addressed (see Section V). EPA anticipates funding approximately 15 to 20 awards under this Priority. It is anticipated that total federal funding per award will range from approximately \$100,000 to \$200,000 depending on the amount requested and the overall size and scope of the project(s). It is anticipated that the project periods for these awards will be one to two years.

Program Priority II - Program Design and/or Program Implementation

EPA is soliciting proposals under this Priority to design and/or implement a market-based water quality program. Proposals submitted in response to Priority II may apply for funds for Program Design or Program Implementation, or for both Program Design and Program Implementation.

In order to be eligible for funding under the areas for Priority II, proposals must first demonstrate that a market feasibility assessment, as described in Priority I, has been completed. Applicants that are only proposing a Program Implementation project must also demonstrate that adequate Program Design, as described below, has been completed to be eligible for a Program Implementation award. Supporting materials or documentation provided to satisfy these eligibility requirements must be provided as an attachment and will not count against the proposal narrative page limitation (see Section III).

Applicants should describe in the proposal an approach for addressing the general elements for program design and/or program implementation described below, or describe an alternative approach that will achieve similar results. If any of the elements are not applicable or necessary to be included in the proposal, the applicant must demonstrate why not. Applicants may also propose to include additional elements that may enhance the proposed program design and/or program implementation.

Program Design

In their proposals, applicants should describe an approach to design a market-based water quality program. Program design should include, but is not limited to, the following general components:

1. Brief Summary of the results from a Market Feasibility Analysis. The summary should include:
 - a. identification of the pollutant(s) that will be included in the design a market-based water quality program;
 - b. geographic scope of the program;
 - c. identification of potential buyers and sellers of pollutant reductions and their motivation for participating in the program; and
 - d. final conclusions of the market-feasibility assessment including conclusions regarding buyers' willingness-to pay for pollutant reductions and sellers' price for pollutant reductions.

2. **Legal Authority.** Describe the existing legal authority, and/or a need for a new legal authority to implement the market-based water quality program, if applicable.
3. **Stakeholder Identification and Collaboration.** Describe types of stakeholders that may be involved in a collaborative program design process. Stakeholders may include but are not limited to, state, local and tribal governments, interstate agencies, nonprofit organizations, pollutant reduction buyers, and pollutant reduction sellers. Describe an approach for involving stakeholders in the design process. The approach should consider multiple pathways (e.g., public meetings, design forums, charettes, and/or webcasts) for stakeholder collaboration in the program design and their roles and responsibilities.
4. **Communication.** Describe an approach to develop a strategy to communicate information about the market-based program design process to stakeholders and the public. Communication strategies could include for example, listserves, email, websites, news media, and newsletters.
5. **Trade Ratios.** Describe an approach to quantify any applicable trade ratios to be used in the program. Trade ratios are typically used to either discount or normalize the value of pollutant reductions to account for variations in water quality impact of the discharges from potential buyers and sellers of the particular pollutant. Applicable trade ratios may include one or more of the following: (a) equivalency; (b) distance or location; (c) uncertainty; and/or (d) retirement trade ratios. (See the Water Quality Trading Toolkit for Permit Writers for additional information regarding trade ratios.)
6. **Lifetime of a Pollutant Reduction Unit.** Describe an approach to determine the most appropriate period of time for buyers to use the sellers' pollutant reductions. The lifetime (or expiration) of pollutant reduction units may be for example, weekly, monthly, seasonal, annually, or some other duration.
7. **Prevent High Levels of Pollutants.** Describe an approach to develop a method to prevent unacceptably high levels of pollutants (i.e., levels that exceed water quality standards) that may result from buying and selling pollutant reduction units.
8. **Verify and Track Pollutant Reductions.** Describe an approach to develop a method to verify pollutant reductions over time and across participants (e.g., through monitoring, site inspections, and/or modeling, etc.). Also describe an approach to develop a tracking system of pollutant reductions, including buyers and sellers of pollutant reductions, when pollutant reductions are generated, and when pollutant reductions expire.
9. **Eligibility and Participation.** Describe an approach to define eligibility for buyers and sellers in the program, to determine how buyers and sellers will interact and participate in the program, and to determine how buyers and sellers will formalize any agreements to buy or sell pollutant reductions.

10. Model(s)/Method(s). Describe any pollutant fate and transport, economic or other model(s), method(s) and/or other assessment approaches that will be used. Include a brief description of:
 - a. how the selected model or method balances accuracy against cost and complexity;
 - b. methods for validating the model(s);
 - c. describe existing data and any data gaps that remain to be filled; and
 - d. describe the approach for collecting any additional data needed to design the market-based program.
11. Additional Program Elements. Describe any additional elements that may be proposed as key features of the market-based water quality improvement program design.
12. Program Administration. Propose an approach to design mechanisms for coordinated administration of the various program elements listed above and any additional critical program elements.
13. Program Evaluation. Propose an approach to design a program evaluation to assess the success, failures, and determine lessons learned from eventually implementing the proposed market-based water quality program.

Program Implementation

Market-based water quality program implementation includes establishing the framework and mechanisms necessary to implement a well-designed (i.e., technically and scientifically sound) market-based water quality program. The proposed approach to market-based water quality program implementation should typically include the following general elements:

1. Brief Summary of the results from the Market Feasibility Analysis. The summary should include:
 - a. identification of the pollutant(s) included in the design of the market-based water quality program;
 - b. geographic scope of the program;
 - c. identification of potential buyers and sellers of pollutant reductions and their motivations for participating in the program; and
 - d. final conclusions of the market-feasibility assessment including conclusions regarding buyers' willingness-to-pay for pollutant reductions and sellers' price for pollutant reductions.

Note that supporting materials or documentation provided to demonstrate that the elements of a market feasibility study (as discussed in Priority I above) must be provided as an attachment and will not count against the page limitation for the proposal narrative (see Section III and Section IV).

2. **Legal Authority.** If a new legal authority is needed to implement the market-based program, describe how this will be created and implemented, otherwise describe the existing legal authority to implement the program, if applicable.
3. **Stakeholder Collaboration.** Identify stakeholders that were involved in program design. Identify stakeholders that have agreed to collaborate to implement the market-based water quality program, and describe stakeholder roles and responsibilities. Stakeholders may include but are not limited to, state, local and tribal governments, interstate agencies, nonprofit organizations, pollutant reduction buyers, and pollutant reduction sellers. Stakeholder letters of support or commitment for the project should be provided as attachments (see Section IV.D).
4. **Communication.** Describe how information about the implementation of the market-based program will be communicated and disseminated to stakeholders and the public (e.g., public meetings, forums, websites and/or webcasts, newsletters, etc.). Describe the types of information that will be communicated to stakeholders and the public (e.g., quantity of pollutant reductions bought, location of buyers and sellers, timeframe of pollutant reduction purchases, compliance with any regulatory requirements, water quality improvement, etc.).
5. **Trade Ratios.** Quantify any trade ratios the program will use. Describe implementation mechanisms for any applicable trade ratios. Trade ratios are typically used to either discount or normalize the value of pollutant reductions to account for variations in water quality impact of the discharges from potential buyers and sellers of the particular pollutant. Applicable trade ratios may include one or more of the following: (a) equivalency; (b) distance or location; (c) uncertainty; and/or (d) retirement trade ratios. (See the Water Quality Trading Toolkit for Permit Writers for additional information regarding trade ratios.)
6. **Lifetime of a Pollutant Reduction Unit.** Quantify the appropriate lifetime (or expiration) of pollutant reduction units for the market-based water quality program. Describe implementation mechanisms to ensure the pollutant reduction units are used in accordance with the designated lifetime (or expiration). The lifetime (or expiration) of a pollutant is the period of time during which a buyer may use a seller's pollutant reductions to offset a pollutant load that the buyer discharges. The lifetime (or expiration) of pollutant reduction units may be for example, weekly, monthly, seasonal, annually, or some other duration.
7. **Prevent High Levels of Pollutants.** Describe implementation mechanisms to prevent unacceptably high levels of pollutants (i.e., levels that exceed water quality standards) that may result from buying and selling pollutant reduction credits.
8. **Verify and Track Pollutant Reductions.** Describe how the project will verify pollutant reductions over time and across participants (e.g., through monitoring, site inspections, and/or modeling, etc.). Also describe how pollutant reductions will be tracked, including:

(a) sellers and buyers of reductions; (b) when and where reductions are generated; and (c) when reductions expire.

9. Eligibility and Participation. Describe eligible buyers and sellers of pollutant reductions. Describe how the project will ensure buyers and sellers are eligible to participate in the program. Describe implementation mechanisms needed to facilitate interaction between buyers and sellers that participate in the program. Describe how agreements to buy or sell pollutant reductions will be formalized.
10. Model(s)/Method(s). Describe any pollutant fate and transport, economic or other model(s), method(s) and/or other assessment approaches that will be used to implement the program. Include a brief description of:
 - a. how the selected model or method balances accuracy against cost and complexity;
 - b. methods for validating the model(s);
 - c. describe existing data and any data gaps that remain to be filled; and
 - d. describe the approach for collecting any additional data needed to implement the market-based program.
11. Additional Program Elements. Describe any additional elements that are proposed as key features of the program, and how they will be implemented.
12. Program Administration. Describe how the program elements listed above and any additional critical program elements will be administered in a coordinated fashion.
13. Program Evaluation. Describe how the market-based water quality program will implement a program evaluation plan to assess the success, failures, and determine lessons learned from implementing the market-based water program will be implemented.

Proposals will be evaluated based on the criteria in Section V including how well and thoroughly the Priority is addressed (see Section V). EPA anticipates funding approximately 1 to 6 awards under this Priority. It is anticipated that total federal funding per award will range from \$400,000 to \$1,000,000, depending on the amount requested and the overall size and scope of the project(s). It is anticipated that the project periods for these awards will be from two to four years.

C. EPA'S STRATEGIC PLAN AND ANTICIPATED ENVIRONMENTAL RESULTS

The TWG Program is linked to EPA's Strategic Plan (*2006-2011 Strategic Plan*). It is predicated on the concept that watersheds are improved most effectively and efficiently by managing water resource use and water quality on a watershed basis. The TWG Program supports EPA's strategic goals to improve and restore impaired water quality on a watershed basis and facilitate ecosystem-scale protection and restoration under EPA Strategic Plan Goal 2 - Clean and Safe Water, Objective 2.2 (Protect Water Quality), Sub-objective 2.2.1 (Protect and Improve Water Quality on a Watershed Basis) and Goal 4 - Healthy Communities and

Ecosystems, Objective 4.3 (Restore and Protect Critical Ecosystems), Sub-objective 4.3.1 (Increase Wetlands) and Sub-objective 4.3.5 (Improve the Health of the Gulf of Mexico). For more information on EPA's Strategic Plan go to: <http://www.epa.gov/ocfopage/plan/plan.htm>.

All proposed projects must address the Strategic Plan priorities and include specific statements describing the environmental results of the proposed project in terms of well-defined outputs and, to the maximum extent practicable, well-defined outcomes that will demonstrate how the project will contribute to the overall goals of clean and safe water and restoring and protecting healthy communities and ecosystems.

Environmental results are a way to gauge a project's performance and are described in terms of outputs and outcomes. Expected environmental outputs (or deliverables) refer to an environmental activity, effort, and/or associated work product related to an environmental goal or objective, that will be produced or provided over a period of time or by a specified date. Outputs may be quantitative or qualitative but must be measurable during an assistance agreement funding period.

Examples of anticipated outputs from the assistance agreements to be awarded under this announcement for Priority I projects include, but are not limited to:

- Market feasibility assessments that evaluate the economic and pollutant suitability within a project area to support market-based water quality programs to reduce nitrogen, phosphorus, or sediment loadings, or pollutant loadings that cause low BOD in local waters, that enter the Mississippi River system and are ultimately discharged into the Northern Gulf of Mexico.
- Analyses or assessments of potential demand and supply of reductions in nitrogen, phosphorus, or sediment loadings, or pollutant loadings that cause low BOD in local waters, that enter the Mississippi River system and are discharged into the Northern Gulf of Mexico.
- Preliminary estimate of trade ratios that would be needed in a market-based water quality program.

Examples of anticipated outputs from the assistance agreements to be awarded under this announcement for Priority II projects include, but are not limited to:

- Stakeholder meetings to provide input on the design of a market-based program.
- Communication tools (e.g., websites, newsletters, etc.) to disseminate information about market-based water quality program design and implementation to stakeholders and the general public.
- Program evaluation plans to assess the success, failure, and determine lessons learned from implementing market-based water quality programs.
- Reports or documents that describe in detail the components of market-based programs and describe the roles and responsibilities of stakeholders to implement the program.
- NPDES Permits that have water quality trading provisions incorporated into them.
- Signed contracts between buyers and sellers of water pollutant credits.

Environmental outcomes are the result, effect, or consequence that will occur from carrying out an environmental program or activity that is related to an environmental or programmatic goal or objective, and are used as a way to gauge a project's performance and take the form of output measures and outcome measures. Outcomes may be environmental, behavioral, health-related or programmatic in nature.

Examples of anticipated short term outcomes from the assistance agreements to be awarded under this announcement for Priority I projects include, but are not limited to:

- Organizations' or individuals' increased knowledge and understanding of whether an economic market could exist for reductions in nitrogen, phosphorus, or sediment loadings, or pollutant loadings that cause low BOD in local waters, that enter the Mississippi River system and will be discharged into the Northern Gulf of Mexico.
- Organizations' or individuals' increased knowledge and understanding of whether there are willing buyers and sellers for reductions in nitrogen, phosphorus, or sediment loadings, or pollutant loadings that cause low BOD in local waters, that enter the Mississippi River system and are discharged into the Northern Gulf of Mexico.

Examples of anticipated short term outcomes from the assistance agreements to be awarded under this announcement for Priority II projects include, but are not limited to:

- Organizations' or individuals' increased knowledge and understanding of how to design or implement a scientifically and economically sound market-based water quality program to reduce nitrogen, phosphorus, or sediment loadings, or pollutant loadings that cause low BOD in local waters, that enter the Mississippi River system and are discharged into the Northern Gulf of Mexico.
- Increased knowledge regarding the fate and transport of pollutants throughout defined project areas.

Examples of anticipated long term outcomes from the assistance agreements to be awarded under this announcement include, but are not limited to:

- Measurable water quality improvement in the three sub-basins of the Mississippi River Basin (the Ohio River, Upper Mississippi River, and Lower Mississippi River sub-basins) and the Northern Gulf of Mexico as demonstrated by initial baseline data and subsequent water quality monitoring data.
- Clean Water Act Section 303(d) delisting of streams in the three sub-basins of the Mississippi River Basin (the Ohio River, Upper Mississippi River, and Lower Mississippi River sub-basins), or increased recreational use of water bodies in the Mississippi River Basin.

Additional information regarding EPA's definition of environmental results in terms of outputs and outcomes can be found at: <http://www.epa.gov/ogd/grants/award/5700.7.pdf> or <http://www.epa.gov/water/waterplan/documents/FY06NPGappendix-b.pdf>.

D. STATUTORY AUTHORITY

The grants or cooperative agreements funded as a result of this announcement will be awarded under the independent authority contained in the Department of the Interior, Environment, and Related Agencies Appropriations Act, 2006 (P.L. 109-54) and 2007 Appropriations, H.J. Res. 20 (P.L. 110-5).

II. AWARD INFORMATION

A. AMOUNT OF FUNDING

The total amount of funding expected to be available under this announcement is approximately \$4,200,000, depending on Agency funding levels and other applicable considerations. EPA anticipates awarding 15 to 20 Priority I assistance agreements. The federal portion of Priority I projects is anticipated to range between \$100,000 to \$200,000. EPA also anticipates awarding 1 to 6 Priority II assistance agreements. The federal portion of Priority II projects is anticipated to range between \$400,000 to \$1,000,000. It is anticipated that awards funded under this announcement will have one to four-year project periods, depending upon the Priority. EPA will fund a maximum of 75% of the total project cost (see Section III.B for information on the minimum non-federal 25 percent cost share/match requirement).

EPA reserves the right to increase or decrease (including to zero) the total number of awards for each Priority, or change the ratio of Priority I to Priority II assistance agreements it awards. Such change may be necessary as a response to the quality of proposals received by EPA, the amount of funds awarded to the selected applicants, or budget availability.

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

EPA reserves the right to make additional awards under this announcement, consistent with Agency policy and guidance, if additional funding becomes available after the original selections are made. Any additional selections for awards will be made no later than six months after the original selection decisions.

B. TYPE OF FUNDING

It is anticipated that grants and cooperative agreements may be funded under this announcement. When cooperative agreements are awarded, EPA will have substantial involvement with the project workplans and budget. Although EPA will negotiate precise terms and conditions relating to substantial involvement as part of the award process, the anticipated substantial federal involvement for the project selected may include:

1. Close monitoring of the recipient's performance to verify the results proposed by the applicant;
2. Collaboration during the performance of the scope of work;
3. In accordance with 40 CFR 31.36(g) and 40 CFR 30.43(e) as appropriate, review of proposed procurements;
4. Review of qualifications of key personnel (EPA does not have authority to select employees or contractors employed by the recipient); and
5. Review and comment on tasks/deliverables and reports prepared under the cooperative agreement (the final decision on the content of reports rests with the recipient).

C. CONTRACTS AND SUBAWARDS

1. Can funding be used for the applicant to make subawards, acquire contract services, or fund partnerships?

EPA awards funds to one eligible applicant as the recipient even if other eligible applicants are named as partners or co-applicants or members of a coalition or consortium. The recipient is accountable to EPA for the proper expenditure of funds.

Funding may be used to provide subgrants or subawards of financial assistance, which includes using subawards or subgrants to fund partnerships, provided the recipient complies with applicable requirements for subawards or subgrants including those contained in 40 CFR Parts 30 or 31, as appropriate. Applicants must compete contracts for services and products, including consultant contracts, and conduct cost and price analyses, to the extent required by the procurement provisions of the regulations at 40 CFR Parts 30 or 31, as appropriate. The regulations also contain limitations on consultant compensation. Applicants are not required to identify subawardees/subgrantees and/or contractors (including consultants) in their proposal. However, if they do, the fact that an applicant selected for award has named a specific subawardee/subgrantee, contractor, or consultant in the proposal EPA selects for funding does not relieve the applicant of its obligations to comply with subaward/subgrant and/or competitive procurement requirements as appropriate. Please note that applicants may not award sole source contracts to consulting, engineering or other firms assisting applicants with the proposal solely based on the firm's role in preparing the proposal.

Successful applicants cannot use subgrants or subawards to avoid requirements in EPA grant regulations for competitive procurement by using these instruments to acquire commercial services or products from for-profit organizations to carry out its assistance agreement. The nature of the transaction between the recipient and the subawardee or subgrantee must be consistent with the standards for distinguishing between vendor transactions and subrecipient assistance under Subpart B Section .210 of OMB Circular A-133, and the definitions of subaward at 40 CFR 30.2(ff) or subgrant at 40 CFR 31.3, as applicable. EPA will not be a party to these transactions. Applicants acquiring commercial goods or services must comply with the competitive procurement standards in 40 CFR Part 30 or 40 CFR Part 31.36 and cannot use a subaward/subgrant as the funding mechanism.

2. How will an applicant's proposed subawardees/subgrantees and contractors be considered during the evaluation process described in Section V of the announcement?

Section V of the announcement describes the evaluation criteria and evaluation process that will be used by EPA to make selections under this announcement. During this evaluation, except for those criteria that relate to the applicant's own qualifications, past performance, and reporting history, the review panel will consider, as appropriate and relevant, the qualifications, expertise, and experience of:

- (i) an applicant's named subawardees/subgrantees identified in the proposal if the applicant demonstrates in the proposal that if it receives an award that the subaward/subgrant will be properly awarded consistent with the applicable regulations in 40 CFR Parts 30 or 31 as appropriate. For example, applicants must not use subawards/subgrants to obtain commercial services or products from for profit firms or individual consultants.
- (ii) an applicant's named contractor(s), including consultants, identified in the proposal if the applicant demonstrates in its proposal that the contractor(s) was selected in compliance with the competitive Procurement Standards in 40 CFR Part 30 or 40 CFR Part 31.36 as appropriate. For example, an applicant must demonstrate that it selected the contractor(s) competitively or that a proper non-competitive sole-source award consistent with the regulations will be made to the contractor(s), that efforts were made to provide small and disadvantaged businesses with opportunities to compete, and that some form of cost or price analysis was conducted. EPA may not accept sole source justifications for contracts for services or products that are otherwise readily available in the commercial marketplace.

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

III. ELIGIBILITY INFORMATION

A. ELIGIBLE APPLICANTS

States, local governments, public and private nonprofit institutions/organizations, federally recognized Indian tribal governments, U.S. territories or possessions, and interstate agencies are eligible to apply. For-profit commercial entities and all federal agencies are ineligible. Nonprofit organizations described in Section 501(c)(4) of the Internal Revenue Code that engage in lobbying activities as defined in Section 3 of the Lobbying Disclosure Act of 1995 are not eligible to apply.

The term "interstate agency" is defined in CWA Section 502 as "an agency of two or more States established by or pursuant to an agreement or compact approved by the Congress, or any other agency of two or more States, having substantial powers or duties pertaining to the control of pollution as determined and approved by the Administrator."

Nonprofit organizations may be asked to provide documentation that they meet the definition of a nonprofit organization in OMB Circular A-122, now at 2 CFR Part 230. Interstate agencies may be asked to provide a citation to the statutory authority, which establishes their status.

B. COST SHARING/MATCH REQUIREMENTS

Applicants must demonstrate in their proposal submission how they will contribute a minimum non-federal cost share/match of 25 percent of the total project cost (*total federal share and applicant cost share/match*). This means that EPA will fund a maximum of 75 percent of the total project cost.

The cost share/match may be provided in cash or can come from in-kind contributions, such as use of volunteers and/or donated time, equipment, expertise, etc., subject to the regulations governing matching fund requirements at 40 CFR 30.23 or 40 CFR 31.24, as applicable. In-kind contributions often include salaries or other verifiable costs and this value must be carefully documented. In the case of salaries, applicants may use either minimum wage or fair market value. Cost share/match must be for eligible and allowable project costs. Cost share/match are considered grant funds and are included in the total award amount and should be used for the reasonable and necessary expenses of carrying out the workplan. All grant funds are subject to federal audit. Any restrictions on the use of grant funds (examples of restrictions are outlined in Section IV.G of this announcement) also apply to the use of cost share/match. Other federal grants may not be used as cost share/match without specific statutory authority. **Proposals which do not demonstrate how the applicant will meet the minimum 25 percent cost share/match requirement will not be considered for funding.**

The minimum match is determined by dividing the total project cost by four. EPA will use the following formula:

$$\frac{\text{Total Project Cost (\$)}}{4} = \text{minimum match (\$)}$$

For example, if the **total project cost** is \$100,000 in order to meet the 25 percent cost share/match requirement, the applicant must be able to provide at least \$25,000 in cash or in-kind contributions.

Federally recognized Indian tribal governments may be exempt from this cost share/match requirement if fulfilling the cost share/match requirement would impose undue hardship. Tribal governments wishing to be exempt from the minimum 25 percent match requirement must submit a one-page written request via email to the Agency contact identified in Section VII with justification within 30 calendar days from the date of issuance of this announcement. Cost share/match exemption requests should be sent directly to the EPA contact listed in Section IV.D. EPA will notify the potential applicant of its decision within 10 business days of receipt of the written request. If the cost share/match exemption is approved, the proposal will be reviewed for threshold eligibility as satisfying the 25 percent cost share/match requirement.

C. THRESHOLD ELIGIBILITY CRITERIA

These are requirements that, if not met by the time of proposal package submission, will result in elimination of the proposal from consideration for funding. Only proposals that meet all of these criteria will be evaluated against the ranking factors in Section V of the announcement.

Applicants deemed ineligible for funding consideration as a result of the threshold eligibility review will be notified within 15 calendar days of the ineligibility determination.

1. An applicant must meet the eligibility requirements in Section III.A of this announcement.
2. Proposals must substantially comply with the proposal submission instructions and requirements set forth in Section IV of this announcement or else they will be rejected. Where a page limit is expressed in Section IV with respect to the project narrative, pages in excess of the page limitation will not be reviewed. If a single spaced narrative is submitted, it will only be reviewed up to the equivalent of the 50 page double spaced page limit for the project narrative specified in Section IV.C.3; excess pages will not be reviewed (Section IV.C.3 establishes a 50 page double spaced project narrative page limit which would be the equivalent of 25 single spaced pages; any single spaced pages in excess of 25 pages will not be reviewed).
3. Applicants must demonstrate in the proposal how they will provide a cost share/match of 25 percent of the total project cost as described in Section III.B above.
4. Applicants must demonstrate that the geographic area of the proposed project is located within at least one of the three Mississippi River sub-basins characterized by the U.S. Geologic Survey's (USGS) eight digit Hydrologic Unit Code (HUC) that start with the numbers 05, 07, and 08 (the Ohio River, Upper Mississippi River, and Lower Mississippi River sub-basins, respectively). For example, applicants can demonstrate this by providing a map with the location of the project as it relates to the boundaries of the aforementioned sub-basins and should provide the 8 digit HUC(s) in which the project is located.
5. Applicants must demonstrate that proposed projects are market-based water quality projects to reduce nitrogen, phosphorus, sediment loading, or pollutant loadings that cause low BOD in local waters that enter the Mississippi River system through at least one of the three Mississippi River sub-basins with the highest nutrient fluxes contributing to the hypoxia in the Northern Gulf of Mexico. The three Mississippi River sub-basins with the highest nutrient fluxes are the Ohio River sub-basin, the Upper Mississippi River sub-basin, and the Lower Mississippi River sub-basin.
6. An applicant's proposal must address one, and only one, of the Priorities identified in Section I.B of this announcement: (I) Market Feasibility Assessment; or (II) Program Design and/or Program Implementation. Applicants may submit more than one complete project proposal package under this announcement. However, each complete proposal package must address only **one** Priority listed in Section I.B. Applicants that propose to apply under the Program Design and/or Program Implementation Priority may submit one proposal for a program design **and** implementation project. The cover page of each proposal package should clearly indicate which Priority is addressed. Proposals that address more than one Priority will not be reviewed.

7. A Governor or Tribal leader, from the proposed project area, must provide a signed nomination letter as part of each Priority I and Priority II proposal package submitted to EPA. Governors or Tribal Leaders may nominate any number of proposals. For interstate projects, any of the engaged Governors or Tribal leaders, in the project area, may nominate the proposal. Nomination letters must be included in the Attachments section of the proposal package and will not count against the page limit.
8. Proposals must be received by the EPA or received through www.grants.gov, as specified in Section IV of this announcement, on or before the proposal submission deadline published in Section IV of this announcement. If submitting a hardcopy proposal, applicants are responsible for ensuring that their proposal reaches the designated person/office specified in Section IV of the announcement by the submission deadline.
9. Proposals received after the submission deadline will be considered late and returned to the sender without further consideration unless the applicant can clearly demonstrate that it was late due to EPA mishandling. For hard copy submissions, where Section IV requires proposal receipt by a specific person/office by the submission deadline, receipt by an agency mailroom is not sufficient. Applicants should confirm receipt of their proposal via email with the Agency contact identified in Section VII as soon as possible after the submission deadline—failure to do so may result in your proposal not being reviewed.
10. In order to be eligible for funding for Priority II, proposals must demonstrate that a market feasibility assessment, as described in Priority I, has been completed. Supporting materials or documentation provided to satisfy this requirement must be provided in an Attachment and will not count against the proposal narrative page limitation.
11. For applicants that are only applying for Program Implementation funding under Priority II (and are not applying for Program Design funding), proposals must demonstrate that a market-based water quality program design, as described in Priority II, has been completed in order to be eligible for funding. Supporting materials or documentation provided to satisfy this requirement must be provided in an Attachment and will not count against the proposal narrative page limitation.
12. Hard copy proposals must be submitted by hand delivery, express delivery service, or courier service. **Proposals submitted by any type of U.S. Postal Service mail will not be considered. EPA will not accept faxed submissions.**
13. Proposals must be consistent with funding restrictions set forth in Section III.D.

D. FUNDING RESTRICTIONS

All costs incurred under this program must be allowable under the applicable Office of Management and Budget (OMB) Cost Circulars: A-87 (States and local governments), A-122 (nonprofit organizations), or A-21 (universities). Copies of these circulars can be found at <http://www.whitehouse.gov/omb/circulars/>. In accordance with EPA policy and the OMB circulars, as appropriate, any recipient of funding must agree not to use assistance funds for lobbying, fund-raising, or political activities (i.e., lobbying members of Congress or lobbying for other Federal grants, cooperative agreements, or contracts). Funds cannot be used to pay for travel by federal agency staff.

Proposed project activities must also comply with all state and federal regulations applicable to the project area. It is the responsibility of the applicant to ensure compliance.

EPA has chosen to declare certain projects or activities ineligible for funding. Projects must be performed entirely within the United States. The construction of buildings, the purchase of major equipment, and the payment of taxes for landowners will not be funded under this program. *For the purpose of this RFP, “major equipment” is defined as an article of property of a durable nature that normally may be expected to have a period of service of a year or more after being put into use and an acquisition cost which equals or exceeds \$10,000. Examples may include, but are not limited to vehicles, boats, motor homes, office furniture, construction equipment such as backhoes, fork-lifts, and trash booms and compaction systems. Note that the leasing of equipment may be permitted, but is contingent on justification of need in the workplan.*

IV. APPLICATION AND SUBMISSION INFORMATION

A. ADDRESS TO REQUEST APPLICATION PACKAGES

Grant application forms, including Standard Forms (SF) 424 and SF 424A, are available at http://www.epa.gov/ogd/grants/how_to_apply.htm and by mail upon request by calling the Grants and Interagency Agreements Management Division (GIAMD) at (202) 564-5320.

B. FORM OF APPLICATION SUBMISSION

Applicants have the option of submitting their proposal packages (as described in Section IV.C below) in *one* of two ways: 1) electronically through the Grants.gov website; or 2) by hard copy (with CD) to the EPA contact identified in Section IV.B.2 via hand delivery, express delivery service, or courier service. All proposal packages must be prepared, and include the information as described in Section IV.C below, regardless of mode of transmission.

1. Grants.gov Submission

Applicants who wish to submit their proposals electronically through the federal government’s Grants.gov web site may do so. Grants.gov allows an applicant to download an application package template and complete the package offline based on agency instructions. After an applicant completes the required package, it can submit the package electronically to Grants.gov, which transmits the package to the funding agency.

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

To begin the proposal process under this grant announcement, go to <http://www.grants.gov> and click on the “Apply for Grants” tab on the left side of the page. Then click on “Apply Step 1:

Download a Grant Application Package” to download the compatible Adobe viewer and obtain the application package. **To apply through grants.gov you must use Adobe Reader applications and download the compatible Adobe Reader version ([Adobe Reader applications](#) are available to download for free on the Grants.gov website. For more information on Adobe Reader please visit the [Help section](#) on grants.gov at <http://www.grants.gov/help/help.jsp> or http://www.grants.gov/aboutgrants/program_status.jsp).** Once you have downloaded the viewer, you may retrieve the proposal package by entering the Funding Opportunity Number, **EPA-OW-OWOW-08-04**, or the CFDA number that applies to the announcement (CFDA 66.439), in the appropriate field. You may also be able to access the proposal package by clicking on the Application button at the top right of the synopsis page for this announcement on <http://www.grants.gov> (to find the synopsis page, go to <http://www.grants.gov> and click on the “Find Grant Opportunities” button on the left side of the page and then go to Search Opportunities and use the Browse by Agency feature to find EPA opportunities).

Proposal Submission Deadline

Your organization’s AOR must submit your complete proposal electronically to EPA through Grants.gov (<http://www.grants.gov>) no later than **11:59 P.M. EDT September 9, 2008**.

Please submit all of the proposal materials described below. To view the full funding announcement, go to www.epa.gov/waterqualitytrading or go to <http://www.grants.gov> and click on “Find Grant Opportunities” on the left side of the page and then click on Search Opportunities/Browse by Agency and select Environmental Protection Agency. Proposal materials submitted through Grants.gov will be time/date stamped.

How to submit your proposal through Grants.gov

Applicants are required to submit the following documents to apply electronically through Grants.gov. All documents should appear in the “Mandatory Documents” box on the Grants.gov Grant Application Package page.

- For the Proposal Narrative portion, you will need to attach electronic files. Prepare this as described in Section IV.C.3 of the announcement and save the documents to your computer as an MS Word or PDF file. Please make sure that the proposal narrative includes all the documents described in Section IV.C.3 including the mandatory attachments (e.g., Governor nomination letter, cost share/match commitment letters, etc.) and any optional attachments (e.g., resumes, letters of support, etc.). Please note that there is a page limit for the project narrative portion of the proposal narrative as described in Section IV.C.3. When you are ready to attach the documents to the application package, click on “Project Narrative Attachment Form,” and open the form. Click “Add Mandatory Project Narrative File,” and then attach it (previously saved to your computer) using the browse window that appears. You may then click “View Mandatory Project Narrative File” to view it. Enter a brief descriptive title of your project in the space beside “Mandatory Project Narrative File Filename,” the filename should be no more than 40 characters long. If there are other attachments that you would like to submit to accompany your application (such as letters of support from partners or annotated resumes), you may click “add Optional Project Narrative File” and proceed as before.

When you have finished attaching the necessary documents, click “Close Form.” When you return to the “Grant Application Package” page, select the “Project Narrative Attachment Form” and click “Move Form to Submission List.” The form should now appear in the box that says, “Mandatory Completed Documents for Submission.”

- The following 2 additional documents should appear in the “Mandatory Documents” box on the Grants.gov Grant Application Package page.
 1. SF 424 – Application for Federal Assistance
 2. SF 424A – Budget Information for Non-Construction Programs

- For each document, click on the appropriate form and then click “Open Form” below the box. The fields that must be completed will be highlighted in yellow. Optional fields and completed fields will be displayed in white. If you enter an invalid response or incomplete information in a field, you will receive an error message. When you have finished filling out each form, click “Save.” When you return to the electronic Grant Application Package page, click on the form you just completed, and then click on the box that says, “Move Form to Submission List.” This action moves the document over to the box that says, “Mandatory Completed Documents for Submission.”

Once you have finished filling out all of the forms/attachments and they appear in one of the “Completed Documents for Submission” boxes, click the “Save” button that appears at the top of the Web page. It is suggested that you save the document a second time, using a different name, since this will make it easier to submit an amended package later if necessary.

Please use the following format when saving your file: “Applicant Name – FY08 – “TWG Market Proposal” – 1st Submission.” If it becomes necessary to submit an amended package at a later date, then the name of the 2nd submission should be changed to “Applicant Name – “TWG Market Proposal” – 2nd Submission.” Once your proposal has been completed and saved, send it to your AOR for submission to U.S. EPA through Grants.gov. Please advise your AOR to close all other software programs before attempting to submit the proposal package through Grants.gov.

From the “Grant Application Package” page, your AOR may submit the proposal package by clicking the “Submit” button that appears at the top of the page. The AOR will then be asked to verify the agency and funding opportunity number for which the package is being submitted. If problems are encountered during the submission process, the AOR should reboot his/her computer before trying to submit the proposal package again. [It may be necessary to turn off the computer (not just restart it) before attempting to submit the package again.] If the AOR continues to experience submission problems, he/she may contact Grants.gov for assistance by phone at 1-800-518-4726 or email at <http://www.grants.gov/help/help.jsp> or contact Tim Icke at

1-202-566-1512 or email at Initiative.watershed@epa.gov. If you have any other technical difficulties while applying electronically, please refer to <http://www.grants.gov/help/help.jsp>.

If you have not received a confirmation of receipt from EPA (*not from Grants.gov*) within 30 days of the application deadline, please contact Tim Icke as indicated in the paragraph above. Failure to do so may result in your proposal not being reviewed.

2. Hard Copy and CD Submission

Two hard copies of the complete proposal package and an electronic version on a CD, as described in IV.C below are required to be submitted by hand delivery, express mail service, or courier service. Electronic files on the CD may be in Adobe Portable Document Format (.pdf) or Microsoft Word (.doc). Proposal submissions sent by hard copy with CD must be **received** by the Agency Contact identified below by **4:00 PM EDT September 9, 2008**.

The address for hard copy submission is:

ATTN: TWG Market Proposal

U.S. Environmental Protection Agency, Office of Wetlands, Oceans and Watersheds

EPA West Building, Room 7313E

1301 Constitution Avenue, NW

Washington, DC 20004

Attn: Tim Icke

C. CONTENT OF PROPOSAL PACKAGE SUBMISSION

Applicants should read the following section very closely. A complete proposal package must include the following documents described below:

1. Signed Standard Form (SF) 424 - Application for Federal Assistance

Complete the form. There are no attachments. Please be sure to include the organization fax number and email address in Block 5 of the SF 424.

Please note that the organizational Dun and Bradstreet (D&B) Data Universal Number System (DUNS) number must be included on the SF 424. Organizations may obtain a DUNS number at no cost by calling the toll-free DUNS number request line at 1-866-705-5711 or by visiting the website at www.dnb.com.

2. SF 424A - Budget Information for Non-Construction Programs

Complete the form. There are no attachments. The total amount of federal funding requested for the project should be shown on line 5(e) and on line 6(k) of the SF424A. If indirect costs are included, the amount of indirect costs should be entered on line 6(j). The indirect cost rate (i.e., a percentage), the base (e.g., personnel costs and fringe benefits) and the amount should also be indicated on line 22.

3. Proposal Narrative:

NOTE: The Proposal Narrative must include sections A-D below. The project narrative (IV.C.3.C) portion is limited to no more than fifty (50) typewritten double spaced 8.5x11-inch pages (a page is one side of a piece of paper). Pages should be consecutively numbered for ease of reading. It is recommended that applicants use a standard 12-point type with 1-inch margins. While these guidelines establish the minimum type size recommended, applicants are advised that readability is of paramount importance and should take precedence in selection of an appropriate font for use in the project narrative. Additional pages beyond the 50 page limit will not be considered. Hard copy submissions may be submitted double-sided. If a single-spaced project narrative is submitted, it will be reviewed up to the equivalent of the 50 page double-spaced page limit; excess pages will not be reviewed (the 50 page double-spaced project narrative page limit would be the equivalent of 25 single-spaced pages; any single-spaced pages in excess of 25 will not be reviewed). Supporting materials (including the Cover Page, Executive Summary, and the mandatory and additional attachments described in IV.C.3.D below) are not included within the page limit.

The proposal narrative must be typewritten and must include the information listed below. If a particular item is not applicable, clearly state this in the proposal.

A. Cover Page (not included in the page limit) including:

- i. Project title;
- ii. Priority from Section I.B addressed in the proposal (i.e., Priority I - Market Feasibility Assessment or Priority II - Program Design and/or Program Implementation); **a proposal must address only one Priority but proposals for priority II can address both aspects of it;**
- iii. Name of applicant;
- iv. Number of proposals applicant is submitting (e.g., Proposal Number 1 of 2, or Proposal Number 1 of 1);
- v. Key personnel and contact information (i.e., e-mail address and phone number);
- vi. Proposed project geographic location. Provide the proposed project's 8 digit HUC. Proposed projects must be located within at least one of the three Mississippi River sub-basins characterized by the USGS eight digit HUC that start with the numbers 05, 07, and 08 (Ohio River, Upper Mississippi River, and Lower Mississippi River sub-basins, respectively); and
- vii. Total project cost: specify the amount of federal funds requested, the total project cost, and demonstrate how you will meet the required non-federal cost share/match of at least 25% of the total project cost.

B. Executive Summary (not included in the page limit): Provide a brief summary (recommended 500 words or less) of the proposal. This should include a brief description of the perceived need for the work, the proposed project, the proposed pollutant(s) for the market-based water quality program, and the anticipated outputs and outcomes.

C. Project Narrative (subject to the page limit):

a. Technical Approach.

- i.** For a Priority I Market Feasibility Assessment proposal - Describe how the project will conduct a market feasibility assessment for a market-based water quality program. The proposal should describe an approach to addressing the general elements listed, to the extent applicable, in Section I.B Priority I – Market Feasibility Assessment. If any of the elements is not applicable, demonstrate why it is not.
- ii.** For a Priority II Program Design and/or Program Implementation proposal - Describe how the project will conduct, to the extent applicable, a market-based water quality program design and/or implementation of a market-based water quality program. The proposal should describe an approach for addressing the applicable general elements that are listed in Section I.B Priority II – Program Design and/or Program Implementation. If any of these elements is not applicable, demonstrate why it is not. Note that for Priority II proposals, applicants must submit supporting materials or documentation that the market feasibility assessment has been completed. For Priority II proposals seeking program implementation funding, applicants must demonstrate the program design elements (as applicable) have been completed (see Section I.B. and III.C). The supporting materials or documentation should be submitted as an attachment and will not count against the page limitation for the proposal narrative.

b. Environmental Results and Measuring Progress:

- i.** Stated Objective/Link to EPA Strategic Plan - Describe the objective of the project and the linkage to the EPA Strategic Plan (see Section I.C of this announcement).
- ii.** Results of Activities (Outputs) - Describe the anticipated products/results (outputs) which are expected to be achieved from accomplishment of the project activities, and describe an approach for tracking progress toward achieving the expected output(s) (examples of outputs can be found in Section I.C of this announcement).
- iii.** Anticipated Environmental Improvement (Outcomes) - Describe the anticipated environmental improvements to be accomplished as a result of the project's activities. These improvements are changes or benefits to the environment which are a result from the accomplishment of workplan commitments and outputs. Describe an approach for tracking progress toward achieving the expected project outcome(s) (examples of outcomes can be found in Section I.C of this announcement).

- c. Milestone Schedule** – Provide a detailed projected timeline for the proposed project period. The timeline should include timeframes and major milestones

to complete significant project tasks. The project start date will follow award acceptance by the successful applicant.

- d. Detailed Budget Narrative** – Provide a detailed budget and estimated funding amounts for each project task. This section provides an opportunity for narrative description of the budget or aspects of the budget found in Form 424A such as “other” and “contractual”. All subgrant funding should be located in the “other” cost category.
- i.** Total costs must include both federal and cost share/matching (non-federal) components. Identify any cost-share/match in the budget and describe cost-effectiveness, reasonableness of costs, and value of in-kind contributions. Include any travel for applicant staff to attend necessary meetings throughout the proposed project period. Total costs must distinguish between federal and cost-share/match components. For each cost category, indicate what portion of the cost will be paid by EPA and what portion of the cost will be covered by the minimum non-federal 25 percent cost share/match as required in Section III.B.
 - ii.** When formulating budgets for proposals, applicants must not include management fees or similar charges in excess of the direct costs and indirect costs at the rate approved by the applicants cognizant audit agency, or at the rate provided for by the terms of the agreement negotiated with EPA. The term "management fees or similar charges" refers to expenses added to the direct costs in order to accumulate and reserve funds for ongoing business expenses, unforeseen liabilities, or for other similar costs that are not allowable under EPA assistance agreements. Management fees or similar charges may not be used to improve or expand the project funded under this agreement, except to the extent authorized as a direct cost of carrying out the scope of work.
- e. Programmatic Capability**
- i. Organizational Experience.** Provide a brief description of the applicant’s organization and experience related to the proposed project, and the organization’s infrastructure as it relates to its ability to successfully implement the proposed project.
 - ii. Staff expertise/qualifications.** Provide a list of key staff and briefly describe their expertise/qualifications and knowledge, and resources or the ability to obtain them to successfully achieve the goals of the project. Include an estimate of the number of full-time equivalent (FTE) workers (based on 2080 hours per year/FTE). List proposed partner entities, and describe their roles, and whether they will participate as subgrantees. Letters of support from potential partner entities are encouraged and will not be counted against the page limitation for the project narrative. Annotated resumes of applicant’s key staff are also encouraged and are not included in the page limit.

f. Past Performance

i. Programmatic Past Performance. Submit a list of federally and/or non-federally funded assistance agreements (assistance agreements include grants and cooperative agreements but not contracts) that your organization performed within the last three years (no more than 5, and preferably EPA agreements) and describe:

- 1) Whether, and how, you were able to successfully complete and manage those agreements; and
- 2) Your history of meeting the reporting requirements under those agreements including submitting acceptable final technical reports.

In evaluating applicants under these factors in Section V, EPA will consider the information provided by the applicant and may also consider relevant information from other sources, including information from EPA files and from current and prior federal agency grantors (e.g., to verify and/or supplement the information provided by the applicant). If you do not have any relevant or available past performance or reporting information, please indicate this in the proposal and you will receive a neutral score for these factors under Section V. Failure to provide any programmatic past performance or reporting information, or to include a statement that you do not have any relevant or available past performance or reporting information, may result in a zero score for these factors (see also Section V).

ii. Environmental Results Past Performance. Submit a list of federally and/or non-federally funded assistance agreements (assistance agreements include grants and cooperative agreements but not contracts) that your organization performed within the last three years (no more than 5, and preferably EPA agreements), and describe how you documented and/or reported on whether you were making progress towards achieving the expected results (e.g., outputs and outcomes) under those agreements. If you were not making progress, please indicate whether, and how, you documented why not. In evaluating applicants under this factor in Section V, EPA will consider the information provided by the applicant and may also consider relevant information from other sources, including information from EPA files and from current and prior federal agency grantors (e.g., to verify and/or supplement the information provided by the applicant). If you do not have any relevant or available environmental results past performance information, please indicate this in the proposal and you will receive a neutral score for this factor under Section V. Failure to provide any environmental results past performance information, or to include a statement that you do not have any relevant or available environmental results past performance information, may result in a zero score for this factor (see also Section V).

- g. Quality Assurance /Quality Control.** If the applicant expects to collect data and information, briefly describe how applicant will assure and control data quality. If this is not applicable to the project, state so in the proposal. (Note: Development of a Quality Assurance Project Plan (QAPP) is required of all EPA assistance agreements that fund data collection and assessment. Cost of QAPP development should be included in the project budget.)

NOTE: The applicant should also provide in its proposal narrative any additional information, to the extent not already identified above, that addresses the selection criteria found in Section V.

D. Attachments (attachments will not be counted in the proposal narrative page limit)

Mandatory Attachments

- a. Nomination letter.** A Governor or Tribal leader, from the project area, must provide a signed nomination letter as part of each Priority I and Priority II proposal package submitted to EPA. Governors or Tribal Leaders may nominate any number of proposals. For interstate projects, any of the engaged Governors or Tribal leaders, in the project area, may nominate the proposal. Label it “Attachment A”.
- b. Market Feasibility Assessment.** In order to be eligible for funding for Priority II, proposals must demonstrate that a market feasibility assessment, as described in Priority I has been completed. The market-feasibility assessment should be submitted as an attachment to the proposal. Label it “Attachment B”.
- c. Program Design.** For applicants that are applying for Program Implementation funding, in order to be eligible for funding, proposals must demonstrate that Program Design, as described in Priority II, has been completed. The Program Design should be submitted as an attachment to the proposal. Label it “Attachment C”.
- d. Cost Share/Match Commitment Letters.** Letters signed by an authorizing official from entities committing to provide cost share/matching funds, either in cash or in-kind contributions, including the total value of its commitment toward the project. Label it “Attachment D”.

Additional Attachments (recommended but not mandatory)

- a. Map(s).** A map of the proposed project area and its location within at least one of the three Mississippi River sub-basins characterized by the USGS eight digit HUCs that start with the numbers 05, 07, and 08 (the Ohio River sub-basin, the Upper Mississippi River sub-basin, and the Lower Mississippi River sub-basin, respectively). Label it “Attachment E”.

- b. **Resumes.** Annotated resumes of staff working on the project. Label it “Attachment F”.
- c. **Letters of Support.** Letter(s) of support from stakeholders, including those that are anticipated to be actively participating in the market-based program (e.g., if a trading program, the potential buyers and sellers of water pollutant credits). Label it “Attachment G”.

D. SUBMISSION DATES AND TIMES

Proposal submissions sent by hard copy with CD must be **received** by the Agency Contact identified in Section IV.B.2 by **4:00 PM EDT September 9, 2008**. Proposals submitted electronically through Grants.gov must be submitted by **11:59 PM EDT September 9, 2008**. Late proposals will not be considered for funding.

E. INTERGOVERNMENTAL REVIEW

This program may be eligible for coverage under E.O. 12372, "Intergovernmental Review of Federal Programs." An applicant should consult the office or official designated as the single point of contact in his or her State for more information on the process the State requires to be followed in applying for assistance, if the State has selected the program for review. Further information regarding this can be found at <http://www.whitehouse.gov/omb/grants/spoc.html>.

F. CONFIDENTIAL BUSINESS INFORMATION

In accordance with 40 CFR 2.203, applicants may claim all or a portion of their application/proposal as confidential business information. EPA will evaluate confidentiality claims in accordance with 40 CFR Part 2. Applicants must clearly mark applications/proposals or portions of applications/proposals they claim as confidential. If no claim of confidentiality is made, EPA is not required to make the inquiry to the applicant otherwise required by 40 CFR 2.204(c)(2) prior to disclosure.

V. APPLICATION REVIEW INFORMATION

A. SELECTION CRITERIA

All eligible proposals, based on the Section III threshold eligibility review, will be evaluated based on the evaluation criteria and weights below (100 total point scale). Points will be awarded based on how well and thoroughly each criterion and/or sub-criterion is addressed in the proposal package.

<p>1) Technical Approach (40 points)</p>	<p>Proposals will be evaluated based on the extent and quality of the technical approach.</p> <p>a) Priority I. The extent and quality to which the proposal</p>
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	<p>demonstrates a sound approach to fulfilling the elements listed, to the extent applicable, in section I.B Priority I – Market Feasibility Assessment. (40 points)</p> <p>OR</p> <p>b) Priority II. The extent and quality to which the proposal demonstrates a sound approach to fulfilling the elements listed, to the extent applicable, in Section I.B Priority II – Program Design and/or Program Implementation. (40 points)</p>
<p>2) Environmental Results and Measuring Progress (20 points)</p>	<p>Proposals will be evaluated based on each of these sub-criterion:</p> <p>a) Extent and quality to which the proposal demonstrates potential environmental results, anticipated outputs and outcomes, and how the outcomes are linked to EPA’s Strategic Plan (examples of outputs and outcomes can be found in Section I.C of this announcement). (10 points)</p> <p>b) Extent and quality to which the proposal demonstrates a sound plan for measuring and tracking progress toward achieving the anticipated outputs and outcomes (examples of outputs and outcomes can be found in Section I.C of this announcement). (10 points)</p>
<p>3) Milestone Schedule and Detailed Budget (15 points)</p>	<p>Proposals will be evaluated based on the extent and quality to which the proposal demonstrates the following:</p> <p>a) Clearly articulated milestone schedule with a timeline outlining timeframes and major milestones that demonstrates sound planning to complete project tasks. (5 points)</p> <p>b) Reasonableness of the budget and estimated funding amounts for each project task. Applicants will be evaluated based on the adequacy of the information provided in the detailed budget and whether the proposed costs are reasonable and allowable. Total project costs must include both federal and required cost share / match (non-federal) components. Describe cost-effectiveness and reasonableness of all costs (both federal and non-federal components). (10 points)</p>
<p>4) Programmatic Capability (Technical Experience/Qualifications) (10 points)</p>	<p>Under this criterion, applicants will be evaluated based on the extent and quality of their ability to successfully complete and manage the proposed project taking into account the applicant’s:</p> <p>a) Organizational experience and infrastructure as it relates to its ability to successfully implement the proposed project. (5</p>

	<p>points)</p> <p>b) Staff expertise/qualifications, staff knowledge, and resources or the ability to obtain them, to successfully achieve the goals of the proposed project. (5 points)</p>
<p>5) Past Performance (15 points)</p>	<p>Under this criterion, applicants will be evaluated based on the extent and quality of their ability to successfully complete and manage the proposed project taking into account the applicant's:</p> <p>a) Past performance in successfully completing and managing federally and/or non-federally funded assistance agreements (assistance agreements include grants and cooperative agreements but not contracts) performed within the last 3 years. (5 points)</p> <p>b) History of meeting reporting requirements under federally and/or non-federally funded assistance agreements (assistance agreements include grants and cooperative agreements but not contracts) performed within the last 3 years and submitting acceptable final technical reports under those agreements. (5 points)</p> <p>c) Extent and quality to which they adequately documented and/or reported on their progress towards achieving the expected results (e.g., outcomes and outputs) under federally and/or non-federally funded assistance agreements (assistance agreements include grants and cooperative agreements but not contracts) performed within the last 3 years, and if such progress was not being made whether the applicant adequately documented and/or reported why not. (5 points)</p> <p>Note: In evaluating applicants under (a), (b), and (c) above, EPA will consider the information provided by the applicant and may also consider relevant information from other sources including agency files and prior/current grantors (e.g., to verify and/or supplement the information supplied by the applicant). Applicants with no relevant or available past performance history must indicate that in the proposal and will receive a neutral score for this factor.</p>

B. REVIEW AND SELECTION PROCESS

All proposals received by EPA or submitted electronically through Grants.gov by the submission deadline will first be screened against the threshold criteria in Section III of the announcement.

Proposals that do not pass the threshold review will not be evaluated further or considered for funding.

A review panel(s) will review eligible proposals based on the evaluation criteria listed in Section V.A and will develop a ranked list of the proposals in each Priority (i.e., Priority I and II) based on the evaluation scores received. The ranking list for each Priority will be provided to the Selection Official who makes final funding decisions. In making the final funding decisions for each Priority, the Selection Official will consider the proposal score and may also take into account project diversity and geographic distribution of funds.

VI. AWARD ADMINISTRATION INFORMATION

A. AWARD NOTICES

Following EPA's evaluation of proposals, all applicants will be notified regarding their status. Final applications will be requested from those eligible entities whose proposal has been successfully evaluated and preliminarily recommended for award. Those entities will be provided with instructions and a due date for submittal of the final application package. Required forms and instructions for preparing and submitting the completed application will be provided at that time. The notification of recommendation for award is not an authorization to begin performance.

EPA reserves the right to negotiate and/or adjust the final grant amount and workplan prior to award, as appropriate and consistent with Agency policy including the Assistance Agreement Competition Policy, EPA Order 5700.5A1.

An approvable final workplan is required to include:

1. Workplan components to be funded under the assistance agreement;
2. Estimated work years and the estimated funding amounts for each workplan component;
3. Workplan commitments for each workplan component and a timeframe for their accomplishment;
4. Performance evaluation process and reporting schedule in accordance with §35.115 of 40 CFR; and
5. Roles and responsibilities of the recipient and EPA (for cooperative agreements only) in carrying out the workplan commitments.

In addition, successful applicants will be required to certify that they have not been Debarred or Suspended from participation in federal assistance awards in accordance with 40 CFR Part 32.

A list of successful proposals will be posted at the following website addresses www.epa.gov/waterqualitytrading. This website may also contain information about this announcement including information concerning deadline extensions or other modifications (www.grants.gov will also contain information on any modifications to the announcement).

B. ADMINISTRATIVE AND NATIONAL POLICY REQUIREMENTS

The general award and administration process for assistance agreements are governed by regulations at 40 CFR Part 30 (Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations), 40 CFR Part 31 (States, Tribes, interstate agencies, intertribal consortia and local governments), and 40 CFR Part 45 (Training Assistance). A description of the Agency's substantial involvement in the cooperative agreement will be included in the final agreement.

C. COMPETITION-RELATED DISPUTE PROCEDURES

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

D. ADMINISTRATIVE CAPABILITY REQUIREMENT

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

E. DUNS NUMBER

Applicants are required to provide a Dun and Bradstreet Data Universal Numbering System (DUNS) number with the full application for federal grants or cooperative agreements. Organizations can receive a DUNS number in one day, at no cost, by calling the dedicated toll-free DUNS Number request line at 1-866-705-5711.

F. COPYRIGHTS

In accordance with 40 CFR 31.34 for State, local and Indian Tribal governments or 40 CFR 30.36 for other recipients, EPA reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use, for federal government purposes, copyrighted works developed under a grant, subgrant or contract under a grant or subgrant.

G. REPORTING

In general, recipients are responsible for managing the day-to-day operations and activities supported by the assistance funding, to assure compliance with applicable federal requirements, and for ensuring that established milestones and performance goals are being achieved.

Performance reports and financial reports must be submitted quarterly and are due 30 days after the reporting period. The final report is due 90 days after the assistance agreement has expired. Recipients will be required to report direct and indirect environmental results from the work accomplished through the award. In negotiating this cooperative agreement EPA will work closely with the recipient to incorporate appropriate performance measures and reporting requirements in the work plan consistent with 40 CFR 30.51, 31.40, and 40 CFR Part 45.

VII. AGENCY CONTACT

In accordance with EPA's Assistance Agreement Competition Policy (EPA Order 5700.5A1), EPA staff will not meet with individual applicants to discuss draft proposals, provide informal comments on draft proposals, or provide advice to applicants on how to respond to ranking criteria. Applicants are responsible for the contents of their proposals. However, consistent with the provisions in the announcement, EPA will respond to questions from individual applicants regarding threshold eligibility criteria, administrative issues related to the submission of the proposal, and requests for clarification about the announcement. Questions about this RFP must be submitted in writing via e-mail and must be received by the Agency contact before **July 21, 2008**. Written responses will be posted on EPA websites at www.epa.gov/waterqualitytrading.

Agency Contact:

Tim Icke

Initiative.watershed@epa.gov

VIII. OTHER INFORMATION

A. QUALITY ASSURANCE/QUALITY CONTROL (QA/QC) and STORET

QA/QC requirements are applicable to these assistance agreements (see 40 CFR 30.54 and 40 CFR 31.45). QA/QC requirements apply to the collection of environmental data. Environmental data are any measurements or information that describe environmental processes, location, or conditions; ecological or health effects and consequences; or the performance of environmental technology. Environmental data include information collected directly from measurements, produced from models, and compiled from other sources such as databases or literature. Applicants should allow sufficient time and resources for this process. EPA can assist applicants in determining whether QA/QC is required for the proposed project. If QA/QC is required for the project, the applicant is encouraged to work with the EPA QA/QC staff to determine the appropriate QA/QC practices for the project. Contact the Agency Contact (See Section VII for Agency Contact information) for referral to an EPA QA/QC staff.

Additionally, recipients of grants for projects that involve ambient monitoring will be required to submit all data from monitoring activities to STORET (short for STOrage and RETrieval) database. STORET provides an accessible, nationwide central repository of water information of known quality. Grantee submission of monitoring data into STORET can be made via the new Water Quality Exchange (WQX). WQX is based upon the Environmental Sampling, Analysis, and Results (ESAR) standard, which defines a standard format for sharing monitoring and analytical data. More information about WQX and STORET can be found at

<http://www.epa.gov/storet>. More information about ESAR can be found at http://www.exchangenetwork.net/standards/ESAR_Overview_01_06_2006_Final.pdf.

Submitting data through WQX is done via EPA's Central Data Exchange, and leverages the Exchange Network (which is a State/Tribal/Federal data exchange partnership). These tools provide common internet protocols for sharing information. More information about CDX and the Exchange Network can be found at: <http://exchangenetwork.net>. Grantees should manage their data in a STORET compatible format that will facilitate the sharing of data via WQX.

B. DATA SHARING

All recipients of these assistance agreements will be required to share any data generated through this funding agreement as a defined deliverable in the final workplan. The Office of Management and Budget (OMB) Circular A-110 has been revised to provide public access to research data through the Freedom of Information Act (FOIA) under some circumstances. Data that are (1) first produced in a project that is supported in whole or in part with Federal funds and (2) cited publicly and officially by a Federal agency in support of an action that has the force and effect of law (i.e., a regulation) may be accessed through FOIA. If such data are requested by the public, the EPA must ask for it, and the grantee must submit it, in accordance with A-110 and EPA regulations at 40 C.F.R. 30.36.

C. INVASIVE SPECIES CONTROL

Pursuant to Executive Order 13112 (<http://www.invasivespeciesinfo.gov/>), the recipient of EPA funds and all subcontractors shall monitor the project to ensure it does not facilitate the introduction or spread of invasive species. If invasive species are detected or populations promoted in any way, the recipient will respond rapidly to control populations in an environmentally sound manner, as approved by the EPA Project Officer.

D. EXCHANGE NETWORK

EPA, states, territories, and tribes are working together to develop the National Environmental Information Exchange Network, a secure, Internet- and standards-based way to support electronic data reporting, sharing, and integration of both regulatory and non-regulatory environmental data. States, tribes and territories exchanging data with each other or with EPA, should make the Exchange Network and the Agency's connection to it, the Central Data Exchange (CDX), the standard way they exchange data and should phase out any legacy methods they have been using. More information on the Exchange Network is available at www.exchangenetwork.net.