

AGENCY: ENVIRONMENTAL PROTECTION AGENCY

TITLE: “NATIONAL CLEAN DIESEL CAMPAIGN DEMONSTRATION ASSISTANCE AGREEMENTS”

ACTION: Request for Applications (RFA) – Questions and Answers

RFA No: OAR-CCD-05-14

CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NO: 66.034

SUMMARY: The following are formal Agency responses to the questions/comments regarding the subject solicitation.

1. Are rail projects eligible?

Yes, eligible activities include the use of verified technologies in nonroad diesel vehicles and equipment. There is nothing that precludes rail projects, including auxiliary engines on rail, from being proposed by an eligible entity.

2. Do stationary emergency diesel standby generators qualify as targeted equipment for purposes of this solicitation?

No. Portable mobile generators used at construction sites or ports would qualify but stationary generators would not.

3. Are transit buses eligible for this program or is this grant only for “off road” vehicles?

No. Transit buses are not eligible since this is intended for non-road vehicles and engines.

4. If work is performed before the funding agreement is in place is there a way to recover any financial relief?

No, costs incurred before the funding agreement is in place will not be reimbursed.

5. Is a heavy duty diesel yard dump truck eligible for this program?

Highway vehicles, such as dump trucks, will be considered if they are used in construction or port applications. As a general rule, highway vehicles are not eligible for funding.

- 6. An Alaska native corporation holds a substantial minority interest in our organization. The remaining equity interests are held by non-tribal entities (e.g., individuals and other institutions). Does this level of ownership by a tribal agency permit us to participate, or is majority/sole ownership required?**

EPA does not believe your organization would be eligible to apply to this program. Tribal government agencies refer to federally-recognized tribal governments.

- 7. \$800,000 spread over 12 awards isn't much money per project to reduce emissions from trucks, ship or trains. However, a \$70,000 grant would go a long way to help with our efforts in air quality improvement. Can the funds be used for inventory, assessments, community collaboration, and the development of an affirmative air quality action plan?**

The goal is to provide seed funding for demonstration projects involving retrofits and replacement of nonroad engines. The projects should demonstrate the applicability and feasibility of verified technology in construction or port-related activities.

- 8. Do the diesel turbines of an electric power utility qualify as non-road equipment?**

No. Diesel turbines of an electric power plant are not considered nonroad mobile equipment for purposes of this funding competition. Projects involving stationary diesel turbines are not eligible for this funding competition.

- 9. I'm interested in the funding opportunity, but I'm not an eligible entity. What are my options?**

Due to the legal authority for setting up these grants, private fleet managers or technology providers are not eligible to apply for funds. However, vendors and private fleets can encourage eligible entities such as public or non profit organizations to apply and can lend their support to an application. Partner support such as those from fleet managers and vendors can strengthen an application.

- 10. When a successful grant applicant (such as a public entity) is ready to purchase a retrofit technology, do they have to go through a competitive bidding process? What if they already know what product they want to use?**

Selected applicants that utilize sub-grants or procure retrofit technologies will be subject to the requirements outlined in EPA grant regulations 40 *CFR 31.36 (*CFR = Code of Federal Regulations) for activities with EPA money. These regulations require that services be obtained competitively and the requirements can be found at: http://www.access.gpo.gov/nara/cfr/waisidx_02/40cfrv1_02.html. If, for example, a grant applicant was committed to using technology type A (which could be a DOC, DPF, fuel, etc), then the applicant would need to compete for the specific vendor

according to the regulations. Many governmental entities already have their own procurement policies which include a competitive process. If these procurement procedures comply with federal regulations (again, 40 *CFR 31.36), then public entities can utilize those policies. In general, we have found that when entities compete for products and services, they get much better prices than if they do not.

11. Can the grant funds be used to pay the grantee to install retrofit devices on their own fleet? What if they are not the grantee, such as a State entity being paid to install retrofit technologies?

Applicants can propose reimbursement of costs associated with the installation of the retrofit equipment owned by the grantee or owned by the other entities.

12. We understand that services have to be bid competitively. If we have state funds already dedicated to a project's personnel services and we apply for EPA funds to be used only for retrofit equipment purchases, will the selection of our contractor with non-EPA funds be subject to the competitive requirements of the grant? In other words, if we've already selected our contractor and we pay him with our own funds, will EPA have a problem awarding us money for the retrofit equipment?

If an organization is going to pay a selected contractor with non-EPA funds for the services of a contractor, then your organization is not subject to the same competition/procurement requirements that you would be subject to if EPA funds were being used to pay for the services of the contractor.

13. Are biodiesel projects eligible?

Yes.

14. We have dump trucks that are used in construction for most of the year, but then are used as snow plows in the winter. Would they be eligible?

If they are used in construction applications, they would be eligible.

15. How is the date determined by which the funds must be spent?

Applicants should propose their schedule for the project and the use of funds. The project period for this grant is two years, approximately October 2005-October 2007.

16. Are port authorities eligible to apply for these grants?

Eligibility to apply for funds will depend on the circumstances of the entity applying. Port authorities that are state or local agencies, or are non-profit organization as

defined by OMB Circular A-122 are eligible to apply. Many port authorities are part of state or local governments and would be eligible to apply.

Furthermore, OMB Circular A-122 defines non-profit organizations as any corporation, trust, association, cooperative, or other organization which: (1) is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest; (2) is not organized primarily for profit; and (3) uses its net proceeds to maintain, improve, and/or expand its operations. For this purpose, the term "non-profit organization" excludes (i) colleges and universities; (ii) hospitals; (iii) state, local, and federally-recognized Indian tribal governments; and (iv) those non-profit organizations which are excluded from coverage of this Circular in accordance with paragraph 5 of the Circular. The Circular can be found at: http://www.whitehouse.gov/omb/circulars/a122/a122_2004.pdf

Port authorities that are private entities or non-profit organizations that do not meet the criteria in OMB Circular A-122 are not eligible to apply.

17. The RFA indicates that CARB or EPA verified technologies must be used, but also asks for innovative applications. I am wondering if funding can also be used for combinations of technologies that may include non-verified technologies (i.e. a verified device with an unverified fuel additive), or if it is strictly reserved for verified technologies.

Technologies that are not verified or certified by the EPA or the California Air Resources Board are not eligible for funding. However, EPA will consider projects that utilize verified or certified technologies in applications beyond those indicated in their certification or verification. For example, EPA will consider projects where a technology verified for only on-road use is used in a non-road application if a reasonable technical rationale is made that the new application will be suitable and result in emissions reductions. In the case of combining unverified technologies with verified technologies, EPA will not pay for the portion of the project that includes the unverified technology.

18. Although the RFA indicates that anticipated awards are in the \$50,000 - \$150,000 range, is it probable that some awards could approach the \$200,000 ceiling? What if significant funds from other sources would supplement the project?

It is impossible to estimate the probability of whether some awards could approach the \$200,000 maximum on grant awards. Among the many factors that would go into the agency's decision to award at the maximum level are how competitive the applications are for funds and the quality of the proposals received.

Leveraging resources from non-EPA sources is encouraged and can make an application more competitive for selection. Financial participation is outlined in the selection criteria that EPA will use to evaluate applications.

19. What, specifically, can the grant funds be utilized for (i.e. procurement/installation of technologies, testing and evaluation of technologies, project management/planning, etc.)? Basically - what does "demonstration" entail?

The grant funds can be used for the procurement and installation of technologies along with administration of those activities. Emissions testing will not be funded through this solicitation.

20. If our grant was selected, we would need to set up a sub-grant program to administer the funds. At this point, we do not have specific equipment, retrofits, or fleets to identify in the application, but we have plans and a project underway that will allow us to target specific equipment and identify the retrofit technology that will be used. Is this an acceptable way to set up a sub-grant program?

Yes, you can set up a sub-grant program in this manner. Applicants should have a clear plan for sub-granting and be able to describe the process that will be used for identifying fleets and technologies. Applicants should describe specifically how they plan to administer sub-grants and estimate the vehicles or equipment that will be retrofitted.

Successful applicants cannot use sub-grants or sub-awards to avoid requirements in EPA grant or cooperative agreement regulations for competitive procurement by using these instruments to acquire commercial services or products to carry out its cooperative agreement. The nature of the transaction between the recipient and the sub-grantee must be consistent with the standards for distinguishing between vendor transactions and sub-recipient assistance under Subpart B Section .210 of OMB Circular A-133 (found at: <http://www.whitehouse.gov/omb/circulars/a133/a133.html>) and the definitions of "sub-award" at 40 CFR 30.2(ff) or "sub-grant" at 40 CFR 31.3, as applicable. EPA will not be a party to these transactions.

21. I know there is some timing information in the RFA, but can you give me a better idea when you hope to get contracts in place and projects going? We expect to begin installing retrofits early 2006 and test in spring/summer 2006. Would this match the EPA timeline?

The project period for this grant is two years, approximately October 2005-October 2007. We anticipate notifying successful grantees in the fall of 2005. Getting agreements finalized usually takes about 90 days from the notification of selection.

22. What will EPA's role be in the projects? Is it an active role (i.e. being involved in retrofit selection, testing, etc.), or a more passive one (i.e. assuring that funds are properly spent/allocated, but really only being peripherally involved in the actual projects)? Just want to get a sense of the

coordination effort required between the EPA contract and our current contract with another entity.

Cooperative agreements permit substantial involvement between the EPA Project Officer and the selected applicants in the performance of the work supported. Although EPA will negotiate precise terms and conditions relating to substantial involvement as part of the award process, the anticipated substantial Federal involvement for this project will be:

1. close monitoring of the successful applicant's performance;
2. collaboration during the performance of the scope of work;
3. approving substantive terms of proposed contracts;
4. approving any proposed changes to work plan and/or budget;
5. approving qualifications of key personnel;
6. review and comment on reports prepared under the assistance agreement.

Some projects may require more involvement from the EPA Project Officer than others.

23. I have a question about whether a proposal involving a particular application of existing technology will be considered under the subject solicitation. If we could make arrangements with a railway company to outfit one or more locomotives with APUs, would that qualify as a demonstration project?

No, this solicitation is not intended to fund idle reduction technologies.

24. We are interested in replacing diesel equipment with electric equipment and are aware that we have to scrap the replaced diesel equipment. Does this replacement have to be one for one? Can we buy 2 pieces of electric equipment and scrap only one diesel?

No, the emissions benefits of replacing diesel equipment with something cleaner are only realized if the equipment being replaced is no longer in operation. Otherwise, the EPA would be paying an entity to add to their fleet. EPA will only consider replacements on a one-for-one basis or where the number of current vehicles/equipment taken out of use exceeds the number of replacements with cleaner vehicles/equipment. For example, the replacement of two high-emitting draglines with one retrofitted excavator would be an eligible project.

25. Do cement mixers qualify as nonroad equipment?

Cement mixers are eligible for funding.

26. Could the retrofitting and/or replacement of diesel pick-up trucks be eligible if used primarily in off road applications such as state parks/forests?

No. Unfortunately, pick up trucks designed for highway use but used in off-road applications in state parks or forests would not be considered nonroad and therefore would not be eligible for funding.

27. I was not able to send in a Notice of Intent to Apply by the deadline. Can I still apply for the grants?

Yes, you may still apply for a grant. Submitting a Notice of Intent to Apply is optional.