

## **ENVIRONMENTAL PROTECTION AGENCY**

### **“Voluntary Diesel Retrofit Program Assistance Agreements”**

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Notice of Solicitation# OAR-CCD-03-04

**SUMMARY:** This Notice announces the availability of funds and solicits proposals from state, local, multi-state, and tribal agencies involved with transportation air quality issues, for partnership projects that implement EPA verified pollution control equipment on state/local/tribal-controlled diesel fleets.

**DATES/DEADLINES:** To allow for efficient management of the competitive process, the Office of Transportation and Air Quality (OTAQ) is requesting eligible organizations submit an informal notice of “Intent to Apply” by May 9, 2003. Submission of an Intent to Apply is optional; it is a process management tool that will allow EPA to better anticipate the total staff time required for efficient review, evaluation, and selection of submitted proposals.

The deadline for submission of Final Proposals is May 27, 2003. Applications submitted via U.S. Mail must be received by the deadline date.

**QUESTIONS/COMMENTS:** All questions or comments must be communicated in writing via regular U.S. mail, facsimile, or electronic mail to one of the persons indicated in the section titled “For Further Information Contact” below. Responses to questions will be posted on EPA’s Office of Air and Radiation Grants/Funding home page ([http://www.epa.gov/air/grants\\_funding.html](http://www.epa.gov/air/grants_funding.html)) not later than May 22, 2003.

**SUPPLEMENTARY INFORMATION:** The statutory authority for this action is Clean Air Act, Section 103(b)(3). The Catalog of Federal Domestic Assistance (CFDA) number is 66.034. Executive Order 12372, Intergovernmental Review of Federal Programs is applicable to awards resulting from this announcement (see section VIII below).

**FOR FURTHER INFORMATION CONTACT:** Jim Blubaugh (MC 6405J), U.S. EPA Office of Transportation and Air Quality, 1200 Pennsylvania Ave., NW, Washington, DC 20460. Phone: (202)564-9244; Fax (202)565-2057; or email [blubaugh.jim@epa.gov](mailto:blubaugh.jim@epa.gov); or

Steve Albrink (MC 6405J), U.S. EPA Office of Transportation and Air Quality, 1200 Pennsylvania Ave., NW, Washington, DC 20460. Phone (202)564-8997; Fax (202)565-2057; or email [albrink.steve@epa.gov](mailto:albrink.steve@epa.gov).

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### **I. Overview and Deadlines**

#### A. Overview

EPA is soliciting proposals from State, local, multi-state, and tribal agencies involved with transportation air quality issues, for partnership projects that implement verified pollution control equipment on state/local/tribal controlled diesel fleets. Diesel fleets contribute significant amounts of harmful emissions, and these emissions can be reduced through the installation and proper use of pollution control technologies retrofitted on diesel vehicles. Through voluntary partnerships among EPA, States, fleet operators, and technology manufacturers, retrofit projects will reduce harmful emissions from diesel vehicles.

This announcement is part of an overall program to reduce emissions from diesel engines used in heavy-duty and non-road vehicles. EPA anticipates announcing another funding opportunity specifically aimed toward retrofitting school bus fleets in the near future. Congress has appropriated additional funding for a cost-shared grant program specifically for school districts for “upgrading of their diesel fleets.” Potentially qualified applicants may wish to apply for funding under that opportunity as well.

#### B. Deadlines

In order to efficiently manage the selection process, OTAQ requests that an informal “Intent to Apply” be sent by May 9, 2003, to either of the contact names listed under the section below labeled “For Further Information Contact.” Please provide name of the organization, point of contact, phone number, email address and project title.

An informal notice of “Intent to Apply” simply states in the form of email or fax that your organization intends to submit a proposal to be received by the deadline. Submitting an “Intent to Apply” does not commit an organization to submit a final proposal. The “Intent to Apply” is an optional submission;

those not submitting an “Intent to Apply” may still apply by the deadline.

The deadline for receipt of completed final proposals (a narrative workplan, and one completed and signed federal grant application package plus six copies) is May 27, 2003. Refer to *Section VII, Proposals* for detailed instructions on preparing and submitting proposals.

## **II. Eligible Entities**

Proposals for the proposed cooperative agreements will only be accepted from state, local, multi-state, and tribal governmental agencies. Applicants must be interested in undertaking a partnership project with the purpose of reducing heavy duty diesel emissions. Eligible entities must already be engaged in, and demonstrate in their proposal, some form of partnership or other cooperative relationship with transportation fleets in their jurisdiction (e.g., public transit fleets, public or private school bus fleets, waste haulers, department of transportation fleets, private trucking companies, locomotive and construction and/or agricultural fleets).

## **III. Background and Scope of Work**

### **A. Background.**

OTAQ launched the Voluntary Diesel Retrofit Program (Retrofit Program) in 2000 to implement new, innovative pollution controls on the existing diesel vehicle fleet. EPA has promulgated new regulations, known as the Heavy-Duty Diesel Rule that will apply only to 2007 and later model year diesel engines and requires that these newly manufactured diesel engines meet the most stringent emission standards. The number of pre-2007 diesel vehicles that will never have to comply with EPA’s most stringent emission standards is in the hundreds of thousands, and these vehicles can continue to operate for 25 to 30 years. The Retrofit Program is a voluntary program that addresses the emissions of these pre-2007 diesel engines.

The Retrofit Program launched three phases of development. In the first phase, EPA developed a technology verification process to review, test, and approve the emission reduction potential of various after-market pollution control technologies. For example, EPA verified certain exhaust filters to reduce from 60%-90% of particulate matter from specific model engines. EPA’s verification protocols serve as the basis for testing and verifying these technologies. The list of verified technologies and the verification protocols can be found on the Retrofit Program’s web site at <http://www.epa.gov/otaq/retrofit>

The second phase of the Retrofit Program involves implementing demonstration projects throughout the United States. EPA organizes workshops and conferences to educate states, private fleets, and technology manufacturers about the emission reduction benefits of retrofit technologies. EPA also provides financial and technical assistance in developing projects, along with key partners such as the

states, to successfully demonstrate the emission reduction effectiveness of the technologies. These demonstration projects serve as case studies for states and private entities to consider when retrofitting existing diesel vehicles. Recognizing the demonstrated success of past projects, these assistance agreements expand the scope and breadth of EPA's efforts to reduce pollution from a greater number of the existing diesel fleets.

The third and final phase of the Retrofit Program is an ongoing effort to better utilize air quality plans, such as State Implementation Plans and Transportation Conformity, to create incentives for states to implement retrofit projects. EPA encourages states to seek credit in air quality plans from retrofit projects. EPA's OTAQ and Regional Offices serve as crucial contacts in developing SIP and transportation conformity projects.

EPA's OTAQ introduces this assistance agreement program to State, local, multi-state, and tribal agencies actively involved with transportation air quality issues. In past EPA Retrofit Program demonstration projects, we have found the greatest success in working with state government controlled fleets. Such fleets offer advantages such as contained travel within set boundaries and a larger number and similar type of vehicles. Maintaining vehicle miles traveled within an established boundary, such as a State, city or county jurisdiction, allows for demonstrating actual emission reductions within Clean Air Act geographic areas. Further, the size and type of vehicles allows for greater flexibility in matching retrofit technologies to vehicle models. The best candidates involve technologies that use special fuel and centrally controlled fleets.

Moreover, State, local, multi-state, and tribal agencies share mutual interests in air quality and human health, and this translates into a willingness to contribute funds, resources, and support for transportation air quality improvements.

Retrofit technologies for use in this assistance agreement program must be verified under EPA's Retrofit Program or certified by another EPA program. Any question as to the acceptance of a retrofit technology should be directed to the contacts under the section labeled "For Further Information Contact."

## B. Scope of Work

This program is designed to provide funds for retrofit projects to reduce diesel vehicle-related emissions. Elements that EPA is particularly interested in seeing addressed in proposals include the following (although strong proposals that contain elements other than these will certainly be considered):

1. **Air Quality.** EPA will focus on areas that have air quality concerns, such as criteria pollutants and air toxics.
2. **Geographic Equity.** EPA will attempt to distribute assistance agreement funds throughout the

United States.

3. **Fleets.** EPA desires to fund projects that have the greatest impact upon human health, thus transit, school, construction, rail, and waste haul fleets will be of particular interest. These fleets operate near residential communities and tend to contribute greatly to air quality concerns.
4. **Existing Retrofit Projects.** EPA seeks to expand upon already existing state/local/tribal-initiated projects which demonstrate the location's prior commitment to reducing emissions from their vehicles and increases the likelihood of success.
5. **Environmental Justice.** EPA seeks to improve the health of communities that are considered low-income, minority, or receive a disproportionate amount of pollution from diesel vehicles.
6. **Financial Participation.** EPA seeks partnership participation in the form of financial and personnel support. Personnel support includes in-kind contributions of staff resources for training, installations, maintenance, and management oversight.
7. **Retrofit Technologies.** EPA seeks the use of EPA verified technologies through EPA's Retrofit Program or another EPA certification program. Technologies may include, but are not limited to, installation of pollution control hardware, engine upgrades, and/or ultra low sulfur diesel fuel (15 ppm- applies to the cost differential between current diesel fuel and ultra low sulfur diesel) or fuel additives.

In addition to the applicant eligibility requirements and selection criteria discussed herein, EPA must assure that a proposal selected for funding meets three "threshold determinations" for funding; in this context:

1. Eligible entities must already be engaged in, and demonstrate in its proposal, some form of partnership or cooperative relationship with transportation fleets in their jurisdiction (e.g., public transit fleets, public or private school bus fleets, waste haulers, department of transportation fleets, private trucking companies, locomotive and construction and/or agricultural fleets) to reduce diesel emissions.
2. It must address the causes, effects, extent, prevention, reduction, and control of air pollution—in short, it will act to control pollution; and
3. It must consist of such activities as research, investigations, experiments, demonstrations, and similar activities that are within the scope of Section 103(b)(3) of the Clean Air Act.

#### IV. Funding Issues

A. What is the project period for awards resulting from this solicitation?

The estimated project period for awards resulting from this solicitation is September 1, 2003 through September 30, 2005.

B. How many agreements will EPA award in this competition?

EPA anticipates award of 5 to 10 cooperative agreements resulting from this competition, subject to availability of funds, and the quality of proposals submitted. ***Applications evaluated, but not selected for this funding, may be retained for a period of one year to be considered in possible future awards.***

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 qualifications of key personnel;
5. review and comment on reports prepared under the assistance agreement.

EPA will not select employees or contractors employed by the recipient(s) and the final decision on the content of reports rests with the recipient(s).

C. What is the amount of funding available?

Cooperative agreements resulting from this announcement will be funded incrementally. Initial awards, in fiscal year 2003, will range from \$50,000- \$100,000 per award. Additional funds may be added in each subsequent year of the agreements. The total funding for this project is estimated to be \$500,000.

D. Can funding be used to acquire services or fund partnerships?

Yes, provided the recipient follows applicable procurement and subgrant procedures. Please note that EPA will not be a party to these transactions. Approval of a funding proposal does not relieve recipients of their obligations to compete service contracts, conduct cost and price analyses, and use subgrants only for financial assistance purposes in accordance with Subpart B Section .210 of OMB Circular A-133. Please indicate any intent to enter into such agreements in the proposal.

**V. Selection Criteria**

Each eligible proposal will be evaluated according to the criteria set forth below. Proposals which are best able to directly and explicitly address the primary criteria will have a greater likelihood of being selected for award. Each proposal will be rated under a points system, with a total of 100 pts possible.

The selection criteria consist of two sets of evaluation factor groupings, H(1) or H(2). The evaluation factors in H(1) credit proposals with established retrofit projects. H(2) evaluation factors credit proposals with no past retrofit project activity. EPA desires to fund 50% of awarded projects in each of the two evaluation groupings. Applicants should identify in their proposal under which evaluation grouping they are applying. The evaluation groupings and factors are:

H(1)

<b>Criterion</b>	<b>Maximum Points per Criterion</b>
<b>Air Quality.</b> Demonstrate that the project will achieve significant reductions in air emissions in terms of projected pollutants reduced. Demonstrate that the fleet operates within the area designated as having poor air quality. Poor air quality areas can consist of areas designated by EPA to be in non-attainment or maintenance for a criteria pollutant.	20
<b>Fleet.</b> Describe the potential fleets for retrofit with sufficient detail that includes the retrofit technology, number of vehicles, date of engine manufacture, engine manufacturer, annual vehicle miles traveled or annual fuel consumption or annual hours of operation, fleet replacement rate, and fleet purpose (e.g., school, transit, construction, waste hauler, rail, etc), and any retrofit fuel cost differential. Further, describe your relationship to the fleet (own, lease, contract).	20
<b>Existing Retrofit Project.</b> Describe, in detail, any existing project to retrofit diesel fleets. For example, the number and type of vehicles, type of technology, funding level, partners involved, and air emission testing and results.	20
<b>Environmental Justice.</b> Demonstrate that the fleet travels through an area considered “environmental justice.” Include supporting documentation from Federal or nationally recognized private sources (e.g., foundations) indicating the minority and income status, and/or existence of disproportionate amount of polluting facilities affecting the community.	20
<b>Financial Participation.</b> Indicate willingness and ability to contribute financially to any project, or the ability to leverage funds. Please note that although there is not a financial match requirement, applicants who do propose a specific financial match will receive extra points. Matching funds must comply with 40 CFR 30.23 (for non-profit organizations) or 40 CFR 31.24 (for governmental agencies).	20

H(2)

Criterion	Maximum Points per Criterion
<p><b>Air Quality.</b> Demonstrate that the project will achieve significant reductions in air emissions in terms of projected pollutants reduced. Demonstrate that the fleet operates within the area designated as having poor air quality. Poor air quality areas can consist of areas designated by EPA to be in non-attainment or maintenance for a criteria pollutant.</p>	30
<p><b>Environmental Justice.</b> Demonstrate that the fleet travels through an area considered “environmental justice.” Include supporting documentation from Federal or nationally recognized private sources (e.g., foundations) indicating the minority and income status, and/or existence of disproportionate amount of polluting facilities affecting the community.</p>	30
<p><b>Fleet.</b> Describe the potential fleets for retrofit with sufficient detail that includes the retrofit technology, number of vehicles, date of engine manufacture, engine manufacturer, annual vehicle miles traveled or annual fuel consumption or annual hours of operation, fleet replacement rate, and fleet purpose (e.g., school, transit, construction, waste hauler, rail, etc), and any retrofit fuel cost differential. Further, describe your relationship to the fleet (own, lease, contract).</p>	20
<p><b>Financial Participation.</b> Indicate willingness and ability to contribute financially to any project, or the ability to leverage funds. Please note that although there is not a financial match requirement, applicants who do propose a specific financial match will receive extra points. Matching funds must comply with 40 CFR 30.23 (for non-profit organizations) or 40 CFR 31.24 (for governmental agencies).</p>	20

**VI. Evaluation and Selection**

A. How does the selection process work?

Each proposal will be evaluated by a team chosen to address a full range of transportation air quality matters. The Evaluation Team will base its evaluation solely on the criteria referenced in this notice. Completed evaluations will be referred to a Selection Committee who are responsible for further consideration and final selection. The Selection Committee may adjust the rankings of all proposals to ensure effective geographic distribution of funding.

The Office of Transportation and Air Quality expects to complete the Evaluation/Selection process and make recommendations to EPA’s grants office by July 11, 2003. All applicants will be notified promptly, after final selections, regarding their application’s status.



EPA reserves the right to reject all proposals or applications and make no award. Formal disputes challenging the Agency award decision, will be resolved using the Dispute Procedures at 40 CFR Part 30.63 and Part 31.70, Subpart F.

## **VII. Proposals**

Proposals must contain a narrative workplan, and one completed and signed federal grant application package. The complete grants application package can be downloaded at: <http://www.epa.gov/ogd/AppKit/index.htm>. The narrative, a maximum of 10 pages in length, must explicitly address how the proposal meets each of the evaluation criteria. Pages exceeding the maximum length may not be considered. Please do not include binders or spiral binding. The proposal should conform to the following outline:

1. Title
2. Applicant (Organization) and contact name, phone number, fax and e-mail address
3. Summary of funds requested from EPA
4. Project period: beginning and ending dates (for planning purposes, applicants should assume funds will be available in August or September 2003).
5. Narrative Workplan: The narrative workplan should not exceed 10 pages and should include:
  - a. A detailed project summary which describes specific actions, technologies, installation and maintenance, fuels, fleet information, and air quality benefits to be undertaken, and the responsible companies, including estimated time line for each task;
  - b. the associated work products to be developed (e.g., MOUs, partnership agreements) with fleet owners/operators;
  - c. an explanation of project benefits (e.g., air quality benefits);
  - d. a detailed budget which clearly explains how funds will be used and any matching contributions, both financial and in-kind services (see also #8 below);
  - e. a detailed explanation of quarterly progress reports and how the project is evaluated (e.g., final assessment of air quality benefits and technology performance), including an outline of proper installation and maintenance schedules for the chosen technologies as well as a discussion regarding calculation of the actual emission reductions to be achieved;
  - f. a description of the working relationship/roles of the applicant and partners to serve as resources for this work. (*Letters from partners expressing their commitment and/or leveraging of funds to the proposed project will strengthen an application's standing.*)
6. Recent and/or current experience performing same or similar work

7. Report schedule: Acknowledgment of quarterly reporting requirement (schedule established by EPA)
8. Budget: provide a budget for the following categories:
  - Personnel
  - Fringe Benefits
  - Contractual Costs
  - Travel
  - Equipment
  - Supplies
  - Other
  - Total Direct Costs
  - Total Indirect Costs: must include documentation of accepted indirect rate
  - Total Cost

Applicants should clearly mark information in their proposal which they consider confidential. EPA will make final confidentiality decisions in accordance with Agency regulations at 40 CFR. Part 2, Subpart B.

Applicants are permitted to submit multiple proposals, if each proposal addresses a different project area.

Applicants awarded funding in previous competitions may submit new proposals to fund a different project.

Proposals from eligible entities which were previously submitted, evaluated, but not selected for this funding in the past 2 years, may be resubmitted for consideration. Applicants are advised that these proposals will be evaluated solely on the basis of the selection criteria disclosed in this announcement (*Section V, Selection Criteria*).

#### **VIII. Executive Order 12372 Compliance**

Applicants selected for funding will be required to provide a copy of their proposal to their State Point of Contact for review, pursuant with Executive Order 12372, Intergovernmental Review of Federal Programs. This review is not required of initial applications and not all states require such a review.

#### **IX. How to Apply**

COMPLETED APPLICATION PACKAGES must be received via regular mail or express mail on or before midnight, May 27, 2003. Applications received after the deadline date will not be considered for funding. Please provide an original proposal containing a narrative workplan, and one completed and signed federal grant application package plus six copies.

Because of the unique situation involving U.S. mail screening in EPA's Washington, D.C. offices, EPA highly recommends that applicants use express mail to submit their applications. The application should be addressed to:

1. Mailing Address (USPS mail only):

Jim Blubaugh (MC 6405J)  
Office of Transportation and Air Quality  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue, NW  
Washington, DC 20460

2. Express Delivery (FedEx, UPS, etc.) (Recommended):

Jim Blubaugh (MC 6405J)  
Office of Transportation and Air Quality  
U.S. Environmental Protection Agency  
501 3<sup>rd</sup> Street, NW, Room 3408A  
Washington, DC 20001

**DEADLINE FOR COMPLETED FINAL PROPOSALS**  
**Must be received no later than midnight on**  
**May 27, 2003.**