

	<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>  <b>Assistance Amendment</b>	<b>GRANT NUMBER (FAIN):</b> 00A00174 <b>MODIFICATION NUMBER:</b> 1 <b>PROGRAM CODE:</b> DS	<b>DATE OF AWARD</b> 08/20/2020
		<b>TYPE OF ACTION</b> Augmentation: Increase	<b>MAILING DATE</b> 08/27/2020
		<b>PAYMENT METHOD:</b> ASAP	<b>ACH#</b> 10109
<b>RECIPIENT TYPE:</b> State		<b>Send Payment Request to:</b> U.S. EPA RTP-Finance Center 4930 Page Road Mail Code AA216-01 Durham, NC 27703 rtpfc-grants@epa.gov	
<b>RECIPIENT:</b> Energy & Environmental Protection Connecticut Department of 79 Elm Street Hartford, CT 06106-5127 <b>EIN:</b> 86-1154163		<b>PAYEE:</b> Connecticut DEEP 79 Elm Street Hartford, CT 06106-5127	
<b>PROJECT MANAGER</b> Tracy Babbidge 79 Elm Street Hartford, CT 06106-5127 <b>E-Mail:</b> Tracy.Babbidge@ct.gov <b>Phone:</b> 860-706-5339		<b>EPA PROJECT OFFICER</b> Elizabeth Townsend 5 Post Office Square, Suite 100, 05-2 Boston, MA 02109-3912 <b>E-Mail:</b> Townsend.Elizabeth@epa.gov <b>Phone:</b> 617-918-1614	
<b>PROJECT TITLE AND EXPLANATION OF CHANGES</b> Fiscal Year 2020 State Clean Diesel Grant Program  Amendment #1 approves an Supplemental Increase in Federal Funds in the amount of \$506,090. Total EPA Amount Awarded to Date is now \$985,865. State Contribution has also increased by \$337,393 and the Total State Contribution is now \$657,243. This amendment also approves a Project Time Extension through 09/30/2022. All Administrative Terms and Conditions have been updated. All other Terms and Conditions remain unchanged, and in full force and effect.		<b>EPA GRANT SPECIALIST</b> Julie Ross Grants Management Branch, 05-5 <b>E-Mail:</b> Ross.Julie@epa.gov <b>Phone:</b> 617-918-1317	
<b>BUDGET PERIOD</b> 10/01/2019 - 09/30/2022	<b>PROJECT PERIOD</b> 10/01/2019 - 09/30/2022	<b>TOTAL BUDGET PERIOD COST</b> \$1,643,108.00	<b>TOTAL PROJECT PERIOD COST</b> \$1,643,108.00
<b>NOTICE OF AWARD</b>			
Based on your Application dated 06/18/2019 including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA) hereby awards \$506,090. EPA agrees to cost-share 60.00% of all approved budget period costs incurred, up to and not exceeding total federal funding of \$985,865. Recipient's signature is not required on this agreement. The recipient demonstrates its commitment to carry out this award by either: 1) drawing down funds within 21 days after the EPA award or amendment mailing date; or 2) not filing a notice of disagreement with the award terms and conditions within 21 days after the EPA award or amendment mailing date. If the recipient disagrees with the terms and conditions specified in this award, the authorized representative of the recipient must furnish a notice of disagreement to the EPA Award Official within 21 days after the EPA award or amendment mailing date. In case of disagreement, and until the disagreement is resolved, the recipient should not draw down on the funds provided by this award/amendment, and any costs incurred by the recipient are at its own risk. This agreement is subject to applicable EPA regulatory and statutory provisions, all terms and conditions of this agreement and any attachments.			
<b>ISSUING OFFICE (GRANTS MANAGEMENT OFFICE)</b>		<b>AWARD APPROVAL OFFICE</b>	
<b>ORGANIZATION / ADDRESS</b> EPA New England 5 Post Office Square, Suite 100 Boston, MA 02109-3912		<b>ORGANIZATION / ADDRESS</b> U.S. EPA, Region 1  5 Post Office Square, Suite 100 Boston, MA 02109-3912	
<b>THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<b>Digital signature applied by EPA Award Official</b> Arthur Johnson - Director, Mission Support Division			<b>DATE</b> 08/20/2020

## EPA Funding Information

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
EPA Amount This Action	\$ 479,775	\$ 506,090	\$ 985,865
EPA In-Kind Amount	\$ 0	\$	\$ 0
Unexpended Prior Year Balance	\$ 0	\$	\$ 0
Other Federal Funds	\$ 0	\$	\$ 0
Recipient Contribution	\$ 0	\$	\$ 0
State Contribution	\$ 319,850	\$ 337,393	\$ 657,243
Local Contribution	\$ 0	\$	\$ 0
Other Contribution	\$ 0	\$	\$ 0
Allowable Project Cost	\$ 799,625	\$ 843,483	\$ 1,643,108

Assistance Program (CFDA)	Statutory Authority	Regulatory Authority
66.040 - State Clean Diesel Grant Program (B)	Diesel Emissions Reduction Act of 2010 codified at 42 U.S.C. 16131 et seq Further Consolidated Appropriations Act 2020 (P.L. 116-94)	2 CFR 200 2 CFR 1500 and 40 CFR 33

Fiscal									
Site Name	Req No	FY	Approp. Code	Budget Organization	PRC	Object Class	Site/Project	Cost Organization	Obligation / Deobligation
-	20010CG049	20	E4	011	000AH4	4123			506,090
									506,090

## Budget Summary Page

<b>Table A - Object Class Category (Non-construction)</b>	<b>Total Approved Allowable Budget Period Cost</b>
<b>1. Personnel</b>	\$64,114
<b>2. Fringe Benefits</b>	\$60,347
<b>3. Travel</b>	\$0
<b>4. Equipment</b>	\$0
<b>5. Supplies</b>	\$0
<b>6. Contractual</b>	\$0
<b>7. Construction</b>	\$0
<b>8. Other</b>	\$1,494,919
<b>9. Total Direct Charges</b>	\$1,619,380
<b>10. Indirect Costs: % Base</b>	\$23,728
<b>11. Total (Share: Recipient <u>40.00</u> % Federal <u>60.00</u> %.)</b>	\$1,643,108
<b>12. Total Approved Assistance Amount</b>	\$985,865
<b>13. Program Income</b>	\$0
<b>14. Total EPA Amount Awarded This Action</b>	\$506,090
<b>15. Total EPA Amount Awarded To Date</b>	\$985,865

## **Administrative Conditions**

### **1. National Administrative Terms and Conditions**

#### **General Terms and Conditions**

The General Terms and Conditions of this agreement are updated in accordance with the link below. However, these updated conditions apply solely to the funds added with this amendment and any previously awarded funds not yet disbursed by the recipient as of the award date of this amendment. The General Terms and Conditions cited in the original award or prior funded amendments remain in effect for funds disbursed by the recipient prior to the award date of this amendment.

The recipient agrees to comply with the current EPA general terms and conditions available at:  
<https://www.epa.gov/grants/epa-general-terms-and-conditions-effective-october-1-2019-or-later>

These terms and conditions are binding for disbursements and are in addition to or modify the assurances and certifications made as a part of the award and the terms, conditions, or restrictions cited throughout the award.

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

#### **A. Correspondence Condition**

The terms and conditions of this agreement require the submittal of reports, specific requests for approval, or notifications to EPA. Unless otherwise noted, all such correspondence should be sent to the following email addresses:

- Federal Financial Reports (SF-425): [rtpfc-grants@epa.gov](mailto:rtpfc-grants@epa.gov)
- MBE/WBE reports (EPA Form 5700-52A): **Grants Specialist on Page 1 of Award Document AND Larry Wells, Disadvantaged Business Utilization Program Manager: [r1\\_mbewbereport@epa.gov](mailto:r1_mbewbereport@epa.gov)**
- All other forms/certifications/assurances, Indirect Cost Rate Agreements, Requests for Extensions of the Budget and Project Period, Amendment Requests, Requests for other Prior Approvals, updates to recipient information (including email addresses, changes in contact information or changes in authorized representatives) and other notifications: **Grants Specialist and Project Officer on Page 1 of Award Document**
- Workplan revisions, equipment lists, programmatic reports and deliverables: **Project Officer on Page 1 of Award Document**
- Quality Assurance documents: **Project Officer on Page 1 of Award Document AND [RIQAPPs@epa.gov](mailto:RIQAPPs@epa.gov)**

#### **B. Extension of Project/Budget Period Expiration Date**

EPA has not exercised the waiver option to allow automatic one-time extensions for non-research grants under 2 CFR 200.308 (d)(2). Therefore, if a no-cost time extension is necessary to extend the period of availability of funds the recipient must submit a written request to the EPA prior to the budget/project period expiration dates.

**The written request must include:** a justification describing the need for additional time, an estimated date of completion, and a revised schedule for project completion including updated milestone target dates for the approved workplan activities. In addition, if there are overdue reports required by the general, administrative, and/or programmatic terms and conditions of this assistance agreement, the recipient must ensure that they are submitted along with or prior to submitting the no-cost time extension request.

#### **C. Disadvantaged Business Enterprise (DBEs)**

#### **UTILIZATION OF SMALL, MINORITY AND WOMEN'S BUSINESS ENTERPRISES**

### **GENERAL COMPLIANCE, 40 CFR, Part 33**

The recipient agrees to comply with the requirements of EPA's Disadvantaged Business Enterprise (DBE) Program for procurement activities under assistance agreements, contained in 40 CFR, Part 33 except as described below based upon the associated class deviation.

### **EPA MBE/WBE CERTIFICATION, 40 CFR, Part 33, Subpart B**

A class exception to the following provisions of Subpart B of 40 CFR Part 33 has been issued suspending the EPA MBE/WBE certification program: §33.204(a)(3) providing that an entity may apply to EPA MBE or WBE certification after unsuccessfully attempting to obtain certification as otherwise described in §33.204; and §33.205 through and including §33.211. The class exception was authorized pursuant to the authority in 2 CFR 1500.3(b).

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

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

- (a) Ensure DBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local and Government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
- (b) Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
- (c) Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
- (d) Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
- (e) Use the services and assistance of the SBA and the Minority Business Development Agency of the Department of Commerce.
- (f) If the prime contractor awards subcontracts, require the prime contractor to take the steps in paragraphs (a) through (e) of this section.

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

The recipient agrees to comply with the contract administration provisions of 40 CFR, Section 33.302 (a)-(d) and (i).

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

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

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

A class exception to the entire Subpart D of 40 CFR Part 33 has been authorized pursuant to the authority in 2 CFR 1500.3(b). Notwithstanding Subpart D of 40 CFR Part 33, recipients are not required to negotiate or apply fair share objectives in procurements under assistance agreements.

## **MBE/WBE REPORTING- SPECIFIC CHANGES PURSUANT TO CLASS DEVIATION, 40 CFR, Part 33, Subpart E**

When required, the recipient agrees to complete and submit a “MBE/WBE Utilization Under Federal Grants and Cooperative Agreements” report (EPA Form 5700-52A) on an annual basis. The current EPA Form 5700-52A can be found at the EPA Grantee Forms Page at <https://www.epa.gov/grants/epa-grantee-forms>.

Reporting is required for assistance agreements where funds are budgeted for procuring construction, equipment, services and supplies (including funds budgeted for direct procurement by the recipient or procurement under subawards or loans in the “Other” category) with a cumulative total that exceed the threshold amount of \$250,000, including amendments and/or modifications. When reporting is required, all procurement actions are reportable, not just that portion which exceeds \$250,000.

Annual reports are due by October 30th of each year. Final reports are due by October 30th or 90 days after the end of the project period, whichever comes first.

This provision represents an approved deviation from the MBE/WBE reporting requirements as described in 40 CFR, Part 33, Section 33.502.

## **Programmatic Conditions**

### **GRANT-SPECIFIC PROGRAMMATIC CONDITIONS**

#### **FY2020 DERA State Grants Programmatic Terms and Conditions**

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

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

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

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

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

B.8. CARB Approved Alternate Fuel Retrofit Systems: [www.arb.ca.gov/msprog/aftermkt/altfuel/altfuel.htm](http://www.arb.ca.gov/msprog/aftermkt/altfuel/altfuel.htm)

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

**C. Quarterly Reporting and Environmental Results**

Quarterly progress reports will be required. Quarterly reports are considered project status reports and will address the progress made achieving the work plan objectives, including milestones and anticipated outputs and outcomes. In general, quarterly reports will include summary information on technical progress and expenditures, and planned activities for next quarter. A template for the quarterly report is available at:

<https://www.epa.gov/cleandiesel/clean-diesel-state-allocations#report>. Quarterly reports are due according to the following schedule. If a due date falls on a weekend or holiday, the report will be due on the next business day.

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

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

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

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

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

**C.1. Subaward Reporting Requirement**

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

C.1.1. Summaries of results of reviews of financial and programmatic reports.

C.1.2. Summaries of findings from site visits and/or desk reviews to ensure effective subrecipient performance.

C.1.3. Environmental results the subrecipient achieved.

C.1.4. Summaries of audit findings and related pass-through entity management decisions.

C.1.5. Actions the pass-through entity has taken to correct deficiencies such as those specified at 2 CFR 200.331(e), 2 CFR 200.207 and the 2 CFR Part 200.338 Remedies for Noncompliance.

**D. Final Report**

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

For projects involving vehicle/engine/equipment replacements the recipient must provide in the final report evidence of appropriate scrapping (see E.7.4 below).

For projects that take place in an area affected by, or includes vehicles, engines or equipment affected by federal

law mandating emissions reductions, the recipient must provide in the final report evidence that emission reductions funded with EPA funds were implemented prior to the effective date of the mandate and/or are in excess of (above and beyond) those required by the applicable mandate.

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

**D.1. Subaward Reporting Requirement**

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

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

**E. Use of Funds Restriction**

- E.1. Federal Matching Funds: Recipient agrees that funds under this award, including subawards/sugbrants and rebates, cannot be used for matching funds for other federal grants unless expressly authorized by statute. Likewise, recipient may not use federal funds as cost-share funds for DERA grants, including funds received under EPA's DERA National Grants program, and federal Supplemental Environmental Project (SEP) funds.
- E.2. Expense Cap: Recipient agrees that no more than 15 percent of the recipient's total project costs may be used to cover personnel, fringe benefits, and travel. Total project costs include the federal share as well as any cost-share provided by the state.
- E.3. Emissions Testing: Recipient agrees that funds under this award cannot be used for emissions testing and/or air monitoring activities (including the acquisition cost of emissions testing equipment), or research and development.
- E.4. Fueling Infrastructure: Recipient agrees that funds under this award cannot be used for fueling infrastructure, such as that used for the production and/or distribution of biodiesel, compressed natural gas, liquefied natural gas, and or other cleaner fuels.
- E.5. Mandated Measures: Recipient agrees that funds under this award cannot be used for emissions reductions that are mandated under federal law. This refers to specific compliance dates within the mandate, not when the mandate is passed. Voluntary or elective emissions reductions measures shall not be considered "mandated", regardless of whether the reductions are included in the State Implementation Plan of a State.
- E.6. Fleet Expansion: Recipient agrees that funds under this award, including subawards/subgrants, cannot be used for the purchase of vehicles, engines, or equipment to expand a fleet. Engine, vehicle, and equipment replacement projects are eligible for funding on the condition that the following criteria are satisfied:
  - E.6.1. The vehicle, equipment and/or engine being replaced must be fully operational and in current, regular service.
  - E.6.2. The replacement vehicle/engine/equipment will continue to perform similar function and operation as the vehicle/engine/equipment that is being replaced.
  - E.6.3. The replacement vehicle, engine, or equipment will be of similar type and similar gross vehicle

weight rating or horsepower as the vehicle, engine, or equipment being replaced.

- E.6.3.1. *Nonroad, Locomotive, and Marine*: Horsepower increases of more than 25 percent will require written approval by the EPA Project Officer prior to purchase, and the applicant may be required to pay the additional costs associated with the higher horsepower equipment.
- E.6.3.2. *Highway* : The replacement vehicle must not be in a larger weight class than the existing vehicle (Class 5, 6, 7, or 8). The engine's primary intended service class must match the replacement vehicle's weight class (i.e. a LHD diesel engine is used in a vehicle with GVWR 16,001 – 19,500 pounds, a MHD diesel engine is used in a vehicle with a GVWR of 19,501 – 33,000 pounds, and an HHD diesel engine is used in a vehicle with a GVWR greater than 33,000 pounds.) Exceptions may be granted for vocational purposes, however the GVWR must stay within 10 percent of the engine's intended service class and any exceptions will require written approval by the EPA Project Officer prior to purchase.
- E.6.4. The vehicle, equipment, and/or engine being replaced must be scrapped or rendered permanently disabled within ninety (90) days of being replaced.
  - E.6.4.1. If a 2010 engine model year (EMY) or newer vehicle is replaced, the 2010 EMY or newer vehicle may be retained or sold if the 2010 EMY or newer vehicle will replace an 1996-2009 EMY vehicle, and the 1996-2009 EMY vehicle will be scrapped. It is preferred that the scrapped unit currently operates within the same project location(s) as the 2010 EMY or newer vehicle currently operates, however alternative scenarios will be considered. The term "project location" refers to the primary area where the affected vehicles/engines operate, or the primary area where the emissions benefits of the project will be realized. All existing and replacement vehicles are subject to the funding restrictions in these terms and conditions. All equipment must operate within the United States. Under this scenario, a detailed scrappage plan must be submitted and will require prior EPA approval.
  - E.6.4.2. If a Tier 2 or Tier 3 locomotive, marine, or nonroad vehicle, equipment and/or engine is replaced, the units may be retained or sold if they will replace a similar, lower Tiered unit, and the lower Tiered unit will be scrapped. It is preferred that the scrapped unit currently operates within the same project location(s) as the original Tier 2 or 3 unit currently operates, however alternative scenarios will be considered. The term "project location" refers to the primary area where the affected vehicles/engines operate, or the primary area where the emissions benefits of the project will be realized. All existing and replacement equipment are subject to the funding restrictions in these terms and conditions. All equipment must operate within the United States. Under this scenario, a detailed scrappage plan must be submitted and will require prior EPA approval.
  - E.6.4.3. Cutting a three-inch by three-inch hole in the engine block (the part of the engine containing the cylinders) is the preferred scrapping method. Other acceptable scrappage methods may be considered and will require prior written approval from the EPA Project Officer.
  - E.6.4.4. Disabling the chassis may be completed by cutting through the frame/frame rails on each side at a point located between the front and rear axles. Other acceptable scrappage methods may be considered and will require prior written approval from the EPA Project Officer.
  - E.6.4.5. Evidence of appropriate disposal is required in a final assistance agreement report submitted to EPA and includes a signed certificate of destruction (to be provided by the EPA Project Officer) or alternative documentation as approved by the EPA Project Officer, and digital photos of the VIN tag, side profile of the vehicle, engine tag (showing serial number, engine family number, and engine model year), before and after pictures

of the destroyed engine block, and cut frame rails or other cut structural components as applicable.

- E.6.4.6. Scrapped engines and equipment and vehicle components may be salvaged from the unit being replaced (e.g. plow blades, shovels, seats, tires, etc.). If scrapped or salvaged engines, vehicles, equipment, or parts are to be sold, program income requirements apply.
- E.6.4.7. For tire replacement projects, the original tires should be scrapped according to local or state requirements, or the tires can be salvaged for reuse or retreading. If salvaged tires are sold, program income requirements apply.
- E.7. **Single-Wide Wheels:** Recipient agrees that funds under this award cannot be used for the purchase of single-wide wheels except where a fleet is retrofitting from standard dual tires to SmartWay-verified single-wide low rolling resistance tires. In this case, the cost of single-wide wheels would be acceptable as additional equipment necessary to use the SmartWay verified technology.
- E.8. **Auxiliary Power Units:** Recipient agrees that funds under this award cannot be used for the purchase of APUs or generators for vehicles with engine model year 2007 or newer.
- E.9. **Replacement Technologies:** Recipient agrees that funds under this award cannot be used for the purchase of engine retrofits, idle reduction technologies, low rolling resistance tires or advanced aerodynamic technologies if similar technologies have previously been installed on the truck or trailer.
- E.10. **Highway Model Year:** Recipient agrees that funds under this award cannot be used to retrofit (including idle reduction technologies and aerodynamics and tires), convert, or replace a transit bus, medium-duty, or heavy-duty highway vehicle with engine model year 1995 and older or 2010 and newer, or to retrofit engine model year 2007 and newer with DOCs or DPFs, or retrofit engine model year 2010 and newer with SCR, or replace engine model year 2010 or newer with other than zero tailpipe emission or low NOx. Refer to Table 1 for further explanation.
  - E.10.1 Clean Alternative Fuel Conversion: Funds under this award cannot be used to purchase certified/approved conversion systems that do not meet the following criteria:
    - E.10.1.1 Existing engine model 1996-2006: Conversion kit must be certified or approved to achieve at least a 30% NOx reduction and a 10% PM reduction from the applicable certified emission standard of the original engine.
    - E.10.1.2 Existing engine model 2007 and newer: Conversion kit must be certified or approved to achieve at least a 20% NOx reduction with no increase in PM from the applicable certified emission standards of the original engine.

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

Current Engine Model Year (EMY)	DOC +/- CCV	DPF	SCR	Verified Idle Reduction, Tires, or Aero-dynamics	Vehicle or Engine Replacement: EMY 2016+ (2013+ for Drayage)	Vehicle or Engine Replacement: EMY 2016+ Zero Emission or Low-NOx	Clean Alternative Fuel Conversion
older - 1995	No	No	No	No	No	No	No
1996 - 2006	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2007 - 2009	No	No	Yes	Yes*	Yes	Yes	Yes
2010 - newer	No	No	No	Yes*	No	Yes	Yes

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

- E.11. **Nonroad Operating Hours:** Recipient agrees that funds under this award cannot be used to retrofit, replace or upgrade, or replace a nonroad engine that operates less than the thresholds defined below.

Engine hours may be combined to reach the thresholds below where two units will be scrapped and replaced with a single unit.

E.11.1. Agricultural Pumps: 250 hours per year.

E.11.2 All Other Nonroad Engines: 500 hours per year.

E.12. Nonroad Model Year and Tier: Recipient agrees that funds under this award cannot be used to retrofit, upgrade or replace a nonroad engine that is 50 HP or less and engine model year 2005 or older, or between 51-300 HP and engine model year 1995 or older, or 301 HP or greater and engine model year 1985 or older. Refer to Table 2 for further explanation.

E.12.1. *Equipment and Vehicle Replacement* : Funds under this award cannot be used to replace nonroad vehicles and equipment with vehicles/equipment powered by unregulated, Tier 1, or Tier 2 engines compression ignition (CI) engines. Vehicles/equipment powered by Tier 3 and Tier 4 interim (4i) engines are allowed for vehicle/equipment replacement only when Tier 4 final is not yet available from OEM for 2019 model year equipment under the Transition Program for Equipment Manufacturers (TPEM). Funds under this award cannot be used to replace nonroad vehicles and equipment with vehicles/equipment powered by unregulated or Tier 1 nonroad large spark-ignition (SI) engines.

E.12.2. *Engine Replacement* : Funds under this award cannot be used to replace nonroad engines with Tier 3 or lower CI engines. Funds under this award cannot be used to replace nonroad engines with Tier 1 or lower SI engines.

**Table 2. Nonroad Engines Funding Restrictions**

Current Engine Horsepower	Current Engine Model Year (EMY) and Tier	Vehicle/Equipment Replacement: EMY 2019+					Verified Engine Retrofit
		Compression Ignition			Spark Ignition	Zero Emission	
		Tier 0-2	Tier 3-4i	Tier 4	Tier 2		
0-50	2006 and Newer; Unregulated – Tier 2	No	No	Yes	Yes	Yes	Yes
51-300	1996 and Newer; Tier 0 – Tier 2	No	Yes*	Yes	Yes	Yes	Yes
51-300	1996 and Newer; Tier 3	No	No	Yes	Yes	Yes	Yes
301+	1986 and Newer; Tier 0 – Tier 2	No	Yes*	Yes	Yes	Yes	Yes
301+	1986 and Newer; Tier 3	No	No	Yes	Yes	Yes	Yes
Current Engine Horsepower	Current Engine Model Year (EMY) and Tier	Engine Replacement: EMY 2019+**				Verified Engine Upgrade	
		Compression Ignition		Spark Ignition	Zero Emission		
		Tier 0-3	Tier 4	Tier 2			
0-50	2006 and Newer; Unregulated – Tier 2	No	Yes	Yes	Yes	Yes	
51-300	1996 and Newer; Tier 0 – Tier 3	No	Yes	Yes	Yes	Yes	
301-750	1986 and Newer; Tier 0 – Tier 3	No	Yes	Yes	Yes	Yes	
751+	1986 and Newer; Tier 0 – Tier 2	No	Yes	Yes	Yes	Yes	

\*Tier 3 and Tier 4 interim (4i) allowed for vehicle/equipment replacement only when Tier 4 final is not yet available from OEM for 2019 model year equipment under the Transition Program for Equipment Manufacturers (TPEM).

\*\*Previous engine model year engines may be used for engine replacement if the engine is certified to the same emission standards applicable to EMY 2019.

- E.13. Locomotive and Marine Operating Hours: Recipient agrees that funds under this award cannot be used to retrofit, replace, upgrade or install idle reduction technologies on eligible locomotives or marine engines that operate less than 1,000 hours per year. Engine hours may be combined to reach the 1000-hour threshold where two engines will be scrapped and replaced with a single engine.
- E.14. Marine Engine Tier: Recipient agrees that funds under this award cannot be used to replace or upgrade Tier 3 and Tier 4 marine engines and vessels with other than zero tailpipe emission technology, or to replace marine engines with a Tier 2 or lower CI marine engine. Refer to Table 3 for further explanation.

**Table 3: Marine Engines Funding Restrictions**

Current Engine Tier	Engine & Vessel Replacement: EMY 2019+ *			Certified Remanufacture System	Verified Engine Upgrade	
	Compression Ignition		Spark Ignition			Zero Emission
	Tier 1-2	Tier 3-4				
Unregulated – Tier 2	No	Yes	Yes	Yes	Yes	
Tier 3 - 4	No	No	No	Yes	No	

\*Previous engine model year engines may be used if the engine is certified to the same emission standards applicable to EMY 2019.

- E.15. Marine Shore Connection: Recipient agrees that funds under this award cannot be used for marine shore connection system projects that are expected to be utilized less than 1,000 MW-hr/year.
- E.16. Locomotive Engine Tier: Recipient agrees that funds under this award cannot be used to replace any locomotive engine with a Tier 3 or lower engine. No funds awarded under the Program shall be used to replace Tier 2+ line-haul locomotive engines. No funds awarded under the Program shall be used to install Automatic Engine Start-Stop technologies on locomotives currently certified to Tier 0+ or higher. Refer to Table 4 for further explanation.

**Table 4: Locomotive Engines Funding Restrictions**

Current Locomotive Tier	Engine & Locomotive Replacement: EMY 2019+* or Zero Emission			Verified Engine Retrofit	Idle-Reduction Technology	Certified Remanufacture System
	Tier 0+ - 3	Tier 4	Zero Emission			
Unregulated - Tier 2	No	Yes	Yes	Yes	Yes**	Yes
Tier 2+ switcher	No	Yes	Yes	Yes	Yes**	Yes
Tier 2+ line haul	No	No	No	Yes	Yes**	Yes
Tier 3 – Tier 4	No	No	No	No	No	No

\*Previous engine model year engines may be used if the engine is certified to the same emission standards applicable to EMY 2019.

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

- E.17. Locomotive Shore Connection: Recipient agrees that funds under this award cannot be used for locomotive shore connection system projects that are expected to be utilized less than 1,000 hours per year.
- E.18. Tires and Aerodynamics: Recipient agrees that funds under this award cannot be used to purchase aerodynamic technologies or low rolling resistance tires, unless they are combined on the same vehicle with a new installation of a verified engine retrofit funded under this award.
- E.19. Engine Upgrade: In the case of an engine upgrade with a certified remanufacture system applied at the time of rebuild (not manufacturer upgrades that are retrofits verified by EPA or CARB), recipient agrees that funds under this award cannot be used for the entire cost of the engine rebuild, but only for the incremental cost of the certified remanufacture system and associated labor costs for installation. Any question as to eligibility of engine upgrade costs should be directed to the EPA Project Officer.

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

- F.1. In addition to the applicable requirements for highway vehicles described in E above, recipients replacing drayage vehicles are required to establish and document guidelines to ensure that the scrapped vehicle has a history of operating on a frequent basis over the prior year as a drayage truck.
- F.2. The recipient must establish and document guidelines to ensure that all drayage trucks receiving grant funds are operated in a manner consistent with the definition of a drayage truck, defined as any Class 8a and 8b in-use on-road vehicle with a gross weight rating (GVWR) of greater than 33,000 pounds operating on or transgressing through port or intermodal rail yard property for the purpose of loading, unloading or transporting cargo, such as containerized, bulk or break-bulk goods.

## **G. Delays or Favorable Developments**

The recipient agrees that it will promptly notify the EPA Project Officer of any problems, delays, or adverse conditions which may materially impair its ability to deliver on the outputs/outcomes specified in the work plan. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation. Failure to make satisfactory progress achieving the timeline and/or milestones defined in the approved workplan may result in termination of the award. The recipient agrees that it will also notify the EPA Project Officer of any favorable developments which may enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more beneficial results than originally planned.

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

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

## **I. Program Income**

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

Program income earned during the project period shall be retained by the recipient and, in accordance with 2 CFR §200.307 recipient is authorized to use program income to meet the cost sharing or matching requirement of the Federal award, including any mandatory or voluntary cost share. The amount of the Federal award remains the same. The recipient will maintain records adequate to document the extent to which transactions generate program income and the disposition of program income. The recipient must provide as part of its final performance report, a description of how program income is being used. Further, a report on the amount of program income earned during the award period must be submitted with the final Federal Financial Report, Standard Form 425, which is required under the administrative terms and conditions of this agreement.

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

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

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

Equipment is defined as tangible personal property having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of \$5,000, or the capitalization level established by the

non-Federal entity for financial statement purposes (see 2 CFR §200.12 Capital assets). Certified or verified technologies, vehicles, engines and nonroad equipment are considered to be equipment to the extent they fall within this definition.

Recipient agrees that at the end of the project period the recipient will continue to use the equipment purchased under this assistance agreement in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award. When acquiring replacement equipment, the non-Federal entity may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property. Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.

#### **K. Procurement Procedures**

The recipient must follow applicable procurement procedures. EPA will not be a party to these transactions. When procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds as provided by 2 CFR §200.317. The state will comply with 2 CFR §200.322 Procurement of Recovered Materials, and ensure that every purchase order or other contract includes any clauses required by 2 CFR §200.326 Contract provisions. All other non-Federal entities, including subrecipients of a state, will follow 2 CFR §§200.318 General Procurement Standards through 200.326 Contract Provisions.

#### **L. Final Approved Workplan and Modifications**

Recipient agrees to carry out the project in accordance with the final approved workplan. Recipients are required to report deviations from budget or project scope or objective, and must request prior written approval from an Authorized EPA Official for:

- any change in the scope or objective of the project or program (even if there is no associated budget revision requiring prior written approval);
- any change in a key person specified in the application or workplan;
- the disengagement from the project for more than three months, or a 25% reduction in time devoted to the project, by the approved project director or principal investigator;
- the inclusion of costs that require prior approval in accordance with 2 CFR Part 200 Subpart E—Cost Principles or 48 CFR part 31, “Contract Cost Principles and Procedures,” as applicable;
- the transfer of funds budgeted for participant support costs as defined in 2 CFR Section 200.75 Participant Support Costs to other categories of expense;
- unless described in the final approved workplan and budget, the subawarding, transferring or contracting out of any work under the award;
- changes in the approved cost-sharing or matching provided by the recipient;
- or, the need arises for additional Federal funds to complete the project.

Authorized EPA Officials include Grants Management Officers and Award Officials. Proposed modifications to the approved workplan or budget, including additions, deletions, or changes in the schedule, shall be submitted in a timely manner to the EPA Project Officer and Grant Specialist to initiate the approval process. Depending on the type or scope of changes, a formal amendment to the award may be necessary. Major project modifications which include changes to the approved types and number of affected vehicles, engines, or equipment, or the approved types of emission reduction technologies to be implemented, or to the approved project location(s) may not be allowed.

#### **M. Public Notification**

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

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

#### **N. State Grant Cybersecurity**

- N.1. The recipient agrees that when collecting and managing environmental data under this assistance agreement, it will protect the data by following all applicable State law cybersecurity requirements.
- N.2. EPA must ensure that any connections between the recipient's network or information system and EPA networks used by the recipient to transfer data under this agreement, are secure. For purposes of this Section, a connection is defined as a dedicated persistent interface between an Agency IT system and an external IT system for the purpose of transferring information. Transitory, user-controlled connections such as website browsing are excluded from this definition. If the recipient's connections as defined above do not go through the Environmental Information Exchange Network or EPA's Central Data Exchange, the recipient agrees to contact the EPA Project Officer (PO) and work with the designated Regional/Headquarters Information Security Officer to ensure that the connections meet EPA security requirements, including entering into Interconnection Service Agreements as appropriate. This condition does not apply to manual entry of data by the recipient into systems operated and used by EPA's regulatory programs for the submission of reporting and/or compliance data.
- N.3. The recipient agrees that any subawards it makes under this agreement will require the subrecipient to comply with the requirements in N.2. if the subrecipient's network or information system is connected to EPA networks to transfer data to the Agency using systems other than the Environmental Information Exchange Network or EPA's Central Data Exchange. The recipient will be in compliance with this condition: by including this requirement in subaward agreements; and during subrecipient monitoring deemed necessary by the recipient under 2 CFR 200.331(d), by inquiring whether the subrecipient has contacted the EPA Project Officer. Nothing in this condition requires the recipient to contact the EPA Project Officer on behalf of a subrecipient or to be involved in the negotiation of an Interconnection Service Agreement between the subrecipient and EPA.

#### **O. Mandatory Cost-Share Requirement**

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

Volkswagen Environmental Mitigation Trust Funds cannot be used to fund any mandatory cost-share.

This award and the resulting federal funding share (as shown under "Notice of Award" in the award document) is based on estimated costs requested in the recipient's final approved workplan. While actual total costs may differ than those estimates, the recipient is required to provide no less than the cost-share percentages outlined below, as applicable, of the final equipment costs. EPA's participation shall not exceed the total amount of federal funds awarded or the maximum federal cost-share percentages outlined below, as applicable, of the final equipment costs. Recipients must satisfy any applicable cost share requirements with allowable costs as set forth in 2 CFR §200.306. The cost share requirements are as follows:

- O.1. Engine Upgrades: EPA will fund up to 40% of the cost (labor and equipment) of an eligible engine

- upgrade; recipient is responsible for cost-sharing at least 60% of the cost of an eligible engine upgrade.
- O.2. Idle Reduction Technologies on Locomotives: EPA will fund up to 40% of the cost (labor and equipment) of an eligible idle reduction technology for a locomotive; recipient is responsible for cost-sharing at least 60% of the cost of an eligible idle reduction technology for a locomotive.
  - O.3. Idle Reduction Technologies on Highway Diesel Vehicles: EPA will fund up to 100% of the cost (labor and equipment) for eligible idle reduction technologies if combined on the same vehicle with eligible verified engine retrofit technologies. EPA will fund up to 25% of the cost (labor and equipment) of stand-alone eligible, verified idle technologies on Class 8 long-haul trucks and school buses; recipient is responsible for the mandatory cost-share of at least 75% of the cost of eligible, verified idle reduction technologies on Class 8 long-haul trucks and school buses.
  - O.4. Marine Shore Power Connection Systems: EPA will fund up to 25% of the cost (labor and equipment) of an eligible shore connection system; recipient is responsible for cost-sharing at least 75% of the cost of an eligible shore connection system.
  - O.5. Truck Stop Electrification: EPA will fund up to 30% of the cost (labor and equipment) of eligible truck stop electrification technology; recipient is responsible for the mandatory cost-share of at least 70% of the cost of eligible truck stop electrification technology.
  - O.6. Certified Engine Replacement:
    - O.6.1. EPA will fund up to 40% of the cost (labor and equipment) of an eligible diesel or alternative fuel engine replacement that is certified to EPA's emission standards; recipient is responsible for the mandatory cost-share of at least 60% of the cost of an eligible engine replacement.
    - O.6.2. *Highway Low-NOx* : EPA will fund up to 50% of the cost (labor and equipment) of replacing a highway diesel engine with an eligible engine that is certified to CARB's Optional Low-NOx Standards of 0.1 g/bhp-hr, 0.05 g/bhp-hr, or 0.02 g/bhp-hr NOx. Please see the "How to Identify Low NOx Certified Engines" document at: [www.epa.gov/dera/state](http://www.epa.gov/dera/state). Recipient is responsible for the mandatory cost-share of at least 50% of the cost of eligible Low-NOx engine replacement.
    - O.6.3. *Zero Tailpipe Emission* : EPA will fund up to 60% of the cost (labor and equipment) of an eligible zero tailpipe emission engine replacement; recipient is responsible for the mandatory cost-share of at least 40% of the cost of an eligible zero tailpipe emission engine replacement.
  - O.7. Certified Vehicle/Equipment Replacement:
    - O.7.1. EPA will fund up to 25% of the cost of an eligible replacement vehicle or piece of equipment powered by an engine certified to EPA emission standards; recipient is responsible for the mandatory cost-share of at least 75% of the cost of an eligible replacement vehicle or piece of equipment.
    - O.7.2. *Highway Low-NOx* : EPA will fund up to 35% of the cost of an eligible highway replacement vehicle powered by an engine certified to meet CARB's Optional Low-NOx Standards of 0.1 g/bhp-hr, 0.05 g/bhp-hr, or 0.02 g/bhp-hr NOx. Please see the "How to Identify Low NOx Certified Engines" document at: [www.epa.gov/dera/state](http://www.epa.gov/dera/state). Recipient is responsible for the mandatory cost-share of at least 65% of the cost of an eligible replacement vehicle.
    - O.7.3. *Zero Tailpipe Emission* : EPA will fund up to 45% of the cost of an eligible zero emission replacement vehicle or equipment; recipient is responsible for the mandatory cost-share of at least 55% of the cost of an eligible zero tailpipe emission replacement vehicle or piece of equipment.
    - O.7.4. *Drayage Trucks* : EPA will fund up to 50% of the cost of an eligible replacement drayage truck powered by an engine certified to EPA or CARB emission standards; recipient is responsible for the mandatory cost-share of at least 50% of the cost of an eligible replacement drayage vehicle.
  - O.8. Clean Alternative Fuel Conversion: EPA funds and state voluntary matching funds can cover up to 40% of the cost (labor and equipment) of an eligible certified or compliant clean alternative fuel conversion. States and/or eligible third parties are responsible for the mandatory cost-share of at least 60% of the cost of an eligible clean alternative fuel conversion.

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

#### **P. Leveraging**

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

#### **Q. Voluntary Cost-Share**

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

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

Volkswagen Environmental Mitigation Trust Funds may be used (via the DERA Option) as voluntary matching funds, but cannot be used to fund any mandatory cost-share.

This award and the resulting federal funding of \$506,090 is based on estimated costs requested in the recipient's final approved workplan. Included in these costs is a voluntary cost-share contribution of 40% by the recipient in the form of a voluntary cost-share that the recipient included in its final approved workplan. The recipient must provide this voluntary cost-share contribution during performance of this award unless the EPA agrees otherwise in a modification to this agreement. While actual total costs may differ from the estimates in the recipient's application, EPA's participation shall not exceed the total amount of federal funds awarded.

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

#### **R. Rebates**

Rebates, subsidies, and similar one-time, lump-sum payments to program beneficiaries for the purchase of eligible emissions control technologies and vehicle replacements are eligible participant support costs under this award. Engine replacements, marine and locomotive shorepower projects, and most electrified parking space technology projects are not eligible as participant support costs. Rebates can only fund a participating fleet owner's equipment purchase and installation costs (i.e. parts and labor, including costs incurred to scrap the existing vehicle); if a participating fleet owner requires funding for project administration, travel, extensive design/engineering, construction, etc., in order to carry out the project a subaward is the more appropriate option. Questions regarding the use of rebates under this award should be directed to the EPA Project Officer. Rebates are not considered subawards/subgrants as defined in 2 CFR Part 200 and should not be treated as such under this award.

Program beneficiaries may be individual owner/operators or private or public fleet owners, however program beneficiaries cannot be employees, contractors or subrecipients of the DERA grant recipient. Rebates cannot exceed the applicable EPA cost share limits as defined in the terms of this award agreement. Participant support costs for rebates must be supported by guidelines issued by the recipient and approved by EPA's Award Official or Grants Management Officer, defining the rules, restrictions, timelines, programmatic requirements, reporting and transaction documentation requirements, eligibility, and funding levels that rebate beneficiaries must follow. Additionally, there must be written agreement between recipient or subrecipient and the program beneficiary that:

- Describes the activities that will be supported by rebates, subsidies or other payments;
- Specifies the amount of the rebate, subsidy or payment;
- Identifies which party will have title to equipment (if any) purchased with a rebate or subsidy; and
- Establishes source documentation requirements to ensure proper accounting of EPA funds.
- Specifies any reporting required by the beneficiary.

EPA's Interim Guidance on Participant Support Costs ([www.epa.gov/grants/rain-2018-g05](http://www.epa.gov/grants/rain-2018-g05)) specifies requirements for rebate program approval by Authorized EPA Officials. EPA's Award Official or Grants Management Officer must approve participant support costs on the basis of either a precise description of the participant support costs in the EPA approved budget and work plan, or on a transaction-by-transaction basis. Should a DERA recipient decide to award participant support costs that were not described in the approved work plan and budget the recipient must obtain prior written approval from EPA's Award Official or Grants Management Officer. Moreover, after a grant is awarded, should a recipient decide to modify the amount approved (upwards or downwards) for participant support costs, prior written approval from EPA's Award Official or Grants Management Officer is also required.