

**AGENCY:** ENVIRONMENTAL PROTECTION AGENCY (EPA)

**TITLE:** 2021 Targeted Airshed Grant Program

**ACTION:** Request for Applications (RFA)

**RFA NUMBER:** EPA-OAR-OAQPS-21-03

**ASSISTANCE LISTING NUMBER:** 66.956

**IMPORTANT DATES:**

May 4, 2021	RFA OPENS
May 21, 2021	OPTIONAL INTENT TO APPLY
June 24, 2021	RFA CLOSES – APPLICATIONS DUE
September 2021	ANTICIPATED NOTIFICATION OF SELECTION
November 2021 - January 2022	ANTICIPATED AWARD

Application packages must be submitted electronically to EPA through [Grants.gov](https://www.grants.gov) no later than **June 24, 2021, at 11:59 PM, Eastern Time (ET)** to be considered for funding.

To allow for efficient management of the competitive process, EPA requests submittal of an informal notice of an Intent to Apply to Tim Roberts at [roberts.timothy-p@epa.gov](mailto:roberts.timothy-p@epa.gov) by **May 21, 2021** or sooner. The notice should indicate how many applications you intend to submit and the type of project(s) (e.g., a diesel to battery-electric school bus replacement project). Submission of 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 applications.

**COVID-19 UPDATE**

EPA is providing flexibilities to applicants experiencing challenges related to COVID-19. Please see the Flexibilities Available to Organizations Impacted by COVID-19 clause in Section IV of [EPA’s Solicitation Clauses](#).

**FUNDING/AWARDS**

The total estimated funding for this competitive opportunity is approximately **\$59,000,000**. EPA anticipates awarding a total of approximately 8 – 13 assistance agreements from this announcement, subject to availability of funds, the quality of applications received, and other applicable considerations. This funding is limited to applications that cover activities in the eligible nonattainment areas included in Tables 1-3: “Eligible Nonattainment Areas Ranked as the Top Five Most Polluted Areas” described in the Summary section below. The total number of applications an eligible applicant may submit is listed in Table 4: “Maximum Number of Applications Eligible Entities Can Submit per Nonattainment Area” in Section I.B. The maximum amount of requested federal funding shall not exceed **\$8,000,000 per application**.

**SUMMARY**

This notice announces the availability of funds and solicits applications from eligible entities to

compete for financial assistance through the Targeted Airshed Grant Program. This program will assist local, state, and/or tribal air pollution control agencies to conduct emission reduction activities to reduce air pollution in nonattainment areas that EPA determines are the top five most polluted areas relative to the ozone (O<sub>3</sub>), annual average fine particulate matter (PM<sub>2.5</sub>), or 24-hour PM<sub>2.5</sub> National Ambient Air Quality Standards (NAAQS). To learn more about eligible entities, see Section III.A. The overall goal of the Targeted Airshed Grant Program is to reduce air pollution in the nation's areas with the highest levels of ozone and PM<sub>2.5</sub> ambient air concentrations listed in the three tables directly below. Area information, including maps and lists of the counties within each nonattainment area, is available at [EPA's Green Book](#).

**Eligible Nonattainment Areas Ranked as the Top Five Most Polluted Areas for Ozone, Annual PM<sub>2.5</sub>, and 24-hour PM<sub>2.5</sub> Standards based on 2017-2019 Air Quality Measurements at [EPA's Air Quality Design Values Website](#)**

**Table 1: Ozone Nonattainment Areas (2015 8-hour standard of 70 parts per billion):**

Area	Design Value
Los Angeles-South Coast Air Basin, CA	108
Morongo Band of Mission Indians, CA	101
Los Angeles-San Bernardino Counties (W. Mojave), CA	95
Riverside County (Coachella Valley), CA	89 (tie)
Uinta Basin, UT	89 (tie)

**Table 2: PM<sub>2.5</sub> Nonattainment Areas (2012 annual standard of 12.0 micrograms per cubic meter):**

Area	Design Value
San Joaquin Valley, CA	16.9
Plumas County, CA	14.2
Los Angeles-South Coast Air Basin, CA	14.0
Allegheny County, PA	12.4
Imperial County, CA	12.0

**Table 3: PM<sub>2.5</sub> Nonattainment Areas (2006 24-hour standard of 35 micrograms per cubic meter):**

Area	Design Value
Klamath Falls, OR	78
Fairbanks, AK	69
San Joaquin Valley, CA	64
Sacramento, CA	54
Oakridge, OR	52

**QUESTIONS AND ANSWERS**

Applicants are encouraged to review the questions and answers posted at <https://www.epa.gov/grants/air-grants-and-funding> for further information about this grant program and solicitation. EPA will respond to questions from applicants regarding threshold

eligibility criteria, administrative issues related to the submission of the application, and requests for clarification about any of the language or provisions in the announcement through the questions and answers document. Please note that EPA will not respond to questions from applicants seeking help in drafting applications. Applicants may email written questions to Tim Roberts at [roberts.timothy-p@epa.gov](mailto:roberts.timothy-p@epa.gov). The deadline for submitting final questions via email is May 26, 2021 at 4:00 PM, ET. The final posting of the questions and answers document will be May 28, 2021.

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## I. FUNDING OPPORTUNITY DESCRIPTION

### A. Background

EPA received previous funding for the Targeted Airshed Grant Program in 2010 and 2015 through 2020 for the purpose of reducing air pollution in the nation's areas with the highest levels of ozone or PM<sub>2.5</sub> exposure. Exposure to these pollutants are associated with numerous adverse human health effects, including increased respiratory illnesses and heart and lung diseases resulting in premature deaths. For more information about ozone and PM<sub>2.5</sub> pollution standards, please visit [EPA's NAAQS](#) website. A list of past grant recipients is available at the [Targeted Airshed Grant Program](#) website.

Under the Consolidated Appropriations Act, 2021, Congress has again directed EPA to make funds available for competitive grants to reduce air pollution in nonattainment areas that the Agency determines are ranked as the top five most polluted areas relative to the ozone, annual PM<sub>2.5</sub>, or 24-hour PM<sub>2.5</sub> standards.

### B. Maximum Number of Applications

The maximum number of applications an eligible entity may submit per nonattainment area correlates with how often the nonattainment area is included on the three "Nonattainment Areas Ranked as the Top Five Most Polluted Areas" tables in the Summary section. The maximum number of applications in Table 4 below apply to eligible entities as described in Section III.A. For instance, if a nonattainment area has multiple eligible entities responsible for the prevention or control of emissions in that area, then each eligible entity can submit the maximum number of applications for that nonattainment area.

If an applicant is submitting multiple applications, each application must include a different project(s) and must be submitted separately. Applicants can include multiple types of projects within one application, but they cannot include the same project(s) in multiple applications. If an applicant submits multiple applications under this competition and EPA selects more than one application for award from the same applicant, EPA may award a single assistance agreement that combines the applicant's selected applications, as noted in Section VI.B.

**Table 4: Maximum Number of Applications Eligible Entities Can Submit per Nonattainment Area**

Nonattainment Areas	Total Times on Nonattainment Lists	Maximum Number of Applications
Allegheny County, PA	1	2
Fairbanks, AK	1	2
Imperial County, CA	1	2

<b>Nonattainment Areas</b>	<b>Total Times on Nonattainment Lists</b>	<b>Maximum Number of Applications</b>
Klamath Falls, OR	1	2
Los Angeles-San Bernardino Counties (West Mojave Desert), CA	1	2
Los Angeles-South Coast Air Basin, CA	2	3
Morongo Band of Mission Indians, CA	1	2
Oakridge, OR	1	2
Plumas County, CA	1	2
Riverside County (Coachella Valley), CA	1	2
Sacramento, CA	1	2
San Joaquin Valley, CA	2	3
Uinta Basin, UT	1	2

### **C. Scope of Work**

The Office of Air and Radiation’s (OAR) Targeted Airshed Grant Program is soliciting applications from eligible entities, as described in Section III.A., for emission reduction activities in the areas that the Agency has determined are the top five most polluted relative to the 8-hour ozone, annual PM<sub>2.5</sub>, or 24-hour PM<sub>2.5</sub> standards, as listed in Tables 1-3 in the Summary section. The goal of the Targeted Airshed Grant Program is to fund activities in applicable nonattainment areas that will achieve documentable reductions of emissions that contribute to ozone and/or PM<sub>2.5</sub> concentrations. Pollutants contributing to ozone concentrations are NO<sub>x</sub> and VOCs. Pollutants contributing to PM<sub>2.5</sub> concentrations are direct PM<sub>2.5</sub> and PM<sub>2.5</sub> precursors NO<sub>x</sub>, VOCs, SO<sub>2</sub>, and ammonia.

Projects should include detailed, well thought out emission reduction activities, including projects, programs, policies, approaches, and/or deploying technologies that achieve documentable emission reductions. Projects must be for emission reduction activities that will assist with attaining and/or maintaining the NAAQS for these pollutants, and that demonstrate the potential for inclusion in the affected jurisdiction’s State Implementation Plan (SIP) or Tribal Implementation Plan (TIP) submission to EPA intended to meet or maintain those standards.

#### **1. General Requirements**

- Emission reduction activities must occur in the applicant’s respective nonattainment area(s) for the life of the project. Any EPA funded device(s), technology(ies) or equipment may not operate a majority of the time outside of the nonattainment area(s) for the entire life of the project.

- Emission reduction activities must meet or exceed the latest emissions standards for the respective pollutant(s). If no federal or state standard for the proposed activity exists, the applicant should propose the most stringent, least polluting option. Activities must be for projects to carry out emission reductions; applications that only include planning exercises will not be considered. Additionally, projects with primary activities that do not directly reduce emissions from a given source or support the reduction of air emissions are not eligible for funding.
- Projects may not include activities that replace the same device(s), technology(ies), equipment, or other activities that were funded by a previous EPA grant or cooperative agreement awarded in 2015 or later. Additionally, projects cannot include any costs that are included as a cost or used to meet cost sharing or matching requirements of any other federally-financed grant, as required under 2 CFR 200.403(f). Projects can complement but cannot replicate activities funded under another federal assistance agreement(s). For instance, an applicant that has an existing targeted airshed or Diesel Emission Reduction Act (DERA) grant to replace school buses may apply to replace additional school buses that are not already covered by one of their existing grants. However, that applicant cannot propose to fund the replacement of the same buses already covered by one of their existing EPA grants.
- Applications must include activities that address priority emission sources and emission-reducing activities that generate measurable, quantitative reductions of ozone, PM<sub>2.5</sub>, and/or precursor air emissions in the applicable nonattainment area.

Some examples of targeted airshed activities include, but are not limited to:

- Replacing vehicles, engines, or equipment;
- Replacing or retrofitting heat devices (e.g., wood burning stoves, fireplaces); or
- Other projects that achieve quantifiable emission reductions for the applicable pollutant(s), such as road paving, providing dry seasoned wood, and other residential wood smoke reduction activities.

## 2. Specific Project Requirements

- a. Replacement or Retrofit Projects.** Activities may include retrofit or replacement projects that remove an inefficient, higher-polluting device and upgrade it with a cleaner device or technology, which may include, but are not limited to mobile on- and nonroad vehicles, engines or equipment; or heat devices. The following is required for projects that include replacement or retrofit devices:
- Replacement or retrofit projects must replace or retrofit device(s) that are fully operational and in service at the time of replacement.
  - Replaced devices must be replaced with a more efficient, less polluting device.
  - Targeted airshed funds cannot be used to purchase a cleaner device or technology without replacing a similar inefficient, higher-polluting device.
  - Retrofit projects must reduce emissions of the retrofitted device.

- Every higher-polluting device that is replaced must be permanently removed from service in the respective air pollution nonattainment area.
- Devices that will be scrapped must be rendered inoperable to ensure the estimated air emissions reductions included in the proposed project are achieved and permanent. For engines, 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 scrapping methods may be considered and will require prior EPA approval.
- Clear photographic documentation will be required to show proof that:
  - Every higher polluting replaced and scrapped device was removed, scrapped, and rendered permanently inoperable or permanently removed from service in the respective air pollution nonattainment area; and
  - Every cleaner device was deployed or properly installed, which may include a purchase order and photograph of the new device installed or deployed.
- A device description tracking sheet which includes details on every replaced higher-polluting and deployed cleaner device is required for all replacement or retrofit projects. EPA will provide a template tracking sheet. For details on quarterly progress reports and detailed final report requirements, see Section VI.D.

Projects that provide incentives to remove and render inoperable a fully operational high-polluting device without installing a less polluting device may be allowed, as long as the applicant can demonstrate the estimated emission reductions.

- b. Projects involving Heat Devices or Mechanisms.** These requirements are in addition to requirements of replacement or retrofit projects described in Section I.C.1 and I.C.2.a. above. Inefficient, higher-polluting devices providing heat may include, but are not limited to wood stoves, wood burning devices, open-hearth fireplaces, coal stoves, pellet stoves, wood fueled hydronic heaters, pellet fueled hydronic heaters, and masonry heaters. Cleaner, lower-polluting, more efficient devices may include but are not limited to EPA-certified wood-burning devices, EPA-certified pellet devices, certified masonry heaters, oil devices, ENERGY STAR-certified electric devices (e.g., heat pumps), propane heaters, natural gas and geo-thermal devices. Other activities to support the further reduction of emissions may be included, such as ensuring the burning of seasoned wood.

The following is required for projects that include replacement heat devices:

- Installation of new cleaner burning devices must be done by a certified or licensed professional or the equivalent.
- The replacement certified non-masonry wood or pellet devices must be included in the current list of [EPA Certified Wood Heaters](#) to be eligible as a replacement device.
- The replacement masonry heaters must be included in either the current list by the [State of Colorado](#) or the [State of Washington](#) to be eligible as a replacement



device.

- Applications must include training and education for all individuals (i.e., the program beneficiaries) that will receive targeted airshed-funded lower-polluting replacement devices (e.g., wood stove) on how to properly operate the cleaner replacement devices and store the fuel, including seasoned wood, as applicable.
- Applicants must require all individuals receiving a cleaner device or other funded project components (i.e., seasoned wood, woodshed) to use and retain these devices and components in the applicable nonattainment area during the life of the project.

**c. Demonstration Projects.** A demonstration project may involve new or experimental technologies, methods, or approaches where the results of the project will be disseminated so that others can benefit from the knowledge gained. Demonstration projects may also include lessons learned or best practices from existing projects in order to achieve greater emission reductions or expand existing projects. Applicants must be able to quantify the anticipated emission reductions that are anticipated to occur during the life of the demonstration project.

### **3. Environmental Justice**

Environmental justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies. Priority for funding is given to projects which promote environmental justice. EPA will evaluate this under criterion 2 of Section V.A. of this RFA.

Applications will be evaluated based on the extent to which they demonstrate how the project will effectively address the disproportionate and adverse cumulative impacts (human health, environmental, climate-related and others) that have affected and/or currently affect people/communities of color, low income, tribal, and indigenous populations, and if applicable other vulnerable populations such as the elderly, children, and those with pre-existing medical conditions. Adverse impacts may be the result of industrial, governmental, commercial and/or other actions and include the accompanying economic challenges of such impacts.

In addressing these criteria, as applicable, applicants should describe how the project benefits these communities and/or populations including those that have experienced a lack of resources or other impediments to addressing the adverse impacts described above. Additionally, applicants should describe the extent to which the project addresses engagement with these communities and/or populations, especially local residents, to ensure their meaningful participation with respect to the design, planning, and performance of the project.

NOTE: Disproportionate and adverse environmental, human health, climate-related and other cumulative impacts, as well the accompanying economic challenges of such

impacts, may result when greater pollution burdens or consequences, and the impact of them, are more likely to affect people/communities of color, low income, tribal and indigenous populations and vulnerable populations including those identified above. The impacts may result from various factors including but not limited to being a function of historical trends and policy decisions.

Factors that may indicate disproportionate and adverse impacts as referenced above include:

- Differential proximity and exposure to environmental hazards;
- Greater susceptibility to adverse effects from environmental hazards (due to genetic predisposition, age, chronic medical conditions, lack of health care access, or poor nutrition);
- Unique environmental exposures because of practices linked to cultural background or socioeconomic status (e.g., subsistence fishing or farming);
- Cumulative effects from multiple stressors;
- Reduced ability to effectively participate in decision-making processes due to language barriers, inability to access traditional communication channels, or limited capacity to access technical and legal resources; and
- Degraded physical infrastructure, such as poor housing, poorly maintained public buildings (e.g., schools), or lack of access to transportation.

Applicants are encouraged, as appropriate, to include data from EPA’s [EJSCREEN](#) tool (or other EJ-focused geospatial mapping tools) as part of their application to help characterize and describe the affected communities/populations and area(s). Data from other sources (e.g., studies, census, and third-party reports) should also be included to give a more complete picture of the impacted communities and populations. Instructions, resources, and tutorials on how to use EJSCREEN are included at the hyperlink above.

Additional details on the contents of applications, including specifics on what should be included in the project narrative, are included in Section IV.B. and Appendix B.

#### **D. EPA Strategic Plan Linkage and Anticipated Outcomes, Outputs and Performance Measures**

Pursuant to Section 6.a. of EPA Order 5700.7, “Environmental Results under EPA Assistance Agreements,” EPA must link proposed assistance agreements to the Agency’s Strategic Plan. EPA also requires that grant applicants and recipients adequately describe environmental outputs and outcomes to be achieved under assistance agreements; see [EPA Order 5700.7, Environmental Results under Assistance Agreements](#).

**1. Linkage to EPA Strategic Plan.** The activities to be funded under this announcement support EPA’s Fiscal Year (FY) 2018-22 Strategic Plan. Awards made under this announcement will support Goal 1 “A Cleaner, Healthier Environment”; Objective 1.1: “Improve Air Quality.” Under this objective, “EPA will conduct a wide range of activities

that contribute to improving air quality and protecting human health and the environment.” Applications must be for projects that support this goal and objective. For more information see: [EPA’s FY 2018-2022 Strategic Plan](#).

EPA also requires that grant applicants adequately describe environmental outputs and outcomes to be achieved under assistance agreements; see [EPA Order 5700.7A1, Environmental Results under Assistance Agreements](#). Applicants must describe the environmental results of the proposed project in terms of well-defined outputs and well-defined outcomes. Specifically, the proposed activities must reduce emissions.

**2. Outputs.** The term “output” means an environmental activity, effort, and/or associated work product related to emissions reduction activities that will be realized or provided over time or by a specified date. Outputs may be quantitative and/or qualitative but must be measurable during an assistance agreement funding period. Examples of outputs from the project(s) to be funded under this announcement may include, but are not limited to:

- Number of wood-burning devices replaced;
- Number of replaced, retrofitted, or deployed engines/vehicles/equipment;
- Engaging affected communities about the design and performance of the project; and/or
- Dissemination of project/technology information via list-serves, websites, journals, and outreach events.

**3. Outcomes.** The term “outcome” means the result, effect or consequence that will occur from carrying out an environmental program or activity that will achieve emissions reductions. Outcomes may be environmental, behavioral, health-related, or programmatic in nature, but must be quantitative. Outcomes may not necessarily be achievable within an assistance agreement funding period. Projects funded under this announcement should achieve one or more of the following environmental outcomes:

- Tons of air pollutants reduced annually and over the lifetime of the project (specifying the total years), including the emission reductions for each of the following pollutants, as relevant to the project:
  - PM<sub>2.5</sub>,
  - NO<sub>x</sub>,
  - VOCs,
  - SO<sub>2</sub>, and/or
  - ammonia
- Annual and lifetime gallons of gasoline or diesel fuel saved;
- Annual and lifetime hours of engine idling reduced;
- Progress toward environmental justice objectives;
- Costs per ton of pollution reduced; and/or
- Benefits to the communities affected by the project, including improvements to human health and the environment, the local economy, social conditions, and the welfare of the residents in such communities.

Other potential outcomes may include, but are not limited to:

- Documented improved ambient air quality;
- Contributions towards compliance with the NAAQS;
- As cobenefits, tons of toxic air pollutants reduced annually and over the lifetime of the project;
- As cobenefits, tons of greenhouse gases reduced annually and over the lifetime of the project;
- Emission reduction activities to help communities achieve greater emission reductions;
- Vehicle miles traveled reduced;
- Successful demonstration and/or deployment of the implemented technology; and/or
- Health benefits achieved, which may be measured by numbers of illnesses, health care costs, missed work/school days avoided, and/or reduced mortality from air pollution.

**4. Estimated Emission Reductions.** The outcomes and performance measures must include an estimate of emissions that will be reduced both annually and over the lifetime of the project, including the assumptions used to make those estimates. Pollutants contributing to ozone concentrations may include NO<sub>x</sub> and VOCs. Pollutants contributing to PM<sub>2.5</sub> concentrations may include direct PM<sub>2.5</sub> and PM<sub>2.5</sub> precursors NO<sub>x</sub>, VOCs, SO<sub>2</sub>, and ammonia. Both annual and lifetime emissions estimates reduced from the project must be included, specifying the anticipated total number of years of the life of the project. The annual and lifetime emission reductions estimates must be provided for each of the relevant individual pollutants and not a sum of all pollutants. If the proposed project includes multiple emission reduction activities that achieve significantly different emission reductions (e.g., replacing diesel to battery-electric school buses, replacing non-EPA certified wood-burning devices to electric heat pumps), the anticipated emissions reduced must be provided separately for each activity.

If an applicant is unable to calculate estimates of emission reductions, include estimates of other quantifiable outputs that have a relationship with ozone and/or PM<sub>2.5</sub> levels. Applicants may take advantage of existing EPA tools for estimating emissions reductions for each pollutant being addressed, which may include the [Diesel Emissions Quantifier](#) or [Wood-Burning Emissions Calculator](#). EPA recognizes that there is uncertainty in calculating emission reductions when replacing an old wood stove with an EPA-certified wood stove. The EPA certification test performed for a wood stove is intended to demonstrate compliance with the Wood Heater New Source Performance Standard, which does not necessarily represent “real world” emissions. In addition, emission reductions will vary depending on various factors, such as proper installation and operation, stove and chimney maintenance, and best burn practices (e.g., burning seasoned, dry wood).

Additional information on the quantification used to calculate these emission reductions, including the key assumptions that were used for any existing calculator tool or the citations

of any studies or reports, must be included in a required attachment; see Section IV.C. Content of Application Package Submission. The Estimated Emissions Reduction Calculations is required but will not count towards the project narrative 15-page limit. Questions about how to calculate emissions reductions estimates from other types of projects should be directed to the applicable [EPA staff air emissions point of contact](#) or the Agency contact listed in Section VII.

**5. Performance Measures.** The applicant should also develop performance measures they expect to achieve through the proposed activities and describe them in the application. These performance measures will be the mechanism to track outputs and outcomes progress . Additional details on reporting requirements are included in Section VI.D. The description of the performance measures will directly relate to the project’s outcomes and outputs, including but not limited to:

- Overseeing subrecipients, and/or contractors and vendors;
- Tracking and reporting project progress on expenditures and purchases; and
- Tracking, measuring, and reporting accomplishments (emission reduction outcomes) and proposed timelines/milestones.

The following are questions to consider when developing output and outcome measures of quantitative and qualitative results:

- What are the measurable short-term and long-term results the project will achieve?
- How does the plan measure progress in achieving the expected results, including outputs and outcomes, and how will the approach use resources effectively and efficiently?

## **E. Statutory Authority**

The funds for the awards that will be made under this announcement were appropriated to the U.S. Environmental Protection Agency under the “Consolidated Appropriations Act, 2021” (Public Law 116-260). Public Law 116-260 authorizes EPA to award Targeted Airshed Grants for emission reduction activities deemed necessary for compliance with national ambient air quality standards and included in a SIP or TIP submitted to EPA. The law limits these awards to nonattainment areas that the Agency determined are ranked as the top five most polluted areas relative to ozone and the annual and 24-hour PM<sub>2.5</sub> standards.

## **II. AWARD INFORMATION**

### **A. What is the amount of funding available?**

The total estimated funding expected to be available for awards under this competitive opportunity is approximately \$59,000,000. Funding is dependent upon agency appropriations, funding availability, and other applicable considerations.

The maximum amount of requested federal funding shall not exceed \$8,000,000 per application.

While each application can request up to the full funding amount of \$8,000,000, the total amount of requested funding should be commensurate with the applicant's proposed activities, considering the emissions inventory and emissions sources in the applicable nonattainment area. Applicants should request less than \$8,000,000 if the project(s) necessary to reduce emissions in the applicable nonattainment area does not warrant the full funding amount. As noted in Section II.B., EPA reserves the right to partially fund selected applications or make no awards.

## **B. Partial Funding**

In appropriate circumstances, EPA reserves the right to partially fund applications by funding discrete portions or phases of proposed projects. The Other Factors, as listed in Section V.C., may be used to determine whether to award partial funding for a selected application. If EPA decides to partially fund an application, it will do so in a manner that does not prejudice any applicants or affect the basis upon which the application, or portion thereof, was evaluated and selected for award, and therefore maintains the integrity of the competition and selection process.

## **C. How many agreements will EPA award in this competition?**

EPA anticipates awarding a total of approximately 8 – 13 assistance agreements under this announcement, subject to availability of funds, the quality of applications received, and other applicable considerations. If EPA selects multiple applications from an applicant, EPA may combine the selected applications into one grant award for the successful applicant; see Section VI.B.

EPA reserves the right to make additional awards under this announcement, consistent with Agency policy, if additional funding becomes available after the original selections. Any additional selections for awards will be made no later than six months from the date of the original selections. In addition, EPA reserves the right to reject all applications and make no awards under this announcement or to make fewer awards than anticipated.

## **D. What is the project period for awards resulting from this solicitation?**

The estimated project period for awards resulting from this solicitation will begin by January 2022. Proposed project periods may be up to five years from the project start date.

## **E. Funding Type**

The funding for selected projects will be in the form of a grant or cooperative agreement depending upon the nature of the proposed activity and the extent of EPA involvement. Cooperative agreements permit substantial involvement between the EPA 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 cooperative agreements under the Targeted Airshed Program may include:

- Close monitoring of the successful applicant’s performance to verify the results proposed by the applicant;
- Collaboration during performance of the scope of work;
- EPA prior review or approval of project phases or the substantive provisions of proposed contracts found within the scope of the cooperative agreement;
- Approving qualifications of key personnel (EPA will not select employees or contractors employed by the award recipient); and/or
- Review and comment on reports prepared under the cooperative agreement (the final decision on the content of reports rests with the recipient).

### **III. ELIGIBILITY INFORMATION**

#### **A. Eligible Entities**

Entities eligible to submit applications under this announcement are those air pollution control agencies, as defined by Section 302(b) of the Clean Air Act, that: (a) have responsibilities for development and/or implementation of a SIP or TIP to attain and/or maintain the NAAQS for either ozone and/or PM<sub>2.5</sub> within one or more of the top five most polluted areas relative to O<sub>3</sub>, PM<sub>2.5</sub>, or 24-hour PM<sub>2.5</sub> NAAQS (see Summary section); and (b) have an active air program grant under Section 103 or 105 of the Clean Air Act to carry out those responsibilities.

#### **B. Voluntary Cost Sharing/Matching Funds and Leveraged Resources**

No cost sharing/matching funds or leveraged resources are required as a condition of eligibility under this competition. However, applicants may propose to provide voluntary cost share or leveraged resources as described below.

##### **1. Voluntary Cost Sharing/Matching Funds**

Voluntary cost sharing is when an applicant voluntarily proposes to legally commit to provide costs or contributions to support the project when a cost share is not required. Applicants who propose to use a voluntary cost share *must* include the costs or contributions for the voluntary cost share in the project budget on the SF-424 and SF-424A. If an applicant proposes a voluntary cost share, the following apply:

- A voluntary cost share is subject to the applicable provisions of 2 CFR Part 200.306, *Cost sharing or matching*.
- A voluntary cost share may only be met with eligible and allowable costs.
- The recipient may not use other sources of federal funds to meet a voluntary cost share unless the statute authorizing the other federal funding provides that the federal funds may be used to meet a cost share requirement on a federal grant or cooperative agreement.

The recipient is legally obligated to meet any proposed voluntary cost share that is included in the approved project budget. If the proposed voluntary cost share does not materialize during the

performance period of the grant or cooperative agreement, EPA may reconsider the legitimacy of the award and/or take other appropriate action as authorized by 2 CFR Part 200.

## **2. Leveraged Resources**

Leveraged resources or “leveraging” is when an applicant proposes to provide additional resources to support or complement the proposed project which are above and beyond the EPA grant funds they are requesting. These resources do not need to be eligible or allowable costs under the Targeted Airshed Grant program. Additionally, these resources should only be described in the applicant’s project narrative and should not be included in the project budget on the SF-424 or SF-424A. If applicants propose to leverage funds, EPA expects them to secure the leveraged resources described in their applications. If the proposed leveraging does not materialize during the performance period of the grant or cooperative agreement, EPA may reconsider the legitimacy of the award and/or take other appropriate action authorized under 2 CFR Part 200.

## **C. Threshold Eligibility Criteria**

These are requirements that, if not met by the time of application submission, will result in elimination of the application from consideration for funding. Only applications from eligible entities (see Section III.A.) that meet all of these criteria will be evaluated against the ranking factors in Section V. If necessary, EPA may contact applicants to clarify threshold eligibility questions prior to making an eligibility determination. Applicants deemed ineligible for funding consideration due to the threshold eligibility review will be notified within 15 calendar days of the ineligibility determination.

### **1. Application Content and Submission**

- a. Applications must substantially comply with the application submission instructions and requirements set forth in Section IV. and Appendices A and B or else they will be rejected.
- b. Applications must be submitted through [Grants.gov](https://www.grants.gov) as stated in Section IV.A. (except in the limited circumstances where another mode of submission is specifically allowed for as explained in Section IV.) on or before the application submission deadline published in Section IV. Applicants are responsible for following the submission instructions in Section IV. and Appendices A and B to ensure that their application is timely submitted.

Applications submitted after the submission deadline will be considered late and deemed ineligible without further consideration unless the applicant can clearly demonstrate that it was late due to EPA mishandling the application or because of technical problems associated with [Grants.gov](https://www.grants.gov) or relevant [SAM.gov](https://www.sam.gov) system issues. Applicants’ failure to timely submit their application through [Grants.gov](https://www.grants.gov) because they did not timely or properly register in [SAM.gov](https://www.sam.gov) or [Grants.gov](https://www.grants.gov) will not be considered an acceptable reason to consider a late submission.



2. Applications must include projects with primary activities that directly reduce emissions from a given source.
3. Applications must include activities that address priority emission sources and emission-reducing activities that generate measurable reductions of ozone, PM<sub>2.5</sub>, and/or precursor air emissions in one or more of the designated nonattainment areas identified in the Summary section.
4. Applications must be for emission reduction activities and/or activities that will lead to emission reductions that will assist in complying with or maintaining the NAAQS for the applicable pollutant(s), and that demonstrate the potential for inclusion in the affected jurisdiction's SIP or TIP submission to EPA intended to meet those standards.
5. Applications must support Goal 1 "A Cleaner, Healthier Environment"; Objective 1.1: "Improve Air Quality" of EPA's Strategic Plan described in Section I.D.1.
6. Applicants must describe the environmental outputs and outcomes to be achieved under their proposed projects; outputs and outcomes are defined in Sections I.D.2. and I.D.2. 3.

#### **D. Ineligible Costs or Activities and Other Considerations**

Any of the following may lead to a portion or all of the application not being reviewed:

1. **Ineligible Costs or Activities.** If an application is submitted that has ineligible items, tasks, or activities, that portion of the application will not be reviewed and will be ineligible for funding and may, depending on the extent to which it affects the application, render the entire application ineligible for funding. Activities must meet the following requirements from Section I.C. to be eligible for funding:
  - a. Emission reduction activities set forth in the application must meet or exceed the latest emissions standards for the respective pollutant(s).
  - b. Proposed emission reduction activities must occur in the applicant's respective nonattainment area(s) for the life of the project. Any EPA funded device(s), technology(ies) or equipment may not operate a majority of the time outside of the nonattainment area(s) for the entire life of the project.
  - c. Proposed activities must be for projects to carry out emission reductions; applications that are only for planning projects will not be considered.
  - d. Replacement/retrofit projects must meet the requirements under Section I.C.2.a.
  - e. Heating device replacement projects must meet the requirements of Section I.C.2.b.

- f. Demonstration projects must include quantifiable anticipated emission reductions that will occur during the life of the demonstration project. A demonstration project must involve new or experimental technologies, methods, or approaches; see Section I.C.2.c.
- g. Projects may not include activities that replace the same device(s), technology(ies), equipment, or any other activity(ies) that were funded by a previous EPA grant or cooperative agreement awarded in 2015 or later. Any activities previously funded by an EPA grant in 2015 or later will not be reviewed or selected for funding.
- h. Applications cannot include any costs that are included as a cost or used to meet cost sharing or matching requirements of any other federally financed grant, as required under 2 CFR 200.403(f). If these costs are included in an application, the activities associated with these costs will not be reviewed or selected for funding.

**2. Other Considerations:**

- a. Where a page limit is expressed in Section IV.C. with respect to the project narrative, pages in excess of the page limitation will not be reviewed. The page limit of the project narrative is 15 pages.
- b. Applications requesting more than the specified maximum amount of \$8,000,000 in federal funding will be considered at the maximum federal amount available as specified in the Funding/Awards section.
- c. Applicants can submit no more than the total number of applications listed in Section I.B. If an applicant submits more applications than what is listed, EPA will contact the applicant to determine which application(s) to withdraw.
- d. If an applicant is submitting multiple applications, each application must include a different project(s) and must be submitted separately. Applicants can include multiple types of projects within one application, but they cannot include the same project(s) in multiple applications. If an applicant submits more than one application that requests funding for the same project, the applicant will be contacted prior to EPA review of any of the applications to determine which application(s) the applicant will withdraw from the competition.

## **IV. APPLICATION AND SUBMISSION INFORMATION**

### **A. Requirements to Submit Through Grants.gov and Limited Exception Procedures**

Applicants must apply electronically through [Grants.gov](https://www.grants.gov) under this funding opportunity based on the grants.gov instructions in this announcement. If your organization has no access to the internet or access is very limited, you may request an exception for the remainder of this

calendar year by following the procedures outlined [here](#). Please note that your request must be received at least 15 calendar days before the application due date to allow enough time to negotiate alternative submission methods. Issues with submissions with respect to this opportunity only are addressed in section Appendix A. under *Technical Issues with Submission*.

## **B. Grants.gov Application Submission Instructions (see Appendix A)**

An applicant's Authorized Official Representative (AOR) must submit its complete application electronically to EPA through [Grants.gov](#) no later than **June 24, 2021, by 11:59 PM ET**.

See Appendix A for full [Grants.gov](#) submission instructions.

## **C. Content of Application Package Submission**

The application package *must* include all of the following materials except Number 6, Optional Attachments. Number 5, Voluntary Cost Share Commitment Letter(s), is only required if applicable. Also see Appendices A and B.

- 1. Grant Application Forms** (All Required). Please complete the forms as appropriate.
  - a.** Standard Form (SF) 424, *Application for Federal Assistance*. Please note that the organizational Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number must be included on the SF-424. Organizations may obtain a DUNS number at no cost by calling the toll-free DUNS number request line at 1-866-705-5711.
  - b.** SF-424A, *Budget Information for Non-Construction Programs*
  - c.** EPA Form 4700-4, *Pre-Award Compliance Review Report for All Applicants Requesting Federal Financial Assistance*
  - d.** EPA Form 5700-54, *Key Contacts Form*
  - e.** Project Narrative Attachment Form- see Section IV.C.2.
  - f.** Other Attachment Form, if applicable- see Section IV.C.3. through 6 below.
- 2. Project Narrative Attachment Form – see Appendix B** (Required, part of the 15-page limit). Applicants may use the Project Narrative Attachment form in [Grants.gov](#). The project narrative must explicitly describe how the proposed project meets the threshold eligibility criteria in Section III.C., and address the evaluation criteria set forth in Section V.A. The project narrative cannot exceed a maximum of 15 single-spaced typewritten pages, including the summary page, workplan, and budget table and detail. Excess pages will not be reviewed. Supporting materials identified below can be submitted as attachments and are not included in the 15-page limit. The project narrative must substantially comply with the specific instructions, format and content as defined in Appendix B.
- 3. Emissions Inventories – Other Attachment Form** (Required, not part of 15-page limit). Use the Other Attachments form in [Grants.gov](#). Include quantitative data of the relevant

pollutants' emissions inventories relating to the proposed project, including calculations and methodologies on how this data was derived. This information does not count towards the project narrative 15-page limit. See Appendix B.

- 4. Emissions Reduction Calculations – Other Attachment Form** (Required, not part of the 15-page limit). See Section I.D. and Appendix B for calculating emissions reductions. Use the Other Attachments form in [Grants.gov](https://www.grants.gov). The applicant must thoroughly describe and document emissions reduction calculation methods. The applicant should provide additional information on the quantification used to calculate the anticipated emission reductions from the proposed project, including the key assumptions that were used for any existing calculator tool or citations of any studies or reports, such that EPA may reproduce the calculations. This information does not count towards the project narrative 15-page limit. See Section I.D. and Appendix B.
- 5. Voluntary Cost Share Commitment Letter(s) – Other Attachment Form** (Required, if applicable. Not part of 15-page limit). Use the Other Attachments form in [Grants.gov](https://www.grants.gov). If any voluntary cost sharing/matching is to be provided by a project partner(s), and not directly by the applicant, a letter by the partner(s) demonstrating their specific commitment to provide the voluntary cost share is required. This letter(s) must include the specific amount of voluntary funding the project partner anticipates providing. See Section III.B. and Appendix B.
- 6. Optional Attachments** (Not required; not part of 15-page limit). Use the Other Attachments form in [Grants.gov](https://www.grants.gov).
  - **Project Team Biographies:** Provide resumes, curriculum vitae and/or biographical narratives for key staff, managers, and any other key personnel involved in project implementation.
  - **Negotiated Indirect Cost Rate Agreement.**
  - **Partnership Letter(s):** If applicable, letters that demonstrate strong, long-term involvement throughout the project from a variety of project partners are encouraged. Letters should specifically indicate how project partners and supporting organizations will participate in or directly assist in the design and performance of the project, including their specific role, or how obtaining support from project partners will allow the applicant to more effectively perform the project and/or leverage resources. The Partnerships Letter(s) are not the same as the Voluntary Cost Share Commitment Letter described under number 5 directly above.

#### **D. Submission Dates and Times**

The closing date and time for submission of applications is **June 24, 2021, by 11:59 PM, ET**. Applications submitted after the closing date and time will not be considered for funding.

## E. Information Session

EPA will host one information sessions regarding this RFA via teleconference/webinar on May 26, 2021, at 2:00 PM, ET. EPA will attempt to answer any appropriate questions in this public forum. Pre-registration is not required. Webinar links and dial-in information for the information session can be found at: <https://www.epa.gov/grants/air-grants-and-funding>.

## F. Additional Provisions for Applicants Incorporated into the Solicitation

Additional provisions that apply to this solicitation and/or awards made under this solicitation, including but not limited to those related to confidential business information, contracts and subawards under grants, and application assistance and communications, can be found at [EPA's Solicitation Clauses](#). These, and the other provisions that can be found at the website link, are important, and applicants need to review them when preparing applications for this solicitation. If you are unable to access these provisions electronically at the website above, please communicate with the EPA contact listed in Section VII. to obtain the provisions.

## V. APPLICATION REVIEW INFORMATION

Only eligible entities whose application(s) meet the threshold criteria in Section III.C. of this announcement will be reviewed according to the evaluation criteria set forth below. Applicants must fully address these criteria as part of their application package submittal (see Appendix B.) Each application will be rated under a points system, with a total of 120 points possible. EPA may fund the top ranked application for each nonattainment area listed in the Summary section to meet programmatic priorities, contingent on the quality of the application and funding availability. See Section V.C. for a full list of "Other Factors" the selection official may use to make final selections. Additional guidance on addressing the evaluation criteria and the suggested format in the applicant's project narrative is included in Appendix B.

### A. Evaluation Criteria

Evaluation Criteria	Points
<p><b>1. <u>Project Summary and Approach:</u></b> Under this criterion, EPA will evaluate applications based on the extent and quality of its project summary and overall approach to accomplishing the project. Specifically, EPA will evaluate:</p> <ul style="list-style-type: none"><li><b>a. (15 points)</b> The extent and quality of the proposed project and proposed emission reduction activities to be undertaken, consistent with Section I.C.1. (General Requirements) and I.C.2. (Specific Project Requirements).</li><li><b>b. (5 points)</b> The applicant's quantitative analysis of the emissions inventory for the nonattainment area.</li><li><b>c. (5 points)</b> How other activities to reduce emissions from a given source were considered and why the proposed emission reduction solution(s) was chosen.</li><li><b>d. (5 points)</b> A description of how the project will help the designated area make progress toward attaining and maintaining the applicable NAAQS. The applicant should describe</li></ul>	<b>35</b>

Evaluation Criteria	Points
<p>how the proposed emission reduction activities will help address the broader air quality challenges of the nonattainment area.</p> <p>e. <b>(5 points)</b> The applicant’s description of the roles and responsibilities of the applicant’s organization, project partners, contractors, subawardees (subgrantees), or program beneficiaries in carrying out the project; see Appendix C.</p>	
<p>2. <b><u>Environmental Justice:</u></b> Under this criterion, EPA will evaluate applications based on the quality and extent to which the project will promote environmental justice, as defined in Section I.C.3. and:</p> <p>a. <b>(10 points)</b> The extent to which the project benefits people/communities of color, low income, tribal, and indigenous populations (and if applicable other vulnerable populations such as the elderly, children, and those with pre-existing medical conditions) that have been and/or are currently affected by disproportionate and adverse human health, environmental, climate-related and other cumulative impacts (including the accompanying economic challenges of such impacts), including these communities and/or populations that have experienced a lack of resources or other impediments to addressing these adverse impacts.</p> <p>b. <b>(5 points)</b> The extent to which the project addresses engagement with these communities and/or populations (see 2.a. above), especially local residents, to ensure their meaningful participation with respect to the design, planning, and performance of the project.</p>	<b>15</b>
<p>3. <b><u>Environmental Results—Outcomes, Outputs and Performance Measures:</u></b> Under this criterion and as described in Section I.D., EPA will evaluate:</p> <p>a. <b>(10 points)</b> The extent and quality to which the applicant identifies and proposes outputs and outcomes, as described in Section I.D.2. and 3.</p> <p>b. <b>(15 points)</b> The extent to which the project(s) will achieve ongoing reductions of the emissions that contribute to ozone and/or PM<sub>2.5</sub> concentrations. This includes the extent the project will reduce the greatest amount of emissions from key source categories from the nonattainment area’s emission inventory, supporting the lowest emission reduction activities.</p> <p>c. <b>(5 points)</b> The quality and effectiveness of the applicant’s proposed performance measures and plan. These performance measures will be the mechanism to track, measure, and report progress concerning progress of achieving the outputs and outcomes, as described in Section I.D.</p> <p>d. <b>(5 points)</b> The reasonableness of the proposed timeline including key milestones for specific tasks and the likelihood of completion of the project’s goals and objectives by project end.</p>	<b>35</b>
<p>4. <b><u>Programmatic Capability and Past Performance:</u></b> Under this criterion, EPA will evaluate applicants based on their ability to successfully complete and manage the proposed project considering their:</p>	<b>15</b>

Evaluation Criteria	Points
<p><b>a. (5 points)</b> Past performance in successfully managing and completing the federal assistance agreements identified in the project narrative.</p> <p><b>b. (5 points)</b> History of meeting the reporting requirements under the assistance agreements identified in the project narrative. This includes whether the applicant submitted acceptable final reports under those agreements and the extent to which the applicant adequately and timely reported on their progress towards achieving the agreements' expected outputs and outcomes. If such progress was not being made, EPA will take into consideration whether the applicant adequately reported why not.</p> <p><b>c. (5 points)</b> Staff expertise and qualifications, staff knowledge, and resources or the ability to obtain them, to successfully achieve the goals of the proposed project.</p> <p>Note: In evaluating applicants under items a. and b. of this criterion, EPA will consider the information provided by the applicant and may also consider relevant information from other sources including agency files and prior/current grantors (e.g., to verify and/or supplement the information supplied by the applicant). If the applicant does not have any relevant or available past performance or reporting information, please indicate this in the application and the applicant will receive a neutral score for these sub-factors; items a. and b. above – a neutral score is half of the total points available in a subset of possible points. If the applicant does not provide any response for these items, the applicant may receive a score of 0 for these sub-factors.</p>	
<p><b>5. Budget:</b> Under this criterion, EPA will evaluate applicants based on the extent and quality to which:</p> <p><b>a. (5 points)</b> the proposed budget provides a detailed breakout by funding type in the proper budget category for each activity the applicant is requesting funding.</p> <p><b>b. (5 points)</b> Their approach, procedures, and controls ensure that awarded grant funds will be expended in a timely and efficient manner.</p> <p><b>c. (10 points)</b> the proposed costs are reasonable to accomplish the proposed goals, objectives and measurable environmental outcomes.</p> <p>Note: An applicant's SF-424, SF-424A, and budget detail must account for both federal funds and any proposed voluntary cost share; see Section III.B. Applicants must precisely describe in their budget detail and budget forms how they will account for any voluntary cost share/match, if applicable. Leveraged resources should not be included in the budget forms but should be discussed in the narrative portion of the budget detail; see Appendix B.</p>	<b>20</b>
<b>Maximum Total Possible Points</b>	<b>120</b>

## **B. Review and Selection Process**

Eligible applications will be evaluated by the EPA evaluation team which will score and rank the proposals using the evaluation criteria identified above in Section V.A. The evaluation team will consist of EPA staff. Each application will be given a numerical score and will be rank ordered by the evaluation team. The evaluation team will provide its preliminary funding recommendations to the EPA headquarters selection official based on the proposal scores. Final funding decisions will be made by the EPA headquarters selection official based on the rankings and preliminary recommendations of the EPA evaluation team and the other factors listed in Section V.C. below.

## **C. Other Factors**

In making the final funding decisions, the selection official may also consider the following factors: programmatic priorities, which may include diversity of addressed emission sources or types of projects; geographic distribution of funds; how often the nonattainment area is included on Tables 1-3 in the Summary section; level of anthropogenic emissions in the nonattainment area; whether the nonattainment area has received a clean data determination or has an updated design value impacted by any exceptional events demonstrations approved pursuant to 40 CFR 50.14 (e.g., wildfire); and/or population of the nonattainment area. Once final decisions have been made, a funding recommendation will be developed and forwarded to the EPA Award Official.

## **D. Additional Provisions for Applicants Incorporated into the Solicitation**

Additional provisions that apply to this solicitation and/or awards made under this solicitation including the clause on Reporting and Use of Information Concerning Recipient Integrity and Performance can be found at [EPA Solicitation Clauses](#). These, and the other provisions that can be found at the website link, are important, and applicants must review them when preparing applications for this solicitation. If you are unable to access these provisions electronically at the website above, please communicate with the EPA contact listed in VII. to obtain the provisions.

# **VI. AWARD ADMINISTRATION INFORMATION**

## **A. Award Notices**

Following evaluation of applications, all applicants will be notified regarding their status.

- 1. Successful Applicants.** EPA anticipates notification to successful applicants will be made via electronic or postal mail by **September 2021**. The notification will be sent to the original signer of the SF-424 or the project contact listed in the application. This notification, which informs the applicant that its application has been selected and is being recommended for award, is not an authorization to begin work. The official notification of an award will be made by the applicable EPA Regional Grants Management Office.



Applicants are cautioned that only an EPA Award Official is authorized to bind the Government to the expenditure of funds; selection does not guarantee an award will be made. For example, statutory authorization, funding, or other issues discovered during the award process may affect the ability of EPA to make an award to an applicant. The award notice, signed by the EPA Award Official, is the authorizing document and will be provided through electronic or postal mail. The successful applicant may need to prepare and submit additional documents and forms (e.g., work plan), which must be approved by EPA, before the grant or cooperative agreement can officially be awarded. The time between notification of selection and award of a grant or cooperative agreement can take up to 90 days or longer.

2. **Unsuccessful Applicants.** EPA anticipates notification to unsuccessful applicant(s) will be made via email or postal mail by **September 2021**. The notification will be made to the original signer of the SF-424, Application for Federal Assistance.

#### **B. Combining Applications into One Award**

If an applicant submits multiple applications under this competition and EPA selects more than one application for award from the same applicant, EPA may award a single assistance agreement that combines the applicant's selected applications.

#### **C. Administrative and National Policy Requirement**

A listing and description of general EPA Regulations applicable to the award of assistance agreements may be viewed at [EPA's Policies and Guidance for Grants](#).

#### **D. Reporting Requirement**

Quarterly progress reports and a detailed final report will be required; sample templates will be provided by the EPA Project Officer. Quarterly reports summarizing technical progress, progress made on achieving the outputs and outcomes detailed in the project workplan, planned activities for the next quarter and a summary of quarterly and cumulative expenditures are required. All replacement project quarterly reports must include an up-to-date device description tracking sheet for all devices or activities (e.g., mobile on- and nonroad vehicles, engines or equipment; heat devices). In addition, these quarterly reports may require documentation of every replaced or retrofitted device(s) and new replacement device(s), as listed in Section I.D. For demonstration projects, each quarterly report must include outputs, outcomes, and technical progress of other activities included in the workplan, which may include the testing process, results, and performance of the device(s).

The final technical report shall be submitted to EPA within 120 calendar days of the completion of the period of performance. The final technical report must include the following:

- A summary of the project or activity;

- Progress made on achieving the outputs and outcomes detailed in the project workplan;
- Environmental results;
- Advances achieved; and,
- Costs of the project or activity.

For mobile-source replacement, repaired, or retrofitted projects, final reports must include the final fleet description tracking sheet for all replaced, repaired, and deployed vehicles and equipment. For projects involving heat devices, final reports must include the final description tracking sheet for all replaced, repaired, and installed devices. For replacement projects, quarterly and final reports will require documentation of every replaced, repaired, or retrofitted device and new replacement device deployed or properly installed. This includes clear photographic evidence, as described in Section I.C. A description of how the project or activities contributed towards compliance with the SIP or TIP and/or NAAQs must be included. In addition, the final report must discuss the problems, successes, and lessons learned from the project or activity that could help overcome structural, organizational, or technical obstacles to implementing a similar project elsewhere. The schedule for submission of quarterly reports will be established by EPA after award and will be included in the Terms and Conditions. Award recipients may be provided with additional information and guidance on reporting performance measures and project progress after award.

#### **E. Disputes**

Assistance agreement competition-related disputes will be resolved in accordance with the dispute resolution procedures published in 70 FR (Federal Register) 3629, 3630 (January 26, 2005) which can be found at [Grant Competition Dispute Resolution Procedures](#). Copies of these procedures may also be requested by contacting the person listed in Section VII of the announcement. Note, the FR notice references regulations at 40 CFR Parts 30 and 31 that have been superseded by regulations in 2 CFR parts 200 and 1500. Notwithstanding the regulatory changes, the procedures for competition-related disputes remains unchanged from the procedures described at 70 FR 3629-3632, as indicated in 2 CFR Part 1500, Subpart E.

#### **F. Additional Provisions for Applicants Incorporated into the Solicitation**

Additional provisions that apply to this solicitation and/or awards made under this solicitation, including but not limited to those related to confidential business information, contracts and subawards under grants, and application assistance and communications, can be found at [EPA's Solicitation Clauses](#). These, and the other provisions that can be found at the website link, are important, and applicants must review them when preparing applications for this solicitation. If you are unable to access these provisions electronically at the website above, please communicate with the EPA contact listed in this solicitation to obtain the provisions.

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

Recipients must 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 final approved 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. Recipients must 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. Final Approved Workplan and Modifications**

Recipients must agree to carry out the project in accordance with the final approved workplan. Recipients are required to request prior written approval from EPA for any budget or program plan revisions, as defined in 2 CFR §200.308. Proposed modifications to the approved workplan, including additions, deletions, or changes in the schedule, shall be submitted in a timely manner to the EPA project officer for approval. Depending on the type of changes, a formal amendment to the award may be necessary. If activities or technology compatibility issues arise that cannot be resolved, EPA may elect to terminate the cooperative agreement, and if applicable, recover ineligible expenditures from the recipient. Any significant changes to the approved workplan that would result in undermining the integrity of the award competition will not be approved.

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

The following equipment use, management, and disposition instructions are applicable to recipients and subrecipients acquiring equipment under awards resulting from this RFA. State agencies may use, manage, and dispose of equipment acquired under a federal award by the state in accordance with state laws and procedures. Non-state recipients agree that equipment acquired 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 §200.1, Capital assets. Certified or verified technologies, vehicles, engines and nonroad equipment are considered to be equipment to the extent they fall within this definition. Recipients agree that at the end of the project period the recipient will continue to use the equipment 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.

## **VII. AGENCY CONTACT**

For further information, contact:

Tim Roberts

[roberts.timothy-p@epa.gov](mailto:roberts.timothy-p@epa.gov)

All questions or comments must be communicated in writing via postal mail or email to the contact person listed above. Questions and answers will be posted until the closing date of this announcement at the [OAR Grants/Funding webpage](#).

## Appendix A – Grants.gov Submission Instructions

The electronic submission of your application must be made by an official representative of your institution who is registered with Grants.gov and is authorized to sign applications for Federal assistance. For more information on the registration requirements that must be completed in order to submit an application through grants.gov, go to [Grants.gov](https://www.grants.gov) and click on "Applicants" on the top of the page and then go to the "Get Registered" link on the page. If your organization is not currently registered with Grants.gov, please encourage your office to designate an Authorized Organization Representative (AOR) and ask that individual to begin the registration process as soon as possible. Please note that the registration process also requires that your organization have a DUNS number and a current registration with the System for Award Management (SAM) and the process of obtaining both could take a month or more. Applicants must ensure that all registration requirements are met in order to apply for this opportunity through grants.gov and should ensure that all such requirements have been met well in advance of the submission deadline. Registration on Grants.gov, SAM.gov, and DUNS number assignment is FREE. Please see [RAIN-2021-G01](#) for information about EPA's implementation of the upcoming Government-wide transition from DUNS to Unique Entity Identifier (UEI).

Applicants need to ensure that the AOR who submits the application through Grants.gov and whose DUNS is listed on the application is an AOR for the applicant listed on the application. Additionally, the DUNS listed on the application must be registered to the applicant organization's SAM account. If not, the application may be deemed ineligible.

To begin the application process under this grant announcement, go to [Grants.gov](https://www.grants.gov) and click on "Applicants" on the top of the page and then "Apply for Grants" from the dropdown menu and then follow the instructions accordingly. Please note: To apply through Grants.gov, you must use Adobe Reader software and download the compatible Adobe Reader version. For more information about Adobe Reader, to verify compatibility, or to download the free software, please visit [Adobe Reader Compatibility Information on Grants.gov](#).

You may also be able to access the application package for this announcement by searching for the opportunity on [Grants.gov](https://www.grants.gov). Go to [Grants.gov](https://www.grants.gov) and then click on "Search Grants" at the top of the page and enter the Funding Opportunity Number, EPA-OAR-OAQPS-21-03, or the assistance listing number 66.956, in the appropriate field and click the Search button.

Please Note: All applications must be submitted through [Grants.gov](https://www.grants.gov) using the "Workspace" feature. Information on the Workspace feature can be found at the [Grants.gov Workspace Overview Page](#).

**Application Submission Deadline:** Your organization's AOR must submit your complete application package electronically to EPA through [Grants.gov](https://www.grants.gov) no later than **June 24, 2021** at 11:59 PM ET. Please allow for enough time to successfully submit your application and allow

for unexpected errors that may require you to resubmit.

Please submit all of the application materials described below using the [Grants.gov](https://www.grants.gov) application package that you downloaded using the instructions above.

## **Application Materials**

The following forms and documents are required under this announcement, as described in Section IV.C. and Appendix B:

### **Mandatory Documents:**

- Standard Form 424, *Application for Federal Assistance*. Please note that the organizational Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number must be included on the SF-424. Organizations may obtain a DUNS number at no cost by calling the toll-free DUNS number request line at 1-866-705-5711.
- Standard Form 424A, *Budget Information for Non-Construction Programs*
- EPA Form 4700-4, *Pre-Award Compliance Review Report*
- EPA Form 5700-54, *Key Contacts Form*
- Project Narrative Attachment Form, *Project Narrative*
- Use Other Attachments From for the following mandatory documents:
  - Emissions Inventories
  - Emissions Reduction Calculations
  - Voluntary Cost Share Commitment Letter(s), if applicable

Optional Attachment Documents. Use the “*Other Attachments*” form identified under the Mandatory Documents tab to submit the following:

- Project Team Biographies
- Negotiated Indirect Cost Rate Agreement, note that this will be required if application is selected for funding
- Partnership Letter(s)
- Approval Letter, if applicable to use alternate means to submit initial application

When saving application files, please ensure that the following characters are **not** included in the file names: ~ “ # % & \* : < > ? / \ { | }. Including these characters can cause problems with application files.

Applications submitted through [Grants.gov](https://www.grants.gov) will be time and date stamped electronically. If you have not received a confirmation of receipt from EPA (not from [Grants.gov](https://www.grants.gov)) within 30 days of the application deadline, please contact the Agency contact in Section VII. Failure to do so may result in your application not being reviewed.

## **Technical Issues with Submission**

1. Once the application package has been completed, the "Submit" button should be enabled. If the "Submit" button is not active, please call Grants.gov for assistance at 1-800-518-4726. Applicants who are outside the U.S. at the time of submittal and are not able to access the toll-free number may reach a Grants.gov representative by calling 606-545-5035. Applicants should save the completed application package with two different file names before providing it to the AOR to avoid having to re-create the package should submission problems be experienced or a revised application needs to be submitted.

2. Submitting the application. The application package must be transferred to Grants.gov by an AOR. The AOR should close all other software before attempting to submit the application package. Click the "submit" button of the application package. Your Internet browser will launch and a sign-in page will appear. **Note: Minor problems are not uncommon with transfers to Grants.gov. It is essential to allow sufficient time to ensure that your application is submitted to Grants.gov BEFORE the due date identified in Section IV of the solicitation.** The Grants.gov support desk operates 24 hours a day, seven days a week, except Federal Holidays.

A successful transfer will end with an on-screen acknowledgement. For documentation purposes, print or screen capture this acknowledgement. If a submission problem occurs, reboot the computer turning the power off may be necessary and re-attempt the submission. Note: Grants.gov issues a "case number" upon a request for assistance.

3. Transmission Difficulties. If transmission difficulties that result in a late transmission, no transmission, or rejection of the transmitted application are experienced, and following the above instructions do not resolve the problem so that the application is submitted to [Grants.gov](https://www.grants.gov) by the deadline date and time, follow the guidance below. The Agency will make a decision concerning acceptance of each late submission on a case-by-case basis. All emails, as described below, are to be sent to Tim Roberts ([roberts.timothy-p@epa.gov](mailto:roberts.timothy-p@epa.gov) or 202-564-6004) with the FON in the subject line. Be aware that EPA will only consider accepting applications that were unable to transmit due to [Grants.gov](https://www.grants.gov) or relevant <https://www.sam.gov/SAM/> system issues or for unforeseen exigent circumstances, such as extreme weather interfering with internet access. Failure of an applicant to submit timely because they did not properly or timely register in SAM.gov or Grants.gov is not an acceptable reason to justify acceptance of a late submittal.

If you are experiencing problems resulting in an inability to upload the application to Grants.gov, it is essential to call [Grants.gov](https://www.grants.gov) for assistance at 1-800-518-4726 before the application deadline. Applicants who are outside the U.S. at the time of submittal and are not able to access the toll-free number may reach a Grants.gov representative by calling 606-545-5035. Be sure to obtain a case number from Grants.gov. If the problems stem from unforeseen exigent circumstances unrelated to Grants.gov, such as extreme weather interfering with

internet access, contact Tim Roberts at 202-564-6004.

4. Unsuccessful transfer of the application package: If a successful transfer of the application cannot be accomplished even with assistance from Grants.gov due to electronic submission system issues or unforeseen exigent circumstances, and you have already attempted to resolve the issue by contacting Grants.gov, send an email message to Tim Roberts at [roberts.timothy-p@epa.gov](mailto:roberts.timothy-p@epa.gov) prior to the application deadline. The email message must document the problem and include the Grants.gov case number as well as the entire application in PDF format as an attachment.

5. Grants.gov rejection of the application package: If a notification is received from Grants.gov stating that the application has been rejected for reasons other than late submittal and it is too late to reapply, promptly send an email to Tim Roberts at [roberts.timothy-p@epa.gov](mailto:roberts.timothy-p@epa.gov) with the FON in the subject line within one business day of the closing date of this solicitation. The email should include any materials provided by Grants.gov and attach the entire application in PDF format.

Please note that successful submission through Grants.gov or via email does not necessarily mean your application is eligible for award.



## Appendix B – Project Narrative Instructions, Format, and Content

**Instructions:** The project narrative must substantially comply with the instructions, format, and content described below. It must also address the evaluation criteria in Section V.A. of the RFA. The project narrative, including the cover page, workplan, and budget table and detail, must not exceed a maximum of 15 single-spaced typewritten pages. Pages in excess of the 15-page limit will not be reviewed. As noted in Appendix A, the following required materials may be submitted using the Optional Attachments form and are not subject to the 15-page limit:

- Emission Inventories;
- Emission Reduction Calculations; and,
- Voluntary Cost Share Commitment Letter(s), if applicable.

Supporting materials, such as project team biographies, partnership letters, and negotiated indirect cost rate agreements can be submitted as attachments and are not included in the 15-page limit. Supporting materials should also be submitted using the Optional Attachments form.

Applicants should ensure that their project narratives are written clearly using understandable terms. Doing so will help ensure that the evaluation team members understand the purpose, outputs, and outcomes of the proposed project.

Applicants are not required, but highly encouraged, to use the project narrative, including cover page, format below.

### I. Cover Page:

The cover page should not exceed one page. The cover page should include the following information:

- **Project Title** – one descriptive sentence only
- **Project Location:** List the primary nonattainment area(s) (see the Summary section of the RFA) where the emission benefits of the project will be realized.
- **Applicant Information**
  - Applicant organization
  - Address
  - Primary contact name, phone number, and e-mail address
  - DUNS number
- **Budget Summary:** Include the following table:

EPA Funding Requested	Voluntary Cost Share, if Applicable	Total Project Cost
TBD	TBD	TBD

As noted in Section II.A. of the RFA, while each application can request up to the full funding amount of \$8,000,000, the total amount of requested funding needs to be commensurate with the applicant’s proposed activities, considering the emissions inventory and emissions sources in the applicable nonattainment area.

- **Project Period:** Provide beginning and ending dates. Projects are anticipated to begin by the end of calendar year 2021 and end no more than five years after the project start date.
- **Short Project Description:** Briefly describe your project in one to three sentences only,

especially noting the total number of equipment or technology affected (e.g., five diesel fueled Type C school buses with battery-electric buses; replace 100 residential non-certified wood burning appliances with electric heat pumps).

## **II. Workplan:**

Applicants must ensure that the workplan addresses the evaluation criteria in Section V. of the RFA. Applicants should use the section and subsection numbers and headings below which correspond with the evaluation criteria in Section V.A. of the RFA. The workplan should be written clearly using understandable terms.

### **Section 1- Project Summary and Approach (35 total possible points from Section V.A. of the RFA)**

This section should contain a detailed project description of the following information:

#### **a. Detailed Project Summary (15 possible points)**

Provide a detailed project summary and description of the proposed emission reduction activities to be undertaken, consistent with Section I.C.1. (General Requirements) and I.C.2. (Specific Project Requirements) of the RFA. Include details of every activity for which the applicant is seeking funding. This section should include details about how the activities will meet the goal of the targeted airshed program to achieve documentable reductions of emissions that contribute to ozone and/or PM<sub>2.5</sub> concentrations. For ozone nonattainment areas, applicants should describe how the activities will reduce emissions that contribute to ozone. Applicants should describe how the activities will reduce emissions that contribute to PM<sub>2.5</sub> if the project is for a PM<sub>2.5</sub> nonattainment area. The applicant should identify and explain any activities that may occur outside of the applicable nonattainment area.

Applications should only include information in Section 1.a. of their workplan that will not be covered by another section of their workplan. Applicants should be aware that they should address Section I.C.3. of the Scope of Work section under Section 2. of the workplan. Applicants should address anticipated outputs and outcomes of the proposed project, including estimated emission reductions, under Section 3.a. of their workplan.

#### **b. Emissions Inventory (5 possible points)**

A qualitative description and quantitative data of the applicant's analysis of the emissions inventory for all relevant air pollutants of the nonattainment area should be included. Ozone nonattainment areas will be evaluated based on the reduction of emissions that contribute to ozone, while PM<sub>2.5</sub> nonattainment areas will be evaluated based on the reduction of emissions that contribute to PM<sub>2.5</sub>. The applicant should provide quantitative emissions inventories of the source category(ies) of the project, as well as other key relevant source categories. Specific calculations and methodologies on how this data was derived must be included in the mandatory emissions inventories attachment, which does not count towards the project narrative 15-page limit.

**c. Consideration of Activities (5 possible points)**

Include how other available activities to reduce emissions from a given source were considered. Explain why the proposed emission reduction solution(s) was chosen compared to the other options. If the emission reduction activity does not include the lowest emission activity(ies) available, explain why this activity(ies) was not chosen.

**d. Progress Towards Attainment (5 possible points)**

The applicant should provide information on how the project is expected to help the designated area make progress toward attaining and maintaining the NAAQS for the relevant pollutant(s). The applicant should describe how the proposed emission reduction activities will help address the broader air quality challenges of the nonattainment area. For those activities that are not currently included in the SIP or TIP, which may include demonstration projects, explain why not. The applicant should provide details about the possible inclusion of these activities in a future SIP or TIP.

**e. Roles and Responsibilities (5 possible points)**

The applicant should include a discussion of the roles and responsibilities of the applicant organization and any other project partners, contractors, sub-grantees (subgrantees), or program beneficiaries. Applicants should discuss whether their agency will directly implement the project or fund project partners through subgrants, contracts, and/or participant support costs as described in Appendix C. Partnerships letter(s) should be included in the application as an attachment if applicable, which do not count towards the 15-page project narrative page limit; see Section IV.C. of the RFA. These partnership letters should describe the partner's roles in the proposed project. Partnership letters related to community involvement will be evaluated under Criterion 2.c. of the Evaluation Criteria. Applicants should discuss their partnerships related to community involvement in more detail under Section 2.c of their workplan.

**Section 2- Environmental Justice (15 total possible points from Section V.A. of the RFA)**

**a. Environmental Justice Issues and Environmental Health Disparities (10 possible points)**

This section of the workplan should include a detailed discussion of how the proposed project will promote environmental justice, as described in Section I.C.3. of the RFA. Environmental justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies. Priority for funding is given to projects which promote environmental justice.

Applicants should describe how the project will effectively address the disproportionate and adverse cumulative impacts (human health, environmental, climate-related and others) that have affected and/or currently affect people/communities of color, low income, tribal, and indigenous populations, and if applicable other vulnerable populations such as the elderly, children, and those with pre-existing medical conditions. Adverse impacts may be the result of industrial, governmental, commercial and/or other actions

and include the accompanying economic challenges of such impacts.

As applicable, applicants should demonstrate how the project benefits these communities and/or populations including those in the communities/populations that have experienced a lack of resources or other impediments to addressing the adverse impacts described above. Additionally, applicants should describe the extent to which the project addresses engagement with these communities and/or populations, especially local residents, to ensure their meaningful participation with respect to the design, planning, and performance of the project.

NOTE: Disproportionate and adverse environmental, human health, climate-related and other cumulative impacts, as well the accompanying economic challenges of such impacts, may result when greater pollution burdens or consequences, and the impact of them, are more likely to affect people/communities of color, low income, tribal and indigenous populations and vulnerable populations including those identified above. The impacts may result from various factors including but not limited to being a function of historical trends and policy decisions.

Factors that may indicate disproportionate and adverse impacts as referenced above include:

- Differential proximity and exposure to environmental hazards;
- Greater susceptibility to adverse effects from environmental hazards (due to genetic predisposition, age, chronic medical conditions, lack of health care access, or poor nutrition);
- Unique environmental exposures because of practices linked to cultural background or socioeconomic status (e.g., subsistence fishing or farming);
- Cumulative effects from multiple stressors;
- Reduced ability to effectively participate in decision-making processes due to language barriers, inability to access traditional communication channels, or limited capacity to access technical and legal resources; and
- Degraded physical infrastructure, such as poor housing, poorly maintained public buildings (e.g., schools), or lack of access to transportation.

Applicants are encouraged, as appropriate, to include data from EPA's [EJSCREEN](#) tool (or other EJ-focused geospatial mapping tools) as part of their application to help characterize and describe the affected communities/populations and area(s). Data from other sources (e.g., studies, census, and third-party reports) should also be included to give a more complete picture of the impacted communities and populations. Instructions, resources, and tutorials on how to use EJSCREEN are included at the hyperlink above.

**b. Community Engagement (5 possible points)**

In addition to the information included under 2.a. above, applicants should describe the extent to which the project addresses engagement with these communities and/or populations, especially local residents, to ensure their meaningful participation with

respect to the design, planning, and performance of the project.

**Section 3- Environmental Results—Outcomes, Outputs and Performance Measures (35 total possible points from Section V.A. of the RFA)**

**a. Expected Project Outputs and Outcomes (10 possible points)**

Identify the expected quantitative and qualitative outcomes and outputs of the project as defined in Section I.D. of the RFA. Specific outputs and outcomes should be provided and may include short- and longer-term activities. In addition to a narrative discussion of the outputs and outcomes, the applicant is encouraged to include a table such as the following:

**Example of Outputs and Outcome Table**

<i>Anticipated Outputs and Outcomes</i>	
<i>Outputs</i>	<i>Outcomes</i>
<i>Replace 10 diesel fueled Type C school buses model year 2009 or older with battery-electric zero-tailpipe emission buses</i>	<i>Annual School Bus Emissions = X tons of NO<sub>x</sub>, Y tons of PM<sub>2.5</sub>. Z tons of CO, etc.</i>
	<i>Lifetime School Bus Emission Reductions (over X years) = X tons of NO<sub>x</sub>, Y tons of PM<sub>2.5</sub>. Z tons of CO, etc.</i>
	<i>Annual Diesel Fuel Reduced = X gallons</i>
	<i>Lifetime Annual Diesel Fuel Reduced (over X years) = Y gallons</i>
<i>Replace 100 residential non-EPA certified wood burning appliances with 25 EPA certified wood burning devices and 75 electric heat pumps</i>	<i>Annual Woodstove Emissions = X tons of NO<sub>x</sub>, Y tons of PM<sub>2.5</sub>. Z tons of VOCs, etc</i>
	<i>Lifetime Woodstove Emissions (over X years) = X tons of NO<sub>x</sub>, Y tons of PM<sub>2.5</sub>. Z tons of VOCs, etc.</i>

**b. Expected Emission Reductions (15 points possible)**

Applicants should describe how the project(s) will achieve ongoing reductions of the emissions that contribute to ozone and/or PM<sub>2.5</sub> concentrations in the applicable nonattainment area. Applicants should describe the extent the project will reduce the greatest amount of emissions from key source categories from the nonattainment area’s emission inventory, supporting the lowest emission reduction activities. Ozone nonattainment areas will be evaluated based on the reduction of emissions from key source categories that contribute to ozone, while PM<sub>2.5</sub> nonattainment areas will be evaluated based on the reduction of emissions from key source categories that contribute to PM<sub>2.5</sub>. As listed in Section I.D. of the RFA, include an estimate of emissions that will

be reduced both annually and over the lifetime of the project for every type of activity for each individual pollutant, as applicable.

For demonstration projects, the future estimated emission reductions of wider deployment of the project may be included. Applicants should provide an explanation of the rationale and quantification used for assumptions, as well as any policies, regulations, or other activities that will support a wider adoption of the demonstration project. Ensure these explanations are included in the project narrative and how these assumptions are calculated in the estimated emissions reduction calculation attachment.

Applicants must provide the quantification used to calculate these estimated emission reductions as described in Section 1.C. and Section 8 of this appendix. These calculations must be included as a mandatory emissions reduction calculations attachment, as listed in Section IV.C. of the RFA; this mandatory attachment does not count towards the 15-page limit of the project narrative.

**c. Performance Measures and Plan (5 possible points)**

Applicants should describe the proposed performance measures, which will be the mechanism to track, measure, and report progress towards achieving the expected outputs and outcomes. Applicants should describe their plan for tracking and measuring progress toward achieving the expected project outputs and outcomes and how the results of the project will be evaluated, as described in Section I.D. of the RFA and Section 3.a. of this appendix.

**d. Timeline and Milestones (5 possible points)**

The applicant should include a detailed timeline for the project including milestones for specific tasks, such as bidding, procurement, installation, and reports, along with estimated dates. Applicant should include scheduled time for quarterly and final report preparation into the project timeline.

**Section 4- Programmatic Capability and Past Performance (15 total possible points from Section V.A. of the RFA)**

**a. Past Performance (5 possible points)**

Submit a list of one to three federally-funded assistance agreements to the applicant similar in size, scope, or relevance to the proposed project that the applicant is performing or has performed within the last three years. Assistance agreements include federal grants and cooperative agreements but not federal contracts. EPA assistance agreements are preferred. These assistance agreements should include awards directly to the applicant and not to any subawardees/subgrantees and/or named contractor that may be involved in the proposed project. For each of the agreements, include:

- Project title
- Assistance agreement number

- Federal funding agency and assistance listing number (formally known as the CFDA number)
- Brief description of the agreement – no more than two sentences

Include a discussion of whether, and if so how, the applicant was able to successfully complete and manage the listed agreements.

**b. Reporting Requirements (5 possible points)**

For each of the assistance agreements listed, the applicant should describe the applicant’s history of meeting the reporting requirements under the agreement. This should include:

- Whether the applicant submitted acceptable final reports under those agreements;
- The extent to which the applicant adequately and timely reported on its progress towards achieving the expected outputs and outcomes under those agreements; and/or;
- If progress was not being made, whether the applicant adequately reported why not, which will be taken into consideration.

Note: In evaluating applicants under factors V.A.5.a. and b. of the RFA, EPA will consider the information provided by the applicant and may also consider relevant information from other sources, including information from EPA files and from current/prior grantors (e.g., to verify and/or supplement the information provided by the applicant). If the applicant does not have any relevant or available past performance or past reporting information, please indicate this in the application to receive a neutral score for these factors, which is half of the total points available for these sub-criteria in Section V.A. of the RFA. If the applicant does not provide any response for these items, a score of 0 for these factors may be received.

**c. Staff Expertise (5 possible points)**

Include information on the applicant’s organization, including a description of the staff’s knowledge, expertise, qualifications, and resources or the ability to obtain them, to successfully achieve the proposed project’s goals. Biographical sketches, including resumes or curriculum vitae for key staff, managers and any other key personnel can be included as an optional project team biography attachment, as listed in Section IV.C.6. of the RFA; the optional attachment does not count towards the 15-page limit of the project narrative.

**Section 5- Budget (20 total possible points from Section V.A. of the RFA)**

This section of the project narrative is a detailed description of the budget found in the SF-424A and must include a discussion of the applicant’s approach to ensuring proper management of grant/cooperative agreement funds, a detailed budget narrative, as well as the itemized budget table below. An applicant’s budget table and budget narrative must account for both federal funds and any non-federal voluntary cost share, if applicable. Selected applicant(s) will need to submit a copy of their current indirect cost rate that has been negotiated with a federal cognizant agency prior to award. Additional guidance for developing the applicant’s budget is available in

[RAIN-2019-G02, “Interim General Budget Development Guidance for Applicants and Recipients of EPA Financial Assistance.”](#)

**Voluntary Cost Sharing/Matching Funds and Leveraged Resources:** Applicants should be aware that voluntary cost sharing/matching and leveraged resources are not required under this RFA and will not be evaluated. However, applicants may propose to provide voluntary cost share or leveraged resources. Applicants should be aware of the differences between proposed voluntary cost sharing/matching and leveraged resources as described under Section III.B. of the RFA.

Applicants who propose to use a voluntary cost share must include the costs or contributions for the voluntary cost share in the project budget on the SF-424, SF-424A, and budget detail described later in this section. If a proposed voluntary cost share is to be provided by a named third-party/parties and not the applicant, a Voluntary Cost Share Commitment Letter(s) must be attached to the application as described in Section IV.C. of the RFA, which does not count towards the 15-page project narrative page limit. The budget detail described under this section of this appendix must clearly specify the amount of federal funding and the cost share amount for each category of total project costs. The recipient is legally obligated to meet any proposed voluntary cost share that is included in the approved project budget.

If an applicant proposes to provide leveraged resources, such resources should not be included in the project budget on the SF-424 or SF-424A. Leveraged resources should only be described in the applicant’s project narrative. The applicant should demonstrate how it will leverage additional funds/resources beyond the federal grant funds awarded to support the proposed project activities and how these funds/resources will be used to contribute to the performance and success of the proposed project. This includes but is not limited to funds and other resources leveraged from businesses, labor organizations, non-profit organizations, education and training providers, and/or federal, state, tribal, and local governments, as appropriate.

If the proposed voluntary cost sharing/matching or leveraging does not materialize during grant performance, EPA may reconsider the legitimacy of the award and/or take other appropriate action authorized under 2 CFR Part 200.

**a. Budget Detail** (5 possible points)

Whether the proposed budget provides a detailed breakout by funding type included in the proper budget category for each activity requesting funds.

Applicants should provide a detailed breakout by funding type included in the proper budget category for each activity requesting funds. Applicants should use the instructions, budget object class descriptions, and example table below to complete the detailed budget section of the project narrative. The budget detail and the budget table should be included in the project narrative and count towards the maximum 15-page limit. Additional budget documents, excluding the SF-424 and SF-424A forms, or project narratives pages in excess of the page limitation will not be reviewed, as listed in Section



III.D. of the RFA. Applicants should include applicable rows of costs for each budget category in their budget table to accurately reflect the proposed project budget. Applicants must itemize costs related to personnel, fringe benefits, travel, equipment, installation or labor supplies, contractual costs, other direct costs (i.e., subawards, participant support costs), indirect costs, and total costs. If providing a voluntary cost share, the budget detail must clearly specify the amount of federal funding and the cost share amount for each category. For applicants proposing to implement a participant support cost or rebate program, the rebates are appropriately listed under the Other budget category as “Participant Support Costs.” See Appendix C for more information on participant support costs and [RAIN-2018-G05, “EPA Guidance on Participant Support Costs.”](#)

- **Personnel - List all staff positions by title. Give annual salary, percentage of time assigned to the project, and total cost for the budget period.** This category includes only direct costs for the salaries of those individuals who will perform work directly for the project (paid employees of the applicant organization as reflected in payroll tax records). If the applicant organization is including staff time (in-kind services) as a cost-share, this should be included as Personnel costs. Personnel costs do not include: (1) costs for services of contractors (including individual consultants), which are included in the “Contractual” category; (2) costs for employees of subrecipients under subawards or non-employee program participants (e.g., interns or volunteers), which are included in the “Other” category; or (3) effort that is not directly in support of the proposed project, which may be covered by the organization’s negotiated indirect cost rate. The budget detail must identify the personnel category type by Full Time Equivalent (FTE), including percentage of FTE for part-time employees, number of personnel proposed for each category, and the estimated funding amounts.
- **Fringe Benefits - Identify the percentage used, the basis for its computation, and the types of benefits included.** Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits may include, but are not limited to the cost of leave, employee insurance, pensions and unemployment benefit plans. If the applicant’s fringe rate does not include the cost of leave, and the applicant intends to charge leave to the agreement, it must provide supplemental information describing its proposed method(s) for determining and equitably distributing these costs.
- **Travel - Specify the mileage, per diem, estimated number of trips in-state and out-of-state, number of travelers, and other costs for each type of travel.** Travel may be: integral to the purpose of the proposed project (e.g., inspections); related to proposed project activities (e.g., attendance at meetings); or to a technical training or workshop that supports effective implementation of the project activities. Only include travel costs for employees in the travel category. Travel costs do not include: (1) costs for travel of contractors (including consultants), which are included in the

“Contractual” category; (2) travel costs for employees of subrecipients under subawards and non-employee program participants (e.g., trainees), which are included in the “Other” category. Further, travel does not include bus rentals for group trips, which would be covered under the contractual category. Finally, if the applicant intends to use any funds for travel outside the United States, it must be specifically identified. All proposed foreign travel must be approved by EPA’s Office of International and Tribal Affairs prior to being taken.

- **Equipment - Identify each item to be purchased which has an estimated acquisition cost of \$5,000 or more per unit and a useful life of more than one year.** Equipment also includes accessories necessary to make the equipment operational. Equipment does not include: (1) equipment planned to be leased/rented, including lease/purchase agreement; or (2) equipment service or maintenance contracts that are not included in the purchase price for the equipment. These types of proposed costs should be included in the “Other” category. Items with a unit cost of less than \$5,000 should be categorized as supplies, pursuant to 2 CFR 200.1, “Equipment.” The budget detail must include an itemized listing of all equipment proposed under the project. If installation costs are included in the equipment costs, labor expenses shall be itemized with the detailed number of hours charged and the hourly wage. If the applicant has written procurement procedures that define a threshold for equipment costs that is lower than \$5,000, then that threshold takes precedence.
- **Supplies - “Supplies” means all tangible personal property other than “equipment.”** The budget detail should identify categories of supplies to be procured (e.g., laboratory supplies or office supplies). Non-tangible goods and services associated with supplies, such as printing service, photocopy services, and rental costs should be included in the “Other” category.
- **Contractual - Identify each proposed contract and specify its purpose and estimated cost.** Contractual services (including consultant services) are those services to be carried out by an individual or organization, other than the applicant, in the form of a procurement relationship. [EPA’s Subaward Policy and supplemental Frequent Questions](#) has detailed guidance available for differentiating between contractors and subrecipients. Leased or rented goods (equipment or supplies) should be included in the “Other” category. EPA does not require applicants to identify specific contractors. The applicant should list the proposed contract activities along with a brief description of the anticipated scope of work or services to be provided, proposed duration, and proposed procurement method (competitive or non-competitive), if known. Any proposed non-competed/sole-source contracts in excess of \$3,500 must include a justification. Note that it is unlikely that EPA will accept proposed sole source contracts for goods and services (e.g., consulting) that are widely available in the commercial market. Refer to [EPA’s Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements](#)

for EPA’s policies on competitive procurements and encouraging the use of small and disadvantaged business enterprises.

- **Other - List each item in sufficient detail for EPA to determine the reasonableness and allowability of its cost.** This category should include only those types of direct costs that do not fit in any of the other budget categories. Examples of costs that may be in this category are: insurance; rental/lease of equipment or supplies; equipment service or maintenance contracts; printing or photocopying; participant support costs such as non-employee training stipends and travel, subsidies or rebates for purchases of pollution control equipment (such as a specified amount of funding for residential woodstove changeouts or truck owners to purchase cleaner trucks); and subaward costs. Applicants should describe the items included in the “Other” category and include the estimated amount of participant support costs in a separate line item. Additional information about participant support costs is contained in [RAIN-2018-G05, “EPA Guidance on Participant Support Costs.”](#)

Subawards (e.g., subgrants) and participant support costs are a distinct type of cost under this category. The term “subaward” means an award of financial assistance (money or property) by any legal agreement made by the recipient to an eligible subrecipient even if the agreement is referred to as a contract. Rebates, subsidies, and similar one-time, lump-sum payments to program beneficiaries for purchase of eligible emission control technologies are considered participant support costs. Please refer to Appendix C for detailed guidance on funding projects and partnerships and how to correctly categorize these costs in the workplan budget. “Other” does not include procurement purchases, technical assistance in the form of services instead of money, or other assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct appropriations. Subcontracts are not subawards and belong in the contractual category. Applicants must provide the aggregate amount they propose to issue as subaward work as a separate line item in the “Other” category, and a description of the types of activities to be supported. Refer to [EPA’s Subaward Policy and supplemental Frequent Questions](#) for additional guidance.

- **Indirect Charges - If indirect charges are budgeted, indicate the approved rate and base.** Indirect costs are those incurred by the grantee for a common or joint purpose that benefit more than one cost objective or project and are not readily assignable to specific cost objectives or projects as a direct cost. Examples of Indirect Cost Rate calculations are shown below:
  - Personnel (Indirect Rate x Personnel = Indirect Costs)
  - Personnel and Fringe (Indirect Rate x Personnel & Fringe = Indirect Costs)
  - Total Direct Costs (Indirect Rate x Total direct costs = Indirect Costs)
  - Direct Costs, less distorting or other factors such as contracts and equipment (Indirect Rate x (total direct cost – distorting factors) = Indirect Costs)

Additional indirect cost guidance is available in [RAIN-2018-G02, “Indirect Cost Guidance for Recipients of EPA Assistance Agreements.”](#)

**Example Budget Table (Required, part of the 15-page limit)**

Line Item & Itemized Cost	EPA Funding <sup>1</sup>	Non-Federal Cost Share <sup>2</sup>
<b>Personnel</b>		
(1) Project Manager @ \$40/hr x 10 hrs/wk x 208 wks	\$83,200	
(2) Project Staff @ \$30/hr x 40 hrs/wk x 208 wks	\$249,600	
<b>TOTAL PERSONNEL</b>	<b>\$332,800</b>	
<b>Fringe Benefits</b>		
20% of Salary and Wages @ 20% x Total Personnel - Retirement, Health Benefits, FICA, SUI	\$66,560	
<b>TOTAL FRINGE BENEFITS</b>	<b>\$66,560</b>	
<b>Travel</b>		
Mileage for PM: 25 miles/wk @ \$.17/mi x 208 wks	\$884	
Mileage for Staff: 50 mi/wk @ \$.17/mi x 208 wks	\$1,768	
<b>TOTAL TRAVEL</b>	<b>\$2,652</b>	
<b>Equipment</b>		
10 Electric Trucks and Charging Equipment Owned by the Applicant @ \$360,000/unit	\$3,600,000	
<b>TOTAL EQUIPMENT</b>	<b>\$3,600,000</b>	
<b>Supplies</b>		
Outreach Materials and Supplies	\$10,000	
<b>TOTAL SUPPLIES</b>	<b>\$10,000</b>	
<b>Contractual</b>		
Charging Equipment Installation	\$55,000	
<b>TOTAL CONTRACTUAL</b>	<b>\$55,000</b>	
<b>Other</b>		
Subaward/subgrant to School District for 50% of 10 Electric Type C Buses @ \$420,000/unit plus \$32,000 in personnel costs	\$2,100,000	\$2,100,000
	\$32,000	
Participant Support Costs/Rebates for 50% 100 Woodstove Changeouts (\$4,400 per Pellet Stove @ 50% x 100)	\$220,000	
<b>TOTAL OTHER</b>	<b>\$2,352,000</b>	<b>\$2,100,000</b>

1 EPA Funding amount must be included on the SF-424 in Section 18.a and SF-424A in: cell 5(e) under Section A – Budget Summary; and Column (1) under Section B – Budget Categories.

2 Non-Federal Cost Share funding amount must be included on the SF-424 in Section 18.b-e and SF424A in: cell 5(f) under Section A – Budget Summary; columns (2) and (3) under Section B – Budget Categories; and Section C – Non-Federal Resources.

Line Item & Itemized Cost	EPA Funding <sup>1</sup>	Non-Federal Cost Share <sup>2</sup>
<b>Indirect Charges</b>		
(Federal Negotiated Indirect Cost Rate = 20%)		
Federal Indirect Cost Rate x Personnel = Indirect Costs	\$66,560	
TOTAL INDIRECT	\$66,560	
<b>TOTAL FUNDING</b>	<b>\$6,485,572</b>	<b>\$2,100,000</b>
<b>TOTAL PROJECT COST<sup>3</sup></b>		<b>\$8,585,572</b>
<b>Leveraged Resources<sup>4</sup></b>		
Rebate Program Participant's Share of Stoves (\$4,400 per Pellet Stove @ 50% x 100)		\$220,000

**Note on Management Fees:** When formulating budgets for applications, applicants must not include management fees or similar charges in excess of the direct costs and indirect costs at the rate approved by the applicant's cognizant federal audit agency, or at the rate provided for by the terms of the agreement negotiated with EPA. The term "management fees or similar charges" refers to expenses added to the direct costs in order to accumulate and reserve funds for ongoing business expenses, unforeseen liabilities, or for other similar costs that are not allowable under EPA assistance agreements. Management fees or similar charges cannot be used to improve or expand the project funded under this agreement, except to the extent authorized as a direct cost of carrying out the work plan.

**b. Expenditure of Awarded Funds (5 possible points)**

Applicants should provide a detailed written description of the applicant's approach, procedures, and controls for ensuring that awarded grant funds will be expended in a timely and efficient manner.

**c. Reasonableness of Costs (10 possible points)**

EPA will evaluate the reasonableness of the applicant's budget based on the applicant's narrative description of the budget and detailed breakout of requested funding for each work component or task. Provide a detailed description of every itemized cost, including how every cost relates to the project narrative and specific emission reduction activities. Instructions for what to include in the Budget Detail are described in Section 5.a. of this Appendix above.

<sup>3</sup> Total Project Cost must be included on the SF-424 in Section 18.g and SF-424A in: cell 5(g) under Section A – Budget Summary; and column (5), Row k under Section B – Budget Categories.

<sup>4</sup> Other leveraged resources should be included in the Budget Detail if the applicant is proposing to implement a rebate program/participant support costs for equipment purchases. The program participant's share of the equipment that is not covered by the rebate is not part of the total project cost under the grant award; the program participant's share of the equipment that is not covered by the rebate is considered "other leveraged funds." Other Leveraged Resources should NOT be included in the SF-424 and SF-424A.

Applicants must itemize the cost categories as listed below and the SF-424A form: personnel, fringe benefits, contractual costs, travel, equipment, supplies, contractual costs, other direct costs (subawards, participant support costs), indirect costs, and total costs. Round up to the nearest dollar and do not use any cents.

For applicants that provide a voluntary cost share/match or leveraged resources as described in Section III.B. of the RFA and Section 5 of this appendix, the budget narrative must include a detailed description of how the applicant will obtain the cost share and leveraged resources and how the cost share funding and leveraged resources will be used. Proposed voluntary cost share included in the budget detail must also be included on the SF-424 and SF-424A. Leveraged resources should not be included in the SF-424 or SF-424A.

Recipients may issue subawards, contracts, or participant support costs to implement projects. Please refer to Appendix C for detailed guidance on these funding options and how to correctly categorize these costs in the workplan budget.

**Section 6 - Attachments (As listed in Section IV.C. of the RFA; this information does not count towards the project narrative 15-page limit):**

**Emissions Inventories:** Mandatory. Include additional data of the source category(ies) of the proposed project, and any other key relevant source categories, including calculations and methodologies. The applicant should provide quantitative emissions inventories of the source category(ies) of the proposed project, as well as other key relevant source categories. Specific calculations and methodologies on how this data was derived must be included in the mandatory emissions inventory attachment. This should be referenced in Section 1.B. of the workplan.

**Emission Reduction Calculations:** Mandatory. Applicants must provide information on the quantification used to calculate estimated emission reductions from the proposed project, including all key assumptions. See Section IV.C. of the RFA and Section I.D. of this appendix. This should be referenced under Section 1.B. of the workplan.

**Voluntary Cost Share Commitment Letter(s):** If applicable, project partners who are providing in-kind or monetary assistance must demonstrate their specific commitment to meet the proposed cost share or leveraged funds. Letters should be addressed to the applicant organization and included as attachments to the application. Please do not ask partners to submit letters directly to EPA. This should be referenced under Section 6 of the workplan.

**Project Team Biographies:** Optional. Provide resumes or curriculum vitae for key staff, managers, and any other key personnel. If submitted, this should be referenced under Section 5.C. of the workplan.

**Negotiated Indirect Cost Rate Agreement:** Optional. The applicant will be required to

submit this agreement if their application is selected for funding.

**Partnership Letters:** If applicable, letters of support that demonstrate strong, long-term involvement throughout the project from a variety of project partners are encouraged. Letters should specifically indicate how project partners and supporting organizations will participate in or directly assist in the design and performance of the project, or how obtaining support from project partners will allow the applicant to more effectively perform the project. Letters should be addressed to the applicant organization and included as attachments to the application. Please do not ask partners to submit letters directly to EPA.

## **Appendix C – Further information Regarding Contracts, Subawards, and Participant Support Costs**

### **I. Background**

The Standard Form 424A (SF-424A) includes a separate row for “contractual” costs and “other” costs. As noted in Appendix B, the “other” cost category on the SF-424A should be used to cover both subawards and participant support costs. Depending on the project, these costs may be applicable to a targeted airshed application. This appendix helps clarify these differences. Additional information about participant support costs is contained in [RAIN-2018-G05, “EPA Guidance on Participant Support Costs.”](#)

If a targeted airshed grant recipient (also known as the “recipient”) intends to fund the proposed project’s emission control technologies (i.e., vehicles, engines, equipment and/or appliances) that they do not directly own, such as vehicle fleets and/or wood-burning appliances, the recipient may have the option to: (1) issue a contract; (2) make a subaward to an eligible entity; or (3) provide participant support costs to a program beneficiary. For options (2) and (3), the recipient may be able to fund technology and installation costs, but only subawards can be used to fund direct and indirect costs. If the targeted airshed grant recipient only intends to fund equipment and installation costs, the recipient may choose to provide participant support costs to a program beneficiary rather than a subaward.

### **II. Contracts**

As described in 2 CFR 200.331, a contract is for the purpose of obtaining goods and services for the recipient’s own use and creates a procurement relationship with the contractor.

Characteristics indicative of a procurement relationship between the recipient and a contractor are when the contractor:

- Provides the goods and services within normal business operations;
- Provides similar goods or services to many different purchasers;
- Normally operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the federal program; and
- Is not subject to compliance requirements of the federal program as a result of the agreement, though similar requirements may apply for other reasons.

Targeted airshed grant recipients that enter into procurement contracts, must comply with the applicable procurement provisions in 2 CFR 200.317 through 200.327.

### **III. Subawards**

Under 2 CFR 200.1, subrecipient means a non-federal entity that receives a subaward from a grantee to carry out part of a federal program but does not include program beneficiaries receiving participant support costs; see Section IV. of this appendix below. Targeted airshed



grant recipients may make subawards to subrecipients to carry out a portion of the grant project; in such case, the grant recipient is also known as a “pass-through entity.” Subawards establish a financial assistance relationship under which the subrecipient’s employees and contractors implement programs and projects to accomplish the goals and objectives of the grant. It is important to bear in mind that subrecipients are subject to the same federal requirements as the pass-through entity.

Under targeted airsheds, a non-federal entity<sup>5</sup> is eligible to receive a subaward even if it is not eligible to receive a targeted airshed grant from EPA directly. While there may be some situations in which a subaward to an individual may be appropriate, those situations are rare.

Subrecipients only receive reimbursement for their actual direct or approved indirect costs and do not “profit” from the transaction. For-profit entities participating in grant activities are typically contractors rather than subrecipients. However, targeted airsheds is one of the few EPA grant programs where it may be appropriate for pass-through entities to make subawards to for-profit organizations to purchase and install equipment for that organization’s own use. For example, if a targeted airshed recipient purchases school buses directly from a vendor, the appropriate funding instrument is a procurement contract and the transaction is subject to the federal procurement standards under 2 CFR 200.317 through 200.327.

Conversely, if a targeted airshed grant recipient provides funding to a school district for the school district to implement its own diesel emissions reduction program for its school bus fleet, the recipient could issue a subaward to the school district. In such case, the following costs could potentially be considered allowable under a subaward:

- subrecipient personnel and overhead including indirect costs incurred for project management, coordination, procurement, reporting, and outreach;
- subrecipient travel costs required for project implementation and oversight;
- subrecipient vehicle and equipment purchase and installation costs; and
- subrecipient contractual costs for design and engineering services.

EPA’s Award Official must approve subawards to for-profit entities and individuals on the basis of either a precise description of the subaward in the EPA approved budget and project narrative, or on a transaction by transaction basis.

The applicant’s project narrative and budget narrative should include detailed descriptions of any proposed subawards and include cost estimates for subawards as line items under the “Other” budget category in the SF-424A; see Section 6 in Appendix B. Should a recipient decide to make a subaward that was not described in the approved project narrative and budget, the recipient must obtain prior written approval from EPA’s Award Official for the subaward.

If a recipient chooses to pass funds from its targeted airshed grant to other entities through subawards, the recipient must comply with applicable subaward provisions of 2 CFR Part 200,

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<sup>5</sup> In a limited number of cases, a federal entity might be able to receive a subaward.

the EPA Subaward Policy, and EPA’s National Term and Condition for Subawards. Note that under 2 CFR 200.331 through 200.333, there are extensive requirements for subrecipient monitoring and management that apply to pass-through entities.

Many of the federal administrative grant regulations in 2 CFR Part 200 and 2 CFR Part 1500, as well as the grant terms and conditions in the assistance agreement, “flow down” to subrecipients receiving a subaward. Such requirements need to be identified in the written subaward agreement between the recipient and the subrecipient. Additionally, if a subrecipient intends to procure goods or services using targeted airshed grant funds, the subrecipient must comply with the applicable federal procurement standards in 2 CFR Part 200, 2 CFR Part 1500, and 40 CFR Part 33 as these requirements also “flow down” to subrecipients.

There is no requirement for recipients to compete subawards under this RFA; however, pass-through entities may choose to select subrecipients competitively provided this practice is consistent with applicable statutes, regulations, and the terms and conditions of their targeted airshed grant.

Recipients may use the subaward template contained in Appendix D of EPA’s Subaward Policy to assist them in complying with the “subaward content” requirements; however, EPA does not mandate the use of this template.

#### **IV. Participant Support Costs**

Recipients may provide participant support costs (PSCs) to program beneficiaries to enable beneficiaries to participate in the recipient’s program or project. PSCs include rebates, subsidies, stipends, or other payments to program beneficiaries by a grantee, subrecipient, or contractor. For example, under the targeted airshed grant program PSCs might be used for the purchase of eligible emissions control technologies. Program beneficiaries, rather than the targeted airshed grant recipient, would own the new technology.

PSCs differ from subawards in that the beneficiary is participating in the targeted airshed grant recipient’s project or program instead of implementing their own project or program. Program beneficiaries may include but are not limited to individual owner/operators, private or public fleet owners, or residents in the applicable nonattainment area; however, program beneficiaries are not employees, contractors or subrecipients of the targeted airshed grant recipient. The following are examples of PSCs:

- The recipient uses their targeted airshed grant to provide a subsidy or rebate to multiple medium- and heavy-duty truck dealerships, which enables approved truckers operating in the nonattainment area to purchase new, cleaner approved trucks for a reduced price.
- The recipient uses their targeted airshed grant to provide a subsidy or rebate to pre-approved wood-burning heating device installers and/or residents to scrap and replace old, non-EPA certified residential wood burning appliances with approved pellet or natural gas appliances for a reduced price.

Recipients may also use PSCs to purchase emission control technologies on behalf of program beneficiaries. In some situations, this approach allows targeted airshed grant recipients to achieve economies of scale and/or take advantage of existing purchase contracts. Competitive procurement requirements apply to the targeted airshed grant recipient when the recipient takes this approach. For example, a grant recipient may award a competitive contract to a technology vendor to purchase and install emissions reduction equipment on vehicles owned by program beneficiaries.

The federal administrative grant regulations in 2 CFR Part 200 and 2 CFR Part 1500, as well as the grant terms and conditions in the recipient's targeted airshed grant agreement, generally do not "flow down" to program beneficiaries receiving PSCs except that costs must be reasonable and incurred within the grant project period. Requirements for compliance with civil rights laws and ensuring that program beneficiaries are eligible to receive federal financial assistance are applicable as explained in [EPA Guidance on Participant Support Costs](#). In addition, program beneficiaries must abide by requirements to ensure that the funds are used only for authorized purposes (e.g. eligible emission reduction activities).

If a grantee, subrecipient, or contractor is issuing PSCs, it must have a written agreement in place. The written agreement should not be structured as a subaward agreement and should not refer to program beneficiaries as subrecipients consistent with 2 CFR 200.1, "Subrecipient." In addition, the written agreement should not include language requiring the program beneficiary to comply with the federal grant regulations at 2 CFR Part 200, 2 CFR Part 1500, or the terms and conditions found in the award between the EPA and the recipient, other than requiring that the costs must be reasonable, necessary, and allocable. The written agreement should also include the following:

- A description of the activities and amounts that will be supported by the PSCs;
- The program and/or statutory requirements that the program beneficiary must abide by in order to ensure that the funds are used only for authorized purposes;
- Specify which party will have title to the technologies (e.g., vehicles, engines, equipment and/or appliances), if any, purchased with PSCs;
- Source documentation requirements to ensure proper accounting of the PSCs; and
- Any reporting that must be submitted by the program beneficiary.

EPA's Award Official must approve PSCs on the basis of either a precise description of the PSCs in the EPA approved budget and work plan, or on a transaction by transaction basis. The applicant's project narrative and budget narrative should include detailed descriptions of any proposed PSCs and include cost estimates for PSCs as line items under the "Other" budget category. Should a recipient decide to issue PSCs that were not described in the approved work plan and budget, the recipient must obtain prior written approval from EPA's Award Official. Moreover, after a grant is awarded, should a recipient decide to modify the amount approved (upwards or downwards) for PSCs, prior written approval from EPA's Award Official is also required.

When creating budgets, applicants/recipients must exclude PSCs from Modified Total Direct

Costs for calculation of indirect costs as required by 2 CFR 200.1, “Modified Total Direct Costs.”

**Resources:**

[RAIN-2018-G05, “EPA Guidance on Participant Support Costs.”](#)

[Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements](#)

[Grants Policy Issuance 16-01: EPA Subaward Policy for EPA Assistance Agreement Recipients,](#)

with attachments, includes:

- EPA Subaward Policy
- Appendix A: Distinctions Between Subrecipients and Contractors
- Appendix B: National Term and Condition for Subawards
- Appendix C: Model Programmatic Subaward Reporting Requirement
- Appendix D: Subaward Agreement Template