



**Fiscal Year 2012  
STATE CLEAN DIESEL GRANT PROGRAM  
WORK PLAN NARRATIVE AND BUDGET NARRATIVE TEMPLATE FOR NEW  
AWARD STATES**

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Diesel Emissions Reduction Program (DERA) State Clean Diesel Program (State Program) funding for Fiscal Year (FY) 2012 will be distributed to eligible States\* (except the Islands\*\*) as new cooperative agreement awards.

DERA was initially established by the Energy Policy Act of 2005. The Diesel Emissions Reduction Act of 2010 (DERA2) (Public Law 111-364; codified at 42 USC 16131 *et seq.*) reauthorized and amended DERA, and included changes that will impact the FY 2012 State Program. Please note that the projects funded with FY 2012 State Program funds must meet FY 2012 terms and conditions. All State Program projects funded with FY 2012 funds and any potential future funds must meet the new requirements set forth in DERA2, subject to amendment by future authorizations. Please refer to the FY 2012 State Program Guide for detailed information regarding DERA2 and related policy changes.

**INSTRUCTIONS:** States applying for FY 2012 DERA funding via a new State Program award should use the following template. Islands should use the Narrative Template for *Continuing Awards* and NOT this Narrative Template. Please use this template as a guide to develop work plans, as necessary, and to provide information about projects funded with FY 2012 funds. Please note that the information requested in the categories indicated in this template is required.

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**SUMMARY PAGE**

Project Title:	
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**Project Manager and Contact Information**

Organization Name:	
Project Manager:	
Mailing Address:	
Phone:	
Fax:	
Email:	

\* "States" include fifty U.S. States and the District of Columbia.

\*\*"Islands" include the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, and the United States Virgin Islands.

**Project Budget**

Please include budget details.

	<b>FY 2012</b>
EPA base allocation	\$
State match (if applicable)	\$
EPA match incentive (if applicable)	\$
Additional leveraged resources	\$
<b>TOTAL Project</b>	<b>\$</b>

**Project Period**

This work plan includes all work funded with FY 2012 State Program funds. State Clean Diesel Program awards funded with FY 2012 funds are currently scheduled to close on September 30, 2013. Regions have the discretion to allocate any potential future State Clean Diesel Program funding via supplemental amendments to this award or a new grant, subject to any requirements set forth in future authorizations. Please note that even if this grant is amended with possible future funding, the State must ensure that funding, grant activities, and costs are accounted for and separable by fiscal year.

**Summary Statement**

Insert a brief paragraph summarizing the proposed project.

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## SCOPE OF WORK

### **Project Description**

This section should include a three to four page description of the State's plan to develop and implement grants, rebate and/or loan programs that are appropriate to meet State needs and goals relating to the reduction of diesel emissions, including a description of the tasks and activities that will be conducted to accomplish this goal.

States should include detailed information on the particular types of fleets, sectors or technologies (i.e., certified engine configurations and/or verified technologies) that the State Program aims to target and by what means the project will achieve a significant reduction in diesel emissions.

EPA recommends that the States use the Diesel Emission Quantifier (DEQ) to quantify all annual and lifetime particulate matter (PM), nitrous oxides (NO<sub>x</sub>), hydrocarbons (HC), (carbon monoxide (CO) and carbon dioxide (CO<sub>2</sub>) emission reductions expected from the proposed diesel emission reduction project.

The DEQ can be accessed here: <http://www.epa.gov/cleandiesel/quantifier>. See other useful quantification tools in the "Outputs" section, below.

States should describe the air quality within the State or particular areas prioritized by the State, including quantity of air pollution produced by the diesel fleet in the State and the primary sectors (e.g. highway, marine vessels, construction equipment) that make up the State's diesel fleet (both public and private).

States should provide a timeline or schedule of expected target dates, milestones, and completion dates to achieve specific tasks and accomplishments during the budget and project period.

States submitting proposals to establish an innovative financing program should include a detailed description of the concept and the main innovative finance product(s) offered to borrowers in their work plan.

States should indicate whether their FY 2012 State Program funds will support grant, rebate and/or loan projects, as well as provide a detailed description of their project's disbursement methodology.

### **Program Priorities**

Discuss in one to two pages how the State Program will ensure that the programmatic priorities listed below, as outlined in the Diesel Emissions Reduction Act of 2010, 42 USC 16131 *et seq.*, will be met through the proposed diesel emission reduction project:

1. Maximize public health benefits;
2. Are the most cost-effective;
3. Are in areas with high population density, that are poor air quality areas (including nonattainment or maintenance of national ambient air quality standards for a criteria pollutant; Federal Class I areas; or areas with toxic air pollutant concerns);
4. Are in areas that receive a disproportionate quantity of air pollution from diesel fleets, including truck stops, ports, rail yards, terminals, and distribution centers or that use a community-based multi-stakeholder collaborative process to reduce toxic emissions;
5. Include a certified engine configuration or verified technology that has a long expected useful life;
6. Maximize the useful life of any certified engine configuration or verified technology used or funded by the eligible entity; and
7. Conserve diesel fuel.

### **EPA's Strategic Plan Linkage and Anticipated Outcomes/Outputs**

Please include any changes to anticipated outcomes and/or outputs. Pursuant to Section 6a of EPA Order 5700.7, "*Environmental Results under EPA Assistance Agreements*," States should provide a detailed description of the anticipated linkages to EPA's Strategic Plan, outputs, and outcomes. The following provides the minimum requirements (see EPA Order 5700.7, "*Environmental Results under Assistance Agreements*," <http://www.epa.gov/ogd/grants/award/5700.7.pdf>).

#### **1. Linkage to EPA Strategic Plan**

All proposals must support Goal 1 of EPA's 2006-2011 Strategic Plan, Taking Action on Climate Change and Improving Air Quality Clean Air and Global Climate Change, Priority Goal, which can be found at: <http://www.epa.gov/cfo/plan/plan.htm>. Projects funded under this program must reduce emissions from diesel fleets, thereby reducing local and regional air pollution. States should describe how the project meets these goals, in one to two paragraphs.

#### **2. Outputs**

The term "output" means an environmental activity, effort and/or associated product related to an environmental goal and objective that will be produced or provided over a period of time or by a specified date. Outputs may be quantitative or qualitative, but must be measurable during an assistance

agreement funding period. States must include a description of how they will track and measure progress toward the environmental goal throughout the assistance agreement period, in one to two paragraphs,.

- a. Expected **outputs** from the projects to be funded under this program may include but are not limited to the following: number of retrofitted engines/vehicles/equipment; annual pounds or tons of fine particulate matter (PM<sub>2.5</sub>), nitrogen oxides (NO<sub>x</sub>), greenhouse gases (GHG) and/or volatile organic compounds (VOC) reduced; cost-effectiveness of project (in \$/ton or \$/lb); and health benefits achieved (health benefits may be measured by numbers of illnesses, health care costs, or missed work/school days avoided).
  - i. For States submitting a grant to establish an innovative finance project, an expected output may include the following: number and amount of innovative financing loans awarded and reductions of air pollution resulting from these loans.
- b. To estimate some of the anticipated outputs of the award proposal, (e.g. pollution reduced), EPA encourages States to use the Diesel Emissions Quantifier found at: <http://www.epa.gov/cleandiesel/quantifier/>.
- c. Another useful tool is the Motor Vehicle Emissions Simulator (MOVES) found at: <http://www.epa.gov/otag/models/moves/index.htm>. This tool must be used for State Implementation Plan calculations. For technical assistance regarding this tool, please email [mobile@epa.gov](mailto:mobile@epa.gov).
- d. States that are unable to use the above models must describe the methodology for estimating or determining outputs in detail. Emission reduction estimates and measurements for a verified technology should be based on demonstrated emission reductions and emission factors listed on EPA or the California Air Resources Board's (CARB) verified technology list. Pre-retrofit and post-retrofit emissions testing and/or monitoring are not an eligible use of EPA funds under this assistance agreement program.

### 3. **Outcomes**

The term "outcome" means the result, effect or consequence that will occur by carrying out an environmental program or activity that is related to an environmental or programmatic goal or objective. Outcomes may be environmental, behavioral, health-related, or programmatic in nature, but must be quantitative. They may not necessarily be achievable within an assistance agreement funding period. States must include a description of project outcomes resulting from the project outputs, in two to three paragraphs,.

Expected **outcomes** from projects funded under this program may include, but are not limited to, the following:

- **Short-term outcomes** such as: increased understanding of the environmental or economic effectiveness of the implemented technology or dissemination of the increased knowledge via listserves, websites, journals, and outreach events.
- **Medium-term outcomes** such as: widespread adoption of the implemented technology or documented emission reductions from these and other sources of diesel emissions in multiple States. (Note: Emission reductions should be calculated using the Diesel Emissions Quantifier tool).
- **Long-term outcomes** such as: reductions in the number of children with asthma or documented improved ambient air quality.

If a State submits a grant to establish an innovative finance program, an expected outcome may include exploration and development of innovative finance concepts that result in lower interest rates or higher approval rates, as a means to replace older vehicles or equipment with cleaner engines or equipment, or to retrofit existing engines or equipment with verified idle reduction technologies or emission control devices.

### **Project Partners**

As applicable, provide a one to two paragraph description of the project partners, their various roles, and additional leveraged resources beyond any private or third-party match described in the budget narrative section.

### **Sustainability of State Program**

Describe the State's plan for sustaining this project beyond the assistance agreement period, in two to three paragraphs. Furthermore, describe the State's plan for publicizing and promoting the benefits of the activities within the State. All States participating in the FY 2012 State Program must provide a public notification that lists project information on the State websites within 60 days of a grant, rebate, or loan. Website postings must include the total number and dollar amount of grants, rebates, or loans provided, as well as a breakdown of the technologies funded.

### **Quality Assurance and Quality Control**

Describe whether the proposed project involves environmentally related measurements or data generations that would need quality assurance and quality control plans and procedures as described at 40 CFR 31.45.

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## BUDGET NARRATIVE

### **Project Budget**

The budget section of the work plan should include a detailed itemized budget proposal (in addition to the Standard Form 424A), using the example below. Justify the expenses for each of the categories being performed within the grant/project period, within FY 2012 to FY 2013. Indicate what portion of the cost will be paid by the State's allocation from EPA (which would include the bonus match if applicable) and the State's matching portion, if applicable.

The section is a detailed description of the budget found in the SF-424A, and must include a detailed discussion of how EPA funds will be used. Applicants must **itemize** costs related to personnel, fringe benefits, travel, equipment, supplies, contractual costs, other direct costs, indirect costs, and total costs. If the project budget includes any cost-share, mandatory or voluntary, the budget detail portion of the work plan must include a detailed description of how the applicant will obtain the cost-share and how the cost-share funding will be used. Mandatory cost-share funds must be in the form of cash contributions to the Equipment Object Class. If EPA accepts an offer for a voluntary cost-share, applicants must meet their sharing commitment as in order to receive EPA funding. If the proposed cost-share is to be provided by a third-party, a letter of commitment is required. Any form of cost-share included in the budget detail must also be included on the SF-424 and SF-424A. Applicants should use the following instructions, budget object class descriptions, and example table to complete the budget detail section of the work plan.

## Project Budget

	FY 2012	
Budget Category	EPA Allocation	State Match (if applicable)
1. Personnel		
2. Fringe Benefits		
3. Travel		
4. Supplies		
5. Equipment		
6. Contractual		
7. Program Income		
8. Other		
<b>9. Total Direct Charges</b>		
10. Indirect Charges		
<b>Grand Total</b>		

### Explanation of Budget Framework

States must demonstrate that no more than 15percent of a State's total allocation from EPA is being used to cover administrative costs as identified in OMB Circular A-87 Appendix B (e.g., personnel, benefits, travel, supplies). The 15percent maximum does not include indirect cost rates or funds assigned to projects through grants, rebates, and/or loans.

1. Personnel

Indicate salaries, percentage of time assigned to the project, and total cost for budget period by job title of all individuals who will be supplemented with grant funds. Details should include a list of all staff positions by title, the given annual salary, the percentage of time assigned to the project, and total cost for the budget period.



The personnel category includes only direct costs for the salaries of those individuals who will perform work directly for the project (generally, paid employees of the applicant organization). If the applicant organization includes staff time (in-kind services) as a cost share, it should be included as personnel costs.

Please note that personnel costs do not include: (1) costs for services of consultants, contractors, consortia members, or other partner organizations, which are included in the “Contractual” category; (2) costs for employees of subrecipients under subawards, 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 as Full Time Equivalent (FTE), including percentage of FTE for part-time employees, number of personnel proposed for each category, and the estimated funding amounts.

Below please find a personnel template table. The figures in the template tables throughout this document are for example purposes only. Please substitute your document with actual information.

For example:

Category	FY 2012	
	EPA	State
Fleet Manager @ \$600/wk x 12 weeks	\$7,200	\$0
Project Manager @ \$15/hr x 40 hrs/wk x 12 wks	\$0	\$7,200

## 2. Fringe Benefits

Fringe benefits are allowances and services provided by employers to their employees as compensation, in addition to regular salaries and wages. Fringe benefit costs are those costs for personnel employment other than an employee’s direct income (e.g., employer’s portion of FICA insurance, retirement, sick leave, holiday pay, and vacation cost) that will be paid by the grantee. Provide the total cost of fringe benefits, unless treated as part of an approved indirect cost rate. Provide a break-down of amounts and percentages that comprise fringe benefit costs, such as health insurance, FICA, retirement insurance, etc. Indicate all mandated and voluntary benefits to be supplemented with these funds. Details should also identify the percentage used, the basis for its computation, and the types of benefits included.

For example:

Category	FY 2012	
	EPA	State
Health Insurance – 1 FTE @ \$35/mos x 12 months	\$0	\$420
Dental – 1 FTE @ \$40/mo x 12 months	\$0	\$480

3. Travel

Travel and per diem costs are those costs for travel and subsistence, which are directly related to the grant. Identify the number of trips planned, the purpose of each trip, the destination for each trip, the number of travelers, and the estimated cost of each trip.

Specify the mileage, per diem, estimated number of trips, whether the trip is in-State and/or out-of-State. Travel may be integral to the purpose of the proposed project (e.g. inspections) or related to proposed project activities (e.g. attendance at meetings). Travel costs do not include: (1) costs for travel of consultants, contractors, consortia members, or other partner organizations, which are included in the “Contractual” category; (2) travel costs for employees of subrecipients under subawards, which are included in the “Other” category.

For example:

Category	FY 2012	
	EPA	State
<i>Site visit</i>		
Local Travel Mileage – 1000 miles x \$0.36	\$0	\$360
<i>Meeting</i>		
Air Fare for one person to Chicago, IL	\$0	\$250
Per diem two days @ \$40/day for one person	\$80	\$0
Hotel for one night for one person	\$75	\$0

4. Supplies

Equipment (less than \$5,000 per unit), material, and supply costs are those costs directly related to the grant. Identify all supplies purchased and their cost. The budget detail should be as descriptive as possible. Categories of supplies to be procured (e.g., laboratory supplies or office supplies) are acceptable if items

cannot be reasonably separated. Provide the individual and total cost of supplies.

For example:

Category	FY 2012	
	EPA	State
50 pamphlets for community members @ \$2 each	\$0	\$100
Copying and postage costs	\$0	\$120

5. Equipment

Equipment, material, and supply costs are those costs directly related to the grant. Identify each item of equipment 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. Provide a description of each item of equipment and its cost. No equipment may be purchased without the expressed approval of the EPA regional contact. If equipment purchased wholly or partially with assistance agreement funds is to be used on more than one project/program, acquisition costs or usage fees must be approved and allocated properly.

6. Contractual

Contractual services are those services directly related to the EPA program/project. Identify each proposed contract, and specify its purpose, nature, period of performance, and estimated cost. Do not include procurement contracts which are reflected in other object class categories, such as equipment, supplies, etc. If funds allocated to this object class category include proposed expenditures not usually categorized as services to be procured at the market place, an explanatory footnotes must be included. Provide the total cost for contracts.

For example:

Category	FY 2012	
	EPA	State
Contractor assistance: host workshop on how to apply for State Clean Diesel Subgrants, Rebates, and/or Loans	\$0	\$2,500

Contracts must be competed for services and products. States must conduct cost, price, and value analyses to the extent required by 40 CFR Parts 30 or 31, as applicable, as well as any regulations covered by state or local procurement requirements. The regulations also contain limitations on consultant compensation. States are not required to identify contractors or consultants in

their applications. Moreover, if a State has named a specific contractor or consultant in its application and EPA approves it, this approval does not relieve the State of its obligation to comply with competitive procurement requirements or any regulations covered by state or local procurement requirements.

7. Program Income

In accordance with 40 CFR 30.24(b)(1) or 40 CFR 31.25(g)(2), as applicable, the applicant shall use program income to carry out activities described in the scope of work for the assistance agreement and under the same terms and conditions of the agreement. If a State is claiming program income, the State must clearly identify the source in the application (SF-424, SF-424A, and in the budget narrative) and how it will be used. Please indicate which of the following disposition methods of this income apply to the grant (see 40 CFR 30.24 or 31.25):

1. Add to funds committed to the project by EPA and recipient and used to further eligible project and program objectives.
2. Use to finance the non-federal share of the project or program.
3. Deduct from the total project or program allowable cost in determining the net allowable cost on which federal share of the cost is based.

8. Other

The “other” category should include the funds going toward the actual State subgrants, rebates, and/or loans to eligible entities.

Subgrants or subawards are not considered contractual costs, and should be put under the “other” budget category.

Subgrants or subawards may be used to fund partnerships with organizations and governmental entities. Please note that successful applicants cannot use subgrants or subawards to avoid requirements in EPA grant regulations for competitive procurement, by using these instruments to acquire commercial services or products to carry out their cooperative agreements. The nature of the transaction between the recipient and the subgrantee must be consistent with the standards for distinguishing between vendor transactions and subrecipient assistance under Subpart B Section 210 of OMB Circular A-133, and the definitions of “subaward” at 40 CFR 30.2(ff) or “subgrant” at 40 CFR 31.3, as applicable.

For example:

Category	FY 2012	
	EPA	State
Other: Subaward: School District	\$166,600	\$0

9. Direct Charges

Provide total amount of direct costs (items 1-8 above).

10. Indirect Charges

Indirect costs result from allocation of a grouping of administrative costs which are not easily identified as a direct cost. Provide the total amount of indirect costs. Include a copy of the approved current indirect cost agreement which reflects the approved rate.

**Match Requirements**

Under the State Clean Diesel Program, a match is not required. However, as an incentive, States are encouraged to match the entire federal allocation dollar for dollar. States that choose to match the federal allocation can use a combination of non-federal grants or financial contributions over which the State has control from non-federal third parties and/or through in-kind contributions that are applicable to the period to which the matching requirements apply. The match may be satisfied by allowable costs incurred by the grantee, subgrantee, or a cost-type contractor under the assistance agreement. A matching requirement may not be met by costs borne by another federal grant or federal Supplemental Environmental Project (SEP). Eligible categories for matching funds include State funds or private funds, which can either be cash donations or in-kind contributions.

States must provide a detailed description of the source of funding for the State match portion, if applicable, and should include details on when the match will be available to States for use within this program and any other pertinent details explaining the use of State or non-federal third party contributions, in at least two to three paragraphs.

If applicable, include letters of financial support that specifically indicate how supporting organizations will assist in the project.

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**SIGNATURES**

The following forms require signatures by authorized parties:

- The work plan and detailed budget narrative must be signed and dated by the Authorized Representative signing the SF-424 form.
- EPA is not using Grants.gov for the submission of work plans and applications. Please submit application/work plans to the Regional EPA office.
- Preaward Compliance Review (EPA Form 4700-4).
- Certification Regarding Lobbying, if over \$100,000.

- Assurances for Non Construction Program Certification.

### **Additional Requirement Forms**

The following forms do not require signature, but must also be submitted with the application package:

- Indirect Cost Rate Agreement Rate from Cognizant Agency if applying for Indirect Cost Rate
- Key Contact Form

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### **APPENDIX**

#### **Resources**

States may wish to consult the CFR and OMB circulars as referenced in the Federal Register Notice. Links to these references are:

40 CFR 31: <http://www.gpoaccess.gov/cfr/index.html>.

OMB Circular A-87: <http://www.whitehouse.gov/omb/circulars/index.html>.