FY2017 Clean Diesel Funding Assistance (DERA) Programmatic Terms and Conditions

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

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

B.1. EPA verified exhaust control technologies and engine upgrade technologies: www.epa.gov/verified-diesel-tech/verified-technologies-list-clean-diesel
B.2. California Air Resources Board (CARB) verified exhaust control technologies: www.arb.ca.gov/diesel/verdev/vt/cvt.htm
B.8. CARB Approved Alternate Fuel Retrofit Systems: www.arb.ca.gov/msprog/aftermkt/altfuel/altfuel.htm

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

C. Quarterly Reporting and Environmental Results
Quarterly progress reports will be required. Quarterly reports are considered project status reports and will address the progress made achieving the work plan goals. In general, quarterly reports will include summary information on technical progress and expenditures, and planned activities for next quarter. A template for the quarterly report is available at www.epa.gov/cleandiesel/clean-diesel-national-grants#reporting.

Quarterly reports are due according to the following schedule. If a due date falls on a weekend or holiday, the report will be due on the next business day.
April 1 – June 30 Reporting Period: report due date July 30
July 1 – September 30 Reporting Period: report due date October 30
October 1 – December 31 Reporting Period: report due date January 30
January 1 – March 31 Reporting Period: report due date April 30

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

C.1. **Subaward Reporting Requirement**
If the recipient chooses to pass funds from this assistance agreement to other entities, the recipient must comply with applicable provisions of 2 CFR Part 200 and the EPA Subaward Policy, which may be found at: [https://epa.gov/grants/epa-subaward-policy](https://epa.gov/grants/epa-subaward-policy). If applicable, the recipient must report on its subaward monitoring activities under 2 CFR 200.331(d). Examples of items that must be reported if the pass-through entity has the information available are:

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

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

For projects involving vehicle/equipment replacement and repowers the recipient must provide in the final report: 1) Evidence that the replacement activity is an “early replacement,” and would not have occurred through normal attrition/fleet turnover (i.e. without the financial assistance provided by EPA) within three years of the project period start date. Supporting evidence can include verification that the vehicles or equipment being
replaced have useful life left and fleet characterization showing fleet age ranges and average turnover rates per the vehicle or fleet owner’s budget plan, operating plan, standard procedures, or retirement schedule; 2) Evidence of appropriate scrappage (see E.3.5 and E.3.6 below); and 3) Specification of the model years and the emission standard levels for PM and NOx, for both the engine being replaced and the new engine.

For projects that take place in an area affected by, or includes vehicles, engines or equipment affected by federal law mandating emissions reductions, the recipient must provide in the final report evidence that emission reductions funded with EPA funds were implemented prior to the effective date of the mandate and/or are in excess of (above and beyond) those required by the applicable mandate.

The final report shall be submitted to the EPA Project Officer within 90 days after the project period end date or termination of the assistance agreement. A template for the final report is available at www.epa.gov/cleandiesel/clean-diesel-national-grants#reporting.

D.1. Subaward Reporting Requirement
If the recipient chooses to pass funds from this assistance agreement to other entities, the recipient must comply with applicable provisions of 2 CFR Part 200 and the EPA Subaward Policy, which may be found at: https://epa.gov/grants/epa-subaward-policy. If applicable, the recipient must report on its subaward monitoring activities under 2 CFR 200.331(d). Examples of items that must be reported if the pass-through entity has the information available are:
D.1.1. Summaries of results of reviews of financial and programmatic reports.
D.1.2. Summaries of findings from site visits and/or desk reviews to ensure effective subrecipient performance.
D.1.3. Environmental results the subrecipient achieved.
D.1.4. Summaries of audit findings and related pass-through entity management decisions.
D.1.5. Actions the pass-through entity has taken to correct deficiencies such as those specified at 2 CFR 200.331(e), 2 CFR 200.207 and the 2 CFR Part 200.338 Remedies for Noncompliance.

E. Use of Funds Restriction:
E.1. Federal Matching Funds: Recipient agrees that funds under this award cannot be used for matching funds for other federal grants unless expressly authorized by statute. Likewise, recipient may not use federal funds as cost-share funds for the Clean Diesel Funding Assistance Program, including funds received under EPA’s State Clean Diesel Grant Program and federal Supplemental Environmental Project (SEP) funds.

E.2. Expenses Incurred Prior to the Project Period: Recipient agrees that, except for eligible pre-award costs as defined in 2 CFR §200.458, and as authorized by 2 CFR §200.309 and 2 CFR §1500.8, funds under this award cannot be used to cover expenses incurred prior to the project period defined in this assistance agreement. Additionally, except for eligible pre-award costs as defined above, expenses incurred prior to the project period defined in this assistance agreement are not eligible as a cost-share.
E.3. FormerlyVerifiedTechnologies: No funds awarded under the Program shall be used for retrofit technologies on EPA’s or CARB’s, “Formerly Verified Technologies” lists. EPA’s formerly verified list can be found at: www.epa.gov/verified-diesel-tech/list-formerly-verified-technologies-clean-diesel, and CARB’s formerly verified lists can be found at: www.arb.ca.gov/diesel/verdev/vt/fv1.htm, www.arb.ca.gov/diesel/verdev/vt/fv2.htm, and www.arb.ca.gov/diesel/verdev/vt/fv3.htm.

E.4. EmissionsTesting: Recipient agrees that funds under this award cannot be used for emissions testing and/or air monitoring activities (including the acquisition cost of emissions testing equipment), or research and development.

E.5. FuelingInfrastructure: Recipient agrees that funds under this award cannot be used for fueling infrastructure, such as that used for the production and/or distribution of biodiesel, compressed natural gas, liquefied natural gas, and or other cleaner fuels.

E.6. MandatedMeasures: Recipient agrees that funds under this award cannot be used for emissions reductions that are mandated under federal law. This refers to specific compliance dates within the mandate, not when the mandate is passed. Voluntary or elective emissions reductions measures shall not be considered “mandated”, regardless of whether the reductions are included in the State Implementation Plan of a State.

E.7. NormalAttrition: Recipient agrees that funds under this award cannot be used for emission reductions that result from replacements that would have occurred through normal attrition/fleet turnover within three years of the project start date. Any question as to eligibility of a replacement should be directed to the EPA Project Officer.

E.3. FleetExpansion: Recipient agrees that funds under this award, including subawards/subgrants, cannot be used for the purchase of vehicles, engines, or equipment to expand a fleet. Engine, vehicle, and equipment replacement projects are eligible for funding on the condition that the following criteria are satisfied:

E.3.1. The replacement vehicle, engine, or equipment will continue to perform the same function and operation as the vehicle, engine, or equipment that is being replaced.
E.3.2. The replacement vehicle, engine, or equipment will be of the same type and similar gross vehicle weight rating or horsepower as the vehicle, engine, or equipment being replaced.
E.3.2.1. Nonroad, Locomotive, and Marine: Horsepower increases of more than 25 percent will require specific approval by EPA prior to purchase, and the applicant may be required to pay the additional costs associated with the higher horsepower equipment.
E.3.2.2. Highway: The replacement vehicle must not be in a larger weight class than the existing vehicle (Class 5, 6, 7, or 8). The engine’s primary intended service class must match the vehicle’s weight class (i.e. a
LHD diesel engine is used in a vehicle with GVWR 16,001 – 19,500 pounds, a MHD diesel engine is used in a vehicle with a GVWR of 19,501 – 33,000 pounds, and an HHD diesel engine is used in a vehicle with a GVWR greater than 33,000 pounds.) Exceptions may be granted for vocational purposes, however the GVWR must stay within 10 percent of the engine’s intended service class and any exceptions will require specific EPA approval prior to purchase.

E.3.3. The vehicle, equipment, and/or engine being replaced must be scrapped or rendered permanently disabled within ninety (90) days of being replaced.

E.3.3.1. If a Tier 3 nonroad vehicle, equipment and/or engine is replaced, the Tier 3 unit may be retained or sold if the Tier 3 unit will replace a similar Tier 2 or lower nonroad unit, and the Tier 2 or lower nonroad unit will be scrapped. The scrapped unit must currently be in service, operate more than 500 hours per year, and have a similar usage profile as the replaced unit. It is preferred that the scrapped unit currently operates within the same project location(s) as the Tier 3 unit currently operates, however alternative scenarios will be considered. All equipment must operate within the United States. Under this scenario, a detailed scrappage plan must be submitted and will require prior written approval from the EPA Project Officer.

E.3.3.2. Cutting a three-inch by three-inch hole in the engine block (the part of the engine containing the cylinders) is the preferred scrapping method. Other acceptable scrappage methods may be considered and will require prior written approval from the EPA Project Officer.

E.3.3.3. Disabling the chassis may be completed by cutting through the frame/frame rails on each side at a point located between the front and rear axles. Other acceptable scrappage methods may be considered and will require prior written approval from the EPA Project Officer.

E.3.3.4. Evidence of appropriate disposal is required in a final assistance agreement report submitted to EPA and includes a signed certificate of destruction (to be provided by the EPA Project Officer) and digital photos of the engine tag (showing serial number, engine family number, and engine model year), the destroyed engine block, and cut frame rails or other cut structural components as applicable.

E.3.3.5. Scrapped engines and equipment and vehicle components may be salvaged from the unit being replaced (e.g. plow blades, shovels, seats, tires, etc.). If scrapped or salvaged engines, vehicles, equipment, or parts are to be sold, program income requirements apply.

E.3.3.6. For tire replacement projects, the original tires should be scrapped according to local or state requirements, or the tires can be salvaged for reuse or retreading. If salvaged tires are sold, program income requirements apply.

E.9. Single-Wide Wheels: Recipient agrees that funds under this award cannot be used for the purchase of single-wide wheels except where a fleet is retrofitting from standard dual tires to SmartWay-verified single-wide low rolling resistance tires. In this case,
the cost of single-wide wheels would be acceptable as additional equipment necessary to use the SmartWay verified technology.

E.11. **Auxiliary Power Units**: Recipient agrees that funds under this award cannot be used for the purchase of APUs or generators for vehicles with model year 2007 or newer certified engine configurations on long haul Class 8 vehicles.

E.12. **Replacement Technologies**: Recipient agrees that funds under this award cannot be used for the purchase of exhaust controls, idle reduction technologies, low rolling resistance tires or advanced aerodynamic technologies if similar technologies have previously been installed on the truck or trailer.

E.13. **Highway Model Year**: Recipient agrees that funds under this award cannot be used to retrofit (including idle reduction technologies and aerodynamics and tires), convert, or replace a transit bus, school bus, medium-duty, or heavy-duty highway vehicle with engine model year 1994 and older or 2010 and newer, or to retrofit engine model year 2007 and newer with DOCs or DPFs, or retrofit engine model year 2010 and newer with SCR, or replace engine model year 2007-2009 with other than all-electric (zero-emission). Refer to Table 1 for further explanation.

E.13.1. **Clean Alternative Fuel Conversion**: No funds under this award shall be used to purchase certified/approved conversion systems that do not meet the following criteria:

E.13.1.1 Existing engine model 1995-2006: Conversion kit must be certified or approved to achieve at least a 30% NOx reduction and a 10% PM reduction from the applicable certified emission standard of the original engine.

E.13.1.2 Existing engine model 2007-2009: Conversion kit must be certified or approved to achieve at least a 20% NOx reduction with no increase in PM from the applicable certified emission standards of the original engine.

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

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>older - 1994</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>1995 - 2006</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>2007 - 2009</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes*</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>2010 - newer</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

* Auxiliary Power Units and generators are not eligible on vehicles with EMY 2007 or newer.
E.14. Nonroad Operating Hours: Recipient agrees that funds under this award cannot be used to retrofit, replace or upgrade, or replace a nonroad engine operates less than 500 hours per year.

E.15. Nonroad Model Year and Tier: Recipient agrees that funds under this award cannot be used to retrofit, upgrade or replace a nonroad engine that is 50 HP or less and engine model year 2004 or older, or between 51-300 HP and engine model year 1994 or older, or 301 HP or greater and engine model year 1984 or older. Refer to Table 2 for further explanation.

E.15.1. Equipment and Vehicle Replacement: No funds under this award shall be used to replace nonroad vehicles and equipment with vehicles/equipment powered by unregulated, Tier 1, or Tier 2 engines. Tier 3 and Tier 4 interim (4i) engines are allowed for vehicle/equipment replacement only when Tier 4 final is not yet available from OEM for 2017 model year equipment under the Transition Program for Equipment Manufacturers (TPEM).

E.15.2. Engine Replacement: No funds under this award shall be used to replace nonroad engines with Tier 3 or lower engines.

Table 2. Nonroad Engine Funding Restrictions

<table>
<thead>
<tr>
<th>Current Engine Horsepower</th>
<th>Current Engine Model Year (EMY) and Tier</th>
<th>Vehicle/Equipment Replacement: EMY 2017+</th>
<th>Verified Exhaust Control</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Tier 0 - 2</td>
<td>Tier 3 - 4i</td>
</tr>
<tr>
<td>0-50</td>
<td>2005 and Newer; Unregulated – Tier 2</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>51-300</td>
<td>1995 and Newer; Tier 0 – Tier 2</td>
<td>No</td>
<td>Yes*</td>
</tr>
<tr>
<td>51-300</td>
<td>1995 and Newer; Tier 3</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>301+</td>
<td>1985 and Newer; Tier 0 – Tier 2</td>
<td>No</td>
<td>Yes*</td>
</tr>
<tr>
<td>301+</td>
<td>1985 and Newer; Tier 3</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Engine Horsepower</th>
<th>Current Engine Model Year (EMY) and Tier*</th>
<th>Engine Replacement: EMY 2017+*</th>
<th>Verified Engine Upgrade</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Tier 0 - 3</td>
<td>Tier 4</td>
</tr>
<tr>
<td>0-50</td>
<td>2005 and Newer; Unregulated – Tier 2</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>51-300</td>
<td>1995 and Newer; Tier 0 – Tier 3</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>301-750</td>
<td>1985 and Newer; Tier 0 – Tier 3</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Table 3: Marine Engines Funding Restrictions

<table>
<thead>
<tr>
<th>Current Engine Tier</th>
<th>Engine Replacement: EMY 2017+*</th>
<th>Certified Remanufacture System</th>
<th>Verified Engine Upgrade</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tier 1-2</td>
<td>Tier 3-4</td>
<td>All-Electric</td>
</tr>
<tr>
<td>Unregulated – Tier 2</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Tier 3 - 4</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

*Previous engine model year engines may be used if the engine is certified to the same emission standards applicable to EMY 2017.

E.16. Locomotive and Marine Operating Hours: Recipient agrees that funds under this award cannot be used to retrofit, replace, upgrade or install idle reduction technologies on eligible locomotives or marine engines that operate less than 1,000 hours per year.

E.17. Marine Engine Tier: Recipient agrees that funds under this award cannot be used to replace or upgrade Tier 3 or Tier 4 marine engines, or to replace marine engines with a Tier 2 or lower marine engine. Refer to Table 3 for further explanation.

Table 4: Locomotive Engines Funding Restrictions

<table>
<thead>
<tr>
<th>Current Locomotive Tier</th>
<th>Locomotive Replacement or Engine Replacement: EMY 2017+ or Electric</th>
<th>Verified Exhaust Control</th>
<th>Idle-Reduction Technology</th>
<th>Certified Remanufacture System</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tier 0+ - 3</td>
<td>Tier 4</td>
<td>All-Electric</td>
<td></td>
</tr>
<tr>
<td>Unregulated - Tier 2</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Tier 2+ switcher</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>------------------</td>
<td>----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>Tier 2+ line haul</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Tier 3 – Tier 4</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

*Previous engine model year engines may be used if the engine is certified to the same emission standards applicable to EMY 2017.

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

E.20. Locomotive Shore Connection: Recipient agrees that funds under this award cannot be used for locomotive shore connection system projects that are expected to be utilized less than 1,000 hours per year.

E.21. Tires and Aerodynamics: Recipient agrees that funds under this award cannot be used to purchase aerodynamic technologies or low rolling resistance tires, unless they are combined on the same vehicle with a new installation of a verified exhaust control funded under this award.

E.22. Engine Upgrade: In the case of an engine upgrade with a certified remanufacture system applied at the time of rebuild (not manufacturer upgrades that are retrofits verified by EPA or CARB), recipient agrees that funds under this award cannot be used for the entire cost of the engine rebuild, but only for the incremental cost of the certified remanufacture system and associated labor costs for installation. Any question as to eligibility of engine upgrade costs should be directed to the EPA Project Officer.

F. Drayage Vehicle Replacement Project Requirements:

F.1. In addition to the applicable requirements for highway vehicles described in E above, recipients replacing drayage vehicles are required to establish and document guidelines to ensure that the scrapped vehicle has a history of operating on a frequent basis over the prior year as a drayage truck.

F.2. The recipient must establish and document guidelines to ensure that all drayage trucks receiving grant funds are operated in a manner consistent with the definition of a drayage truck, defined as any Class 8a and 8b in-use on-road vehicle with a gross weight rating (GVWR) of greater than 33,000 pounds operating on or transgressing through port or intermodal rail yard property for the purpose of loading, unloading or transporting cargo, such as containerized, bulk or break-bulk goods.

G. Delays or Favorable Developments:
The recipient agrees that it will promptly notify the EPA Project Officer of any problems, delays, or adverse conditions which may materially impair its ability to deliver on the outputs/outcomes specified in the work plan. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation. The recipient agrees that it will also notify the EPA Project Officer of any favorable developments which may enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more beneficial results than originally planned.
H. **Employee and/or Contractor Selection:**
EPA will not help select employees or contractors hired by the recipient.

I. **Program Income:**
Program income as defined at 2 CFR §200.80 means gross income received by the grantee or subrecipient that is directly generated by a grant supported activity or earned as a result of the Federal award during the period of performance. Under DERA grants, program income is generally limited to the sale of scrapped or remanufactured engines/chassis or salvaged engine/vehicle/equipment components and does not include revenue generated by recipients or subrecipients through the commercial use of vehicles and equipment purchased with grant funds. “Period of performance” is the time between the start and end dates of the period of performance as included in the Federal award. Program income earned during the project period shall be retained by the recipient and, in accordance with 2 CFR §200.307 recipient is authorized to use program income as follows:

I.1. Program income may be added to the Federal award by EPA and recipient and used to further eligible project or program objectives. The program income shall be used for the purposes and under the conditions of the grant agreement.

I.2. Program income may be used to meet the cost-sharing or matching requirement of the Federal award, including any mandatory or voluntary cost-share. The amount of the Federal award remains the same.

I.3. Deducted from the total allowable costs to determine the net allowable costs on which the federal share of costs is based. This means that the recipient shall spend program income on project activities before spending/requesting federal funds for project activities. This may result in unspent federal funds at the end of the project period. The recipient will maintain records adequate to document the extent to which transactions generate program income and the disposition of program income.

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

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

Equipment is defined as tangible personal property having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of $5,000, or the capitalization level established by the non-Federal entity for financial statement purposes (see 2 CFR §200.12 Capital assets). Certified or verified technologies, vehicles, engines and nonroad equipment are considered to be equipment to the extent they fall within this definition.

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

K. Procurement Procedures:
The recipient must follow applicable procurement and sub-grant procedures. EPA will not be a party to these transactions. If EPA funds are used to purchase goods or services, recipient agrees to compete the contracts for those goods and services and conduct cost and price analyses to the extent required by the fair and open competition for procurement provisions of 2 CFR §§200.317 – .326. Approval of a funding proposal does not relieve recipients of their obligations to compete service contracts, conduct cost and price analyses, and use sub-grants only for financial assistance purposes.

L. For-Profit Sub-recipients
In addition to the EPA General Term and Condition #7 “Establishing and Managing Subawards”, the recipient (i.e. “pass-through entity”) agrees to require that for-profit subrecipients comply with Subparts A through F of the Uniform Grant Guidance (2 CFR Part 200) and the Federal cost principles applicable to for-profit entities located at 48 CFR Part 31, with the exception of the method of payment to for-profit subrecipients must be “reimbursement” rather than “advance”. Pass-through entities must obtain documentation that the for-profit subrecipient has incurred eligible and allowable costs prior to releasing EPA funds to the subrecipient.

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

M.1. Engine Upgrades: EPA will fund up to 40% of the cost (labor and equipment) of an eligible engine upgrade; recipient is responsible for cost-sharing at least 60% of the cost of an eligible engine upgrade.

M.2. Idle Reduction Technologies on Locomotives: EPA will fund up to 40% of the cost (labor and equipment) of an eligible idle reduction technology for a locomotive; recipient is responsible for cost-sharing at least 60% of the cost of an eligible idle reduction technology for a locomotive.
M.3. **Idle Reduction Technologies on Highway Diesel Vehicles**: EPA will fund up to 25% of the cost (labor and equipment) of eligible, verified idle technologies on Class 8 long-haul trucks and school buses; recipient is responsible for cost-sharing at least 75% of the cost of eligible, verified idle reduction technologies on Class 8 long-haul trucks and school buses.

M.4. **Marine Shore Power Connection Systems**: EPA will fund up to 25% of the cost (labor and equipment) of an eligible shore connection system; recipient is responsible for cost-sharing at least 75% of the cost of an eligible shore connection system.

M.5. **Electrified Parking Spaces (EPS)**: EPA will fund up to 30% of the cost (labor and equipment) of eligible EPS technology; recipient is responsible for cost-sharing at least 70% of the cost of eligible EPS technology.

M.6. **Certified Engine Replacement**:

M.6.1. EPA will fund up to 40% of the cost (labor and equipment) of an eligible diesel or alternative fuel engine replacement; recipient is responsible for cost-sharing at least 60% of the cost of an eligible engine replacement.

M.6.2. **Highway Low-NOx**: EPA will fund up to 50% of the cost (labor and equipment) of replacing a highway diesel engine with a 2017 model year or newer engine that is certified to CARB’s Optional Low-NOx Standards of 0.1 g/bhp-hr, 0.05 g/bhp-hr, or 0.02 g/bhp-hr NOx; recipient is responsible for cost-sharing at least 50% of the cost of eligible Low-NOx engine replacement.

M.6.3. **All-Electric**: EPA will fund up to 60% of the cost (labor and equipment) of an eligible all-electric engine replacement; recipient is responsible for cost-sharing at least 40% of the cost of an eligible all-electric engine replacement.

M.7. **Certified Vehicle/Equipment Replacement**:

M.7.1. EPA will fund up to 25% of the cost of an eligible replacement vehicle or piece of equipment powered by a 2017 model year or newer certified engine; recipient is responsible for cost-sharing at least 75% of the cost of an eligible replacement vehicle or piece of equipment.

M.7.2. **Highway Low-NOx**: EPA will fund up to 35% of the cost of an eligible highway replacement vehicle powered by a 2017 model year or newer engine certified to meet CARB’s Optional Low-NOx Standards of 0.1 g/bhp-hr, 0.05 g/bhp-hr, or 0.02 g/bhp-hr NOx; recipient is responsible for cost-sharing at least 65% of the cost of an eligible replacement vehicle.

M.7.3. **All-Electric**: EPA will fund up to 45% of the cost of an eligible all-electric replacement vehicle or equipment; recipient is responsible for cost-sharing at least 55% of the cost of an eligible all-electric replacement vehicle or piece of equipment.

M.7.4. **Drayage Trucks**: EPA will fund up to 50% of the cost of an eligible replacement drayage truck powered by a 2012 model year or newer certified engine; recipient is responsible for cost-sharing at least 50% of the cost of an eligible replacement drayage vehicle.
M.8. **Clean Alternative Fuel Conversion**: EPA will fund up to 40% of the cost (labor and equipment) of an eligible certified or compliant clean alternative fuel conversion; recipient is responsible for cost-sharing at least 60% of the cost of an eligible clean alternative fuel conversion.

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