

	U.S. ENVIRONMENTAL PROTECTION AGENCY Cooperative Agreement		GRANT NUMBER (FAIN): 99T81901 MODIFICATION NUMBER: 0 PROGRAM CODE: DE	DATE OF AWARD 08/27/2018	
			TYPE OF ACTION New		MAILING DATE 09/03/2018
			PAYMENT METHOD: Advance		ACH# 90569
			RECIPIENT TYPE: Municipal		Send Payment Request to: Las Vegas Finance Center email: lvfc-grants@epa.gov
RECIPIENT: City of Los Angeles - Harbor Dept 425 S Palos Verdes Street San Pedro, CA 90731-3309 EIN: 95-6000735		PAYEE: City of Los Angeles - Harbor Dept 425 S Palos Verdes Street San Pedro, CA 90731-3309			
PROJECT MANAGER Jacob Goldberg 425 S Palos Verdes Street San Pedro, CA 90731-3309 E-Mail: jgoldberg@portla.org Phone: 310-732-2675		EPA PROJECT OFFICER Asia Yeary 75 Hawthorne Street, AIR-8 San Francisco, CA 94105 E-Mail: yeary.asia@epa.gov Phone: 808-342-5675		EPA GRANT SPECIALIST Veronica Adams Grants Management Section, EMD-6-1 E-Mail: adams.veronica@epa.gov Phone: 415-972-3677	
PROJECT TITLE AND DESCRIPTION National Clean Diesel Program - Engines Replacement The purpose of this cooperative agreement is to assist the Los Angeles Harbor Department in its efforts to reduce diesel emissions and exposure at the Port of Los Angeles and within the San Pedro Bay. The project is to replace four Tier 2 auxiliary engines on two tugboats with Tier 3 auxiliary engines, and to replace one sweeper with two engines with a brand-new sweeper with two Tier 4f engines. These replacements will reduce emissions of diesel particulate matter and other pollutants such as nitrogen oxides, carbon monoxide and hydrocarbons. This assistance agreement provides federal funding in the amount of \$279,750.					
BUDGET PERIOD 10/01/2018 - 12/31/2020	PROJECT PERIOD 10/01/2018 - 12/31/2020	TOTAL BUDGET PERIOD COST \$824,000.00	TOTAL PROJECT PERIOD COST \$824,000.00		
NOTICE OF AWARD					
<p>Based on your Application dated 06/12/2018 including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA) hereby awards \$279,750. EPA agrees to cost-share 33.95% of all approved budget period costs incurred, up to and not exceeding total federal funding of \$279,750. Recipient's signature is not required on this agreement. The recipient demonstrates its commitment to carry out this award by either: 1) drawing down funds within 21 days after the EPA award or amendment mailing date; or 2) not filing a notice of disagreement with the award terms and conditions within 21 days after the EPA award or amendment mailing date. If the recipient disagrees with the terms and conditions specified in this award, the authorized representative of the recipient must furnish a notice of disagreement to the EPA Award Official within 21 days after the EPA award or amendment mailing date. In case of disagreement, and until the disagreement is resolved, the recipient should not draw down on the funds provided by this award/amendment, and any costs incurred by the recipient are at its own risk. This agreement is subject to applicable EPA regulatory and statutory provisions, all terms and conditions of this agreement and any attachments.</p>					
ISSUING OFFICE (GRANTS MANAGEMENT OFFICE)			AWARD APPROVAL OFFICE		
ORGANIZATION / ADDRESS U.S. EPA, Region 9 - Grants Management Section, EMD 6-1 75 Hawthorne Street San Francisco, CA 94105			ORGANIZATION / ADDRESS U.S. EPA, Region 9 Air Division, AIR-1 75 Hawthorne Street San Francisco, CA 94105		
THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY					
Digital signature applied by EPA Award Official Carolyn Truong - Grants Management Officer				DATE 08/27/2018	

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EPA Funding Information

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
EPA Amount This Action	\$	\$ 279,750	\$ 279,750
EPA In-Kind Amount	\$	\$ 0	\$ 0
Unexpended Prior Year Balance	\$	\$ 0	\$ 0
Other Federal Funds	\$	\$ 0	\$ 0
Recipient Contribution	\$	\$ 544,250	\$ 544,250
State Contribution	\$	\$ 0	\$ 0
Local Contribution	\$	\$ 0	\$ 0
Other Contribution	\$	\$ 0	\$ 0
Allowable Project Cost	\$ 0	\$ 824,000	\$ 824,000

Assistance Program (CFDA)	Statutory Authority	Regulatory Authority
66.039 - National Clean Diesel Funding Assistance Program (B)	Diesel Emissions Reduction Act of 2010 codified at 42 U.S.C. 16131 et seq Consolidated Appropriations Act of 2018 (P.L. 115-141)	2 CFR 200 2 CFR 1500 and 40 CFR 33

Fiscal									
Site Name	Req No	FY	Approp. Code	Budget Organization	PRC	Object Class	Site/Project	Cost Organization	Obligation / Deobligation
-	1809M7S066	18	E4	09M2	000AH4	4122			279,750
									279,750

Budget Summary Page

Table A - Object Class Category (Non-construction)	Total Approved Allowable Budget Period Cost
1. Personnel	\$5,000
2. Fringe Benefits	\$0
3. Travel	\$0
4. Equipment	\$0
5. Supplies	\$0
6. Contractual	\$0
7. Construction	\$0
8. Other	\$819,000
9. Total Direct Charges	\$824,000
10. Indirect Costs: % Base	\$0
11. Total (Share: Recipient <u>66.05</u> % Federal <u>33.95</u> %.)	\$824,000
12. Total Approved Assistance Amount	\$279,750
13. Program Income	\$0
14. Total EPA Amount Awarded This Action	\$279,750
15. Total EPA Amount Awarded To Date	\$279,750

Administrative Conditions

EPA General Terms and Conditions

The recipient agrees to comply with the current EPA general terms and conditions available at:

<https://www.epa.gov/grants/epa-general-terms-and-conditions-effective-october-2-2017-or-later> These terms and conditions are in addition to the assurances and certifications made as a part of the award and the terms, conditions, or restrictions cited throughout the award. The EPA repository for the general terms and conditions by year can be found at

<https://www.epa.gov/grants/grant-terms-and-conditions>

A. Federal Financial Reporting (FFR)

For awards with cumulative project and budget periods greater than 12 months, the recipient will submit an annual FFR (SF 425) covering the period from "project/budget period start date" to September 30 of each calendar year to the U.S. EPA Las Vegas Finance Center (LVFC). The FFR will be submitted electronically to

lvfc-grants@epa.gov no later than December 30 of the same calendar year. The form with instructions can be found on LVFC's website at

<https://www.epa.gov/financial/grants>.

B. Procurement

The recipient will ensure all procurement transactions will be conducted in a manner providing full and open competition consistent with 2 CFR Part 200.319. In accordance 2 CFR Part 200.323 the grantee and subgrantee(s) must perform a cost or price analysis in connection with applicable procurement actions, including contract modifications.

State recipients must follow procurement procedures as outlined in 2 CFR Part 200.317.

C. Six Good Faith Efforts 40 CFR Part 33, Subpart C

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

(a) Ensure DBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local and Government recipients, this will include placing DBEs on solicitation lists and

soliciting them whenever they are potential sources.

(b) Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.

(c) Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.

(d) Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.

(e) Use the services and assistance of the SBA and the Minority Business Development Agency of the Department of Commerce.

(f) If the prime contractor awards subcontracts, require the prime contractor to take the steps in paragraphs (a) through (e) of this section.

D. Utilization of Disadvantaged Business Enterprises

General Compliance, 40 CFR Part 33

The recipient agrees to comply with the requirements of EPA's Disadvantaged Business Enterprise (DBE) Program for procurement activities under assistance agreements, contained in 40 CFR Part 33.

Fair Share Objectives, 40 CFR Part 33, Subpart D

A recipient must negotiate with the appropriate EPA award official, or his/her designee, fair share objectives for MBE and WBE participation in procurement under the financial assistance agreements.

In accordance with 40 CFR Section 33.411 some recipients may be exempt from the fair share objective requirements as described in 40 CFR Part 33, Subpart D. Recipients should work with their DBE coordinator if they think their organization may qualify for an exemption.

The dollar amount of this assistance agreement, or the total dollar amount of all of the recipient's financial assistance agreements in the current federal fiscal year from EPA is \$250,000 or more. The recipient accepts the applicable MBE/WBE fair share objectives/goals negotiated with EPA by the California State Water Resources Control Board (CSWRCB), as follows:

MBE

WBE

Construction	1%	1%
Equipment	2%	1%
Services	1%	1%
Supplies	2%	1%

The recipient accepts the fair share objectives/goals stated above and attests to the fact that it is purchasing the same or similar construction, supplies, services and equipment, in the same or similar relevant geographic buying market as CSWRCB.

Negotiating Fair Share Objectives/Goals, Section 33.404

The recipient has the option to negotiate its own MBE/WBE fair share objectives/goals. If the recipient wishes to negotiate its own MBE/WBE fair share objectives/goals, the recipient agrees to submit proposed MBE/WBE objectives/goals based on an availability analysis, or disparity study, of qualified MBEs and WBEs in their relevant geographic buying market for construction, services, supplies and equipment.

The submission of proposed fair share goals with the supporting analysis or disparity study means that the recipient is **not** accepting the fair share objectives/goals of another recipient. The recipient agrees to submit proposed fair share objectives/goals, together with the supporting availability analysis or disparity study, to the Regional MBE/WBE Coordinator, Joe Ochab at Ochab.Joe@epa.gov, within 120 days of its acceptance of the financial assistance award. EPA will respond to the proposed fair share objective/goals within 30 days of receiving the submission. If proposed fair share objective/goals are not received within the 120-day time frame, the recipient may not expend its EPA funds for procurements until the proposed fair share objective/goals are submitted.

Contract Administration Provisions, 40 CFR Section 33.302

The recipient agrees to comply with the contract administration provisions of 40 CFR Section 33.302.

Bidders List, 40 CFR Section 33.501(b) and (c)

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

E. MBE/WBE Reporting

General Compliance, 40 CFR Part 33, Subpart E – Reporting Condition

MBE/WBE reporting is required annually for the life of the grant. Reporting is required for assistance agreements where there are funds budgeted for procuring construction, equipment, services and supplies, including funds budgeted for direct procurement by the recipient or procurement under subawards or loans in the “Other” category, that

exceed the threshold amount of \$150,000, including amendments and/or modifications.

Based on EPA's review of the planned budget, this award meets the conditions above and is subject to Disadvantaged Business Enterprise (DBE) Program reporting requirements. Conversely, the recipient must submit to the GrantsRegion9@epa.gov a justification and budget detail within 21 days of the award date demonstrating that this award is not subject to the DBE reporting requirements.

The recipient agrees to complete and submit a "MBE/WBE Utilization under Federal Grants, Cooperative agreements" report (EPA Form 5700-52A) on an annual basis. All procurement actions that are reportable, not just that portion which exceeds \$150,000.

When completing the annual report, recipients are instructed to check the box titled "annual:" in section 1B of the form. For the final report, recipients must check the box indicated for the "last report" of the project in section 1B of the form. Annual reports are due by October 30th of each year. Final reports are due by October 30th or 90 days after the end of the project period, whichever comes first.

The reporting requirement is based on total procurements. Recipients with expended and/or budgeted funds for procurement are required to report annually whether the planned procurements take place during the reporting period or not. If no budgeted procurements take place during the reporting period, the recipient should check the box in section 5B when completing the form.

MBE/WBE reports should be sent to GrantsRegion9@epa.gov and assigned EPA Grants Specialist. The current EPA Form 5700-52A can be found at the EPA Office of Small Business Program's website at <https://www.epa.gov/resources-small-businesses/contract-administration-reporting-form-s-disadvantaged-business>.

This provision represents an approved deviation from the MBE/WBE reporting requirements as described in 40 CFR Part 33, Section 33.502; however, the other requirements outlined in 40 CFR Part 33 remain in effect, including the Good Faith Effort requirements as described in 40 CFR Part 33, Subpart C, and Fair Share Objectives negotiation as described in 40 CFR Part 33, Subpart D.

F. Indirect Costs

The Cost Principles under 2 CFR Part 200, Subpart E apply to this award. Since there are no indirect costs included in the assistance budget, they are not allowable under this Assistance Agreement.

Programmatic Conditions

Refer to Attachment A for the FY2018 Clean Diesel Funding Assistance (DERA)

Programmatic Terms and Conditions.

-- End of Document --

Attachment A

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FY18 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.3. EPA verified idle reduction technologies: www.epa.gov/verified-diesel-tech/idling-reduction-technologies-irts-trucks-and-school-buses
- B.4. EPA verified aerodynamic technologies: www.epa.gov/verified-diesel-tech/aerodynamic-devices
- B.5. EPA verified low rolling resistance tires: www.epa.gov/verified-diesel-tech/low-rolling-resistance-lrr-new-and-retread-tires
- B.6. EPA certified engines and certified remanufacture systems for locomotives and marine engines: www.epa.gov/compliance-and-fuel-economy-data/engine-certification-data
- B.7. EPA Certified Conversion Systems for New Vehicles and Engines and compliant Conversion Systems for Intermediate-Age Vehicles and Engines: www.epa.gov/vehicle-and-engine-certification/lists-epa-compliant-alternative-fuel-conversion-systems
- 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.

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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>. 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

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miles traveled, idling and/or operating hours, and fuel use. If actual vehicle miles traveled, idling and/or operating hours, and fuel use are not available, the final report will include a detailed explanation of how these values are derived, as well as any assumptions or default values used, for the purposes of emissions benefit calculations. The final report will also detail the methodologies used for the emission benefit calculation.

For projects involving vehicle/engine/equipment replacements the recipient must provide in the final report: 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.8.4 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.

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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 Budget Period: Recipient agrees that, funds under this award cannot be used to cover expenses incurred prior to the budget period and that expenses incurred prior to the budget period cannot be used as a cost-share for projects funded under this award.
- E.3. Formerly Verified Technologies: Recipient agrees that funds under this award cannot 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. Emissions Testing: Recipient agrees that funds under this award cannot be used for emissions testing and/or air monitoring activities (including the acquisition cost of emissions testing equipment), or research and development.
- E.5. Fueling Infrastructure: Recipient agrees that funds under this award cannot be used for fueling infrastructure, such as that used for the production and/or distribution of biodiesel, compressed natural gas, liquefied natural gas, and or other cleaner fuels.
- E.6. Mandated Measures: Recipient agrees that funds under this award cannot be used for emissions reductions that are mandated under federal law. This refers to specific compliance dates within the mandate, not when the mandate is passed. Voluntary or elective emissions reductions measures shall not be considered "mandated", regardless of whether the reductions are included in the State Implementation Plan of a State.
- E.7. Normal Attrition: Recipient agrees that funds under this award cannot be used for emission reductions that result from vehicle/engine/equipment replacements that would have occurred through normal attrition/fleet turnover within three

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years of the project start date. Any question as to eligibility of a vehicle/equipment replacement or repower should be directed to the EPA Project Officer.

- E.8. Fleet Expansion: Recipient agrees that funds under this award, including subawards/subgrants, cannot be used for the purchase of vehicles, engines, or equipment to expand a fleet. Engine, vehicle, and equipment replacement projects are eligible for funding on the condition that the following criteria are satisfied:
- E.8.1. The vehicle, equipment and/or engine being replaced must be fully operational and in current, regular service.
 - E.8.2. The replacement vehicle/engine/equipment will continue to perform the same function and operation as the vehicle/engine/equipment that is being replaced.
 - E.8.3. 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.8.3.1. *Nonroad, Locomotive, and Marine*: Horsepower increases of more than 25 percent will require written approval by the EPA Project Officer prior to purchase, and the applicant may be required to pay the additional costs associated with the higher horsepower equipment.
 - E.8.3.2. *Highway*: The replacement vehicle must not be in a larger weight class than the existing vehicle (Class 5, 6, 7, or 8). The engine's primary intended service class must match the replacement vehicle's weight class (i.e. a LHD diesel engine is used in a vehicle with GVWR 16,001 – 19,500 pounds, a MHD diesel engine is used in a vehicle with a GVWR of 19,501 – 33,000 pounds, and an HHD diesel engine is used in a vehicle with a GVWR greater than 33,000 pounds.) Exceptions may be granted for vocational purposes, however the GVWR must stay within 10 percent of the engine's intended service class and any exceptions will require written approval by the EPA Project Officer prior to purchase.
 - E.8.4. The vehicle, equipment, and/or engine being replaced must be scrapped or rendered permanently disabled within ninety (90) days of being replaced.
 - E.8.4.1. 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

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submitted and will require prior written approval from the EPA Project Officer.

- E.8.4.2. 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 scrapping methods may be considered and will require prior written approval from the EPA Project Officer.
 - E.8.4.3. 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 scrapping methods may be considered and will require prior written approval from the EPA Project Officer.
 - E.8.4.4. 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.8.4.5. 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.8.4.6. 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.10. Auxiliary Power Units: Recipient agrees that funds under this award cannot be used for the purchase of APUs or generators for vehicles with engine model year 2007 or newer.
- E.11. 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.12. Highway Model Year: Recipient agrees that funds under this award cannot be used to retrofit (including idle reduction technologies and aerodynamics and

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tires), convert, or replace a transit bus, medium-duty, or heavy-duty highway vehicle with engine model year 1995 and older or 2010 and newer, or to retrofit engine model year 2007 and newer with DOCs or DPFs, or retrofit engine model year 2010 and newer with SCR, or replace engine model year 2007-2009 with other than zero emission. Refer to Table 1 for further explanation.

E.12.1 Clean Alternative Fuel Conversion: Funds under this award cannot be used to purchase certified/approved conversion systems that do not meet the following criteria:

E.12.1.1 Existing engine model 1996-2006: Conversion kit must be certified or approved to achieve at least a 30% NOx reduction and a 10% PM reduction from the applicable certified emission standard of the original engine.

E.12.1.2 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

Current Engine Model Year (EMY)	DOC +/- CCV	DPF	SCR	Verified Idle Reduction, Tires, or Aerodynamics	Vehicle or Engine Replacement: EMY 2018+ (2013+ for Drayage)	Vehicle or Engine Replacement: Zero Emission	Clean Alternative Fuel Conversion
older - 1995	No	No	No	No	No	No	No
1996 - 2006	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2007 - 2009	No	No	Yes	Yes*	No	Yes	Yes
2010 - newer	No	No	No	No	No	No	No

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

E.13. 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. Engine hours may be combined to reach the 500-hour threshold where two engines will be scrapped and replaced with a single engine.

E.14. Nonroad Model Year and Tier: Recipient agrees that funds under this award cannot be used to retrofit, upgrade or replace a nonroad engine that is 50 HP or less and engine model year 2005 or older, or between 51-300 HP and engine model year 1995 or older, or 301 HP or greater and engine model year 1985 or older. Refer to Table 2 for further explanation.

E.14.1. *Equipment and Vehicle Replacement*: Funds under this award cannot be used to replace nonroad vehicles and equipment with vehicles/equipment powered by unregulated, Tier 1, or Tier 2 engines compression ignition (CI) engines. Vehicles/equipment powered by Tier 3 and Tier 4 interim (4i) engines are allowed for vehicle/equipment replacement only when Tier 4 final is not yet available from OEM for

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2018 model year equipment under the Transition Program for Equipment Manufacturers (TPEM). Funds under this award cannot be used to replace nonroad vehicles and equipment with vehicles/equipment powered by unregulated or Tier 1 nonroad large spark-ignition (SI) engines.

E.14.2. *Engine Replacement*: Funds under this award cannot be used to replace nonroad engines with Tier 3 or lower CI engines. Funds under this award cannot be used to replace nonroad engines with Tier 1 or lower SI engines.

Table 2. Nonroad Engine Funding Restrictions

Current Engine Horsepower	Current Engine Model Year (EMY) and Tier	Vehicle/Equipment Replacement: EMY 2018+					Verified Exhaust Control
		Compression Ignition			Spark Ignition	Zero Emission	
		Tier 0-2	Tier 3-4i	Tier 4	Tier 2		
0-50	2006 and Newer; Unregulated – Tier 2	No	No	Yes	Yes	Yes	Yes
51-300	1996 and Newer; Tier 0 – Tier 2	No	Yes*	Yes	Yes	Yes	Yes
51-300	1996 and Newer; Tier 3	No	No	Yes	Yes	Yes	Yes
301+	1986 and Newer; Tier 0 – Tier 2	No	Yes*	Yes	Yes	Yes	Yes
301+	1986 and Newer; Tier 3	No	No	Yes	Yes	Yes	Yes
Current Engine Horsepower	Current Engine Model Year (EMY) and Tier	Engine Replacement: EMY 2018+**				Verified Engine Upgrade	
		Compression Ignition		Spark Ignition	Zero Emission		
		Tier 0-3	Tier 4	Tier 2			
0-50	2006 and Newer; Unregulated – Tier 2	No	Yes	Yes	Yes	Yes	
51-300	1996 and Newer; Tier 0 – Tier 3	No	Yes	Yes	Yes	Yes	
301-750	1986 and Newer; Tier 0 – Tier 3	No	Yes	Yes	Yes	Yes	
751+	1986 and Newer; Tier 0 – Tier 2	No	Yes	Yes	Yes	Yes	

*Tier 3 and Tier 4 interim (4i) allowed for vehicle/equipment replacement only when Tier 4 final is not yet available from OEM for 2017 model year equipment under the Transition Program for Equipment Manufacturers (TPEM).

**Previous engine model year engines may be used for engine replacement if the engine is certified to the same emission standards applicable to EMY 2018.

E.15. Locomotive and Marine Operating Hours: Recipient agrees that funds under this award cannot be used to retrofit, replace, upgrade or install idle reduction technologies on eligible locomotives or marine engines that operate less than 1,000 hours per year. Engine hours may be combined to reach the 1000-hour threshold where two engines will be scrapped and replaced with a single engine.

E.16. 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 CI marine engine. Refer to Table 3 for further explanation.

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Table 3: Marine Engines Funding Restrictions

Current Engine Tier	Engine Replacement: EMY 2018+ *				Certified Remanufacture System	Verified Engine Upgrade
	Compression Ignition		Spark Ignition	Zero Emission		
	Tier 1-2	Tier 3-4				
Unregulated – Tier 2	No	Yes	Yes	Yes	Yes	Yes
Tier 3 - 4	No	No	No	No	No	No

*Previous engine model year engines may be used if the engine is certified to the same emission standards applicable to EMY 2018.

E.17. Marine Shore Connection: Recipient agrees that funds under this award cannot be used for marine shore connection system projects that are expected to be utilized less than 1,000 MW-hr/year.

E.18. Locomotive Engine Tier: Recipient agrees that funds under this award cannot be used to replace any locomotive engine with a Tier 3 or lower engine. No funds awarded under the Program shall be used to replace Tier 2+ line-haul locomotive engines. No funds awarded under the Program shall be used to install Automatic Engine Start-Stop technologies on locomotives currently certified to Tier 0+ or higher. Refer to Table 4 for further explanation.

Table 4: Locomotive Engines Funding Restrictions

Current Locomotive Tier	Locomotive Replacement or Engine Replacement: EMY 2018+* or Zero Emission			Verified Exhaust Control	Idle-Reduction Technology	Certified Remanufacture System
	Tier 0+ - 3	Tier 4	Zero Emission			
	Unregulated - Tier 2	No	Yes			
Tier 2+ switcher	No	Yes	Yes	Yes	Yes**	Yes
Tier 2+ line haul	No	No	No	Yes	Yes**	Yes
Tier 3 – Tier 4	No	No	No	No	No	No

*Previous engine model year engines may be used if the engine is certified to the same emission standards applicable to EMY 2018.

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

E.19. 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.20. 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.

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E.21. 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

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and does not include revenue generated by recipients or subrecipients through the commercial use of vehicles and equipment purchased with grant funds. "Period of performance" is the time between the start and end dates of the period of performance as included in the Federal award.

Program income earned during the project period shall be retained by the recipient and, in accordance with 2 CFR §200.307 recipient is authorized to use program income to meet the cost-sharing or matching requirement of the Federal award, including any mandatory or voluntary cost-share. The amount of the Federal award remains the same. The recipient will maintain records adequate to document the extent to which transactions generate program income and the disposition of program income.

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

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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.

I. 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) 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 the mandatory cost-share of at least 75% of the cost of eligible, verified idle reduction technologies on Class 8 long-haul trucks and school buses.
- 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

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responsible for cost-sharing at least 75% of the cost of an eligible shore connection system.

- M.5. Truck Stop Electrification: EPA will fund up to 30% of the cost (labor and equipment) of eligible truck stop electrification technology; recipient is responsible for the mandatory cost-share of at least 70% of the cost of eligible truck stop electrification technology.
- 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 the mandatory cost-share of 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. Engines certified to CARB's Optional Low NOx Standards may be found by searching CARB's Executive Orders for Heavy-duty Engines and Vehicles, found at: www.arb.ca.gov/msprog/onroad/cert/cert.php. Recipient is responsible for the mandatory cost-share of at least 50% of the cost of eligible Low-NOx engine replacement.
 - M.6.3. *Zero Emission*: EPA will fund up to 60% of the cost (labor and equipment) of an eligible zero emission engine replacement; recipient is responsible for the mandatory cost-share of at least 40% of the cost of an eligible zero emission 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 the mandatory cost-share of 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. Engines certified to CARB's Optional Low NOx Standards may be found by searching CARB's Executive Orders for Heavy-duty Engines and Vehicles, found at: www.arb.ca.gov/msprog/onroad/cert/cert.php. Recipient is responsible for the mandatory cost-share of at least 65% of the cost of an eligible replacement vehicle.
 - M.7.3. *Zero Emission*: EPA will fund up to 45% of the cost of an eligible zero emission replacement vehicle or equipment; recipient is responsible for the mandatory cost-share of at least 55% of the cost of an eligible zero emission replacement vehicle or piece of equipment.

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M.7.4. *Drayage Trucks*: EPA will fund up to 50% of the cost of an eligible replacement drayage truck powered by a 2013 model year or newer certified engine; recipient is responsible for the mandatory cost-share of at least 50% of the cost of an eligible replacement drayage vehicle.

M.8. Clean Alternative Fuel Conversion: EPA funds and state voluntary matching funds can cover up to 40% of the cost (labor and equipment) of an eligible certified or compliant clean alternative fuel conversion. States and/or eligible third parties are responsible for the mandatory cost-share of at least 60% of the cost of an eligible clean alternative fuel conversion.

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

n. Leveraging

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

o. Voluntary Cost-Share

This award and the resulting federal funding of \$279,750 is based on estimated costs requested in the recipient's final approved workplan. Included in these costs is a voluntary cost-share contribution of \$5,000 by the recipient in the form of a voluntary cost-share that the recipient included in its final approved workplan. The recipient must provide this voluntary cost-share contribution during performance of this award unless the EPA agrees otherwise in a modification to this agreement. While actual total costs may differ from the estimates in the recipient's application, EPA's participation shall not exceed the total amount of federal funds awarded.

If the recipient fails to provide the voluntary cost-share contribution during the period of award performance, and does not provide a satisfactory explanation, the Agency may consider this factor in evaluating future proposals from the recipient. In

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addition, if the voluntary cost-share contribution does not materialize during the period of award performance then EPA may reconsider the legitimacy of the award; if EPA determines that the recipient knowingly or recklessly provided inaccurate information regarding the voluntary cost-share or overmatch the recipient described in its final approved workplan, EPA may take action as authorized by 2 CFR Part 200 and/or 2 CFR Part 180 as applicable.

p. Cybersecurity

(a) The recipient agrees that when collecting and managing environmental data under this assistance agreement, it will protect the data by following all State or Tribal law cybersecurity requirements as applicable.

(b)(1) EPA must ensure that any connections between the recipient's network or information system and EPA networks used by the recipient to transfer data under this agreement, are secure. For purposes of this Section, a connection is defined as a dedicated persistent interface between an Agency IT system and an external IT system for the purpose of transferring information. Transitory, user-controlled connections such as website browsing are excluded from this definition.

If the recipient's connections as defined above do not go through the Environmental Information Exchange Network or EPA's Central Data Exchange, the recipient agrees to contact the EPA Project Officer (PO) no later than 90 days after the date of this award and work with the designated Regional/Headquarters Information Security Officer to ensure that the connections meet EPA security requirements, including entering into Interconnection Service Agreements as appropriate. This condition does not apply to manual entry of data by the recipient into systems operated and used by EPA's regulatory programs for the submission of reporting and/or compliance data.

(b)(2) The recipient agrees that any subawards it makes under this agreement will require the subrecipient to comply with the requirements in (b)(1) if the subrecipient's network or information system is connected to EPA networks to transfer data to the Agency using systems other than the Environmental Information Exchange Network or EPA's Central Data Exchange. The recipient will be in compliance with this condition: by including this requirement in subaward agreements; and during subrecipient monitoring deemed necessary by the recipient under 2 CFR 200.331(d), by inquiring whether the subrecipient has contacted the EPA Project Officer. Nothing in this condition requires the recipient to contact the EPA Project Officer on behalf of a subrecipient or to be involved in the negotiation of an Interconnection Service Agreement between the subrecipient and EPA.