MEMORANDUM

To: Joint Fiscal Committee Members
From: Nathan Lavery, Fiscal Analyst
Date: November 19, 2008
Subject: Grant Request

Enclosed please find one (1) request which the Joint Fiscal Office recently received from the Administration:

JFO #2351 — $413,448 grant from the U.S. Environmental Protection Agency (EPA) to the Agency of Natural Resource – Department of Environmental Conservation (DEC). These grant funds will be used to extend the Clean School Bus Program to reduce diesel emissions and children’s exposure to diesel exhaust from school buses. Previously, JFC reviewed and allowed DEC to accept a grant to fund the Clean School Bus Program (JFC #2326). These funds represent a new grant that EPA has awarded DEC to expand this program. Even though JFC has previously allowed for acceptance of EPA grants to fund this program, this submission technically represents a separate grant, and therefore must proceed through the formal acceptance process.

[JFO received 11/17/08]

The Joint Fiscal Office has reviewed this submission and determined that all appropriate forms bearing the necessary approvals are in order.

In accordance with the procedures for processing such requests, we ask you to review the enclosed and notify the Joint Fiscal Office (Nathan Lavery at 802/828-1488; nlavery@leg.state.vt.us or Stephen Klein at 802/828-5769; sklein@leg.state.vt.us) if you have questions or would like this item held for Joint Fiscal Committee review. Unless we hear from you to the contrary by December 3 we will assume that you agree to consider as final the Governor’s acceptance of this request.

cc: James Reardon, Commissioner
George Crombie, Secretary
Laura Pelosi, Commissioner
MEMORANDUM

To: Representative Robert Dostis
From: Nathan Lavery
Date: November 19, 2008
Subject: JFO #2351 (Expanded Clean School Bus grant)

Representatives Michael Obuchowski and Shap Smith asked that I forward to you a copy of the enclosed request and cover memo. They are requesting you provide them with your observations regarding the enclosed item.

cc: Rep. Michael Obuchowski
    Rep. Shap Smith
    Stephen Klein
STATE OF VERMONT
GRANT ACCEPTANCE FORM

GRANT SUMMARY: Title: Vermont State Diesel Program
This is a request for approval of a grant from US EPA for
$413,448.00 to continue the Clean School Bus Initiative to
reduce diesel emissions and children's exposure to diesel exhaust
by equipping publicly owned school buses with emissions
control retrofit devices.

DATE: October 20, 2008
DEPARTMENT: Environmental Conservation (ANR)
GRANT / DONATION: $413,448.00

FEDERAL CATALOG No.: 66.040
GRANTOR / DONOR: US EPA – New England Region 1

AMOUNT / VALUE: $413,448.00

POSITIONS REQUESTED: None
GRANT PERIOD: 10/01/2008 to 9/30/2010
COMMENTS: See attachments.

DEPARTMENT OF FINANCE AND MANAGEMENT: (INITIAL)
SECRETARY OF ADMINISTRATION (INITIAL)
SENT TO JOINT FISCAL OFFICE: DATE: 11/4/08

RECEIVED
NOV 17 2008
JOINT FISCAL OFFICE
1. Agency: Natural Resources
2. Department: Environmental Conservation
3. Program: Air Pollution Control
4. Legal Title of Grant: Vermont State Diesel Program
5. Federal Catalog #: 66.040
6. Grant/Donor Name and Address:
   EPA, Region 1; 1 Congress St., Boston MA 02114-2023
7. Grant Period: From: 10/1/2008 To: 9/30/2010
8. Purpose of Grant:
   To reduce diesel emissions to improve air quality & protect public health with continuation of efforts under the current Clean School Bus Initiative to equip publicly-owned school buses w/ emissions control retrofit devices.
9. Impact on existing program if grant is not Accepted:
   This grant does directly affect the existing State Diesel Grant program which is being administered through the Clean School Bus Initiative and could impact future EPA funding for the mobile source air quality program.

10. BUDGET INFORMATION

<table>
<thead>
<tr>
<th>Expenditures:</th>
<th>SFY 1 FY 2009</th>
<th>SFY 2 FY 2010</th>
<th>SFY 3 FY</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Personal Services</td>
<td>$196,880</td>
<td>$216,568</td>
<td>$</td>
<td>equipment &amp; install</td>
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<tr>
<td>Operating Expenses</td>
<td>$</td>
<td>$</td>
<td>$</td>
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<tr>
<td>Grants</td>
<td>$</td>
<td>$</td>
<td>$</td>
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<tr>
<td><strong>Total</strong></td>
<td>$196,880</td>
<td>$216,568</td>
<td>$</td>
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<table>
<thead>
<tr>
<th>Revenues:</th>
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</thead>
<tbody>
<tr>
<td>State Funds:</td>
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<td>$0</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>In-Kind</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
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<tr>
<td>Federal Funds:</td>
<td>$196,880</td>
<td>$216,568</td>
<td>$</td>
<td></td>
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<tr>
<td>(Direct Costs)</td>
<td>$196,880</td>
<td>$216,568</td>
<td>$</td>
<td></td>
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<tr>
<td>(Statewide Indirect)</td>
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<td>(Departmental Indirect)</td>
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<tr>
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<tr>
<td>Grant (source)</td>
<td>$</td>
<td>$</td>
<td>$</td>
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<tr>
<td><strong>Total</strong></td>
<td>$196,880</td>
<td>$216,568</td>
<td>$</td>
<td></td>
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</tbody>
</table>

Appropriation No: 6140030000 Amount: $413,448
**STATE OF VERMONT REQUEST FOR GRANT ACCEPTANCE**

**PERSONAL SERVICE INFORMATION**

11. Will monies from this grant be used to fund one or more Personal Service Contracts? ☑ Yes ☐ No
   If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding

| Appointing Authority Name: Laura Q. Pelosi | Agreed by: (initial) |

12. Limited Service Position Information:

<table>
<thead>
<tr>
<th># Positions</th>
<th>Title</th>
</tr>
</thead>
</table>

Total Positions

12a. Equipment and space for these positions:

☐ Is presently available. ☐ Can be obtained with available funds.

**13. AUTHORIZATION AGENCY/DEPARTMENT**

I certify that no funds have been expended or committed in anticipation of Joint Fiscal Committee Approval of this grant:

<table>
<thead>
<tr>
<th>Signature: Laura Q. Pelosi</th>
<th>Date: 9/26/08</th>
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</thead>
<tbody>
<tr>
<td>Title: Commissioner, DEC</td>
<td></td>
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</tbody>
</table>

**14. ACTION BY GOVERNOR**

☐ Check One Box:

☑ Accepted

☐ Rejected (Governor’s signature) 11/1/08

**15. SECRETARY OF ADMINISTRATION**

☐ Check One Box:

☐ Request to JFO

☐ Information to JFO (Secretary’s signature or designee) Date: 10/27/08

**16. DOCUMENTATION REQUIRED**

Required GRANT Documentation

<table>
<thead>
<tr>
<th>☑ Request Memo</th>
<th>☐ Request Memo</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Dept. project approval (if applicable)</td>
<td>☐ Dept. project approval (if applicable)</td>
</tr>
<tr>
<td>☑ Notice of Award</td>
<td>☐ Notice of Donation (if any)</td>
</tr>
<tr>
<td>☑ Grant Agreement</td>
<td>☐ Grant (Project) Timeline (if applicable)</td>
</tr>
<tr>
<td>☑ Grant Budget</td>
<td>☐ Request for Extension (if applicable)</td>
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</tbody>
</table>
U.S. ENVIRONMENTAL PROTECTION AGENCY

Cooperative Agreement

ASSISTANCE ID NO.                  DATE OF AWARD
PRG   DOC ID  AMEND#                08/28/2008
DS - 97190301 - 0

TYPE OF ACTION: New
PAYMENT METHOD: ASAP
MILING DATE: 09/04/2008
ACH#: 10114

RECIPIENT TYPE: State
RECIPIENT: Vermont D.E.C.
103 S. Main Street, Bldg. 1 So.
Waterbury, VT 05621-0401
EIN: 03-6000274

PROJECT MANAGER: David M. Love
103 S. Main Street, Bldg. 1 So.
Waterbury, VT 05671-0401
E-Mail: David.Love@state.vt.us
Phone: 802-241-3554

EPA PROJECT OFFICER: Gevon Solomon
1 Congress Street, Suite 1100, CAQ
Boston, MA 02114-2023
E-Mail: Solomon.Geon@epaemail.epa.gov
Phone: 617-918-1513

EPA GRANT SPECIALIST: Cheryl Scott
Grants Management Office, MGM
E-Mail: Scott.Cheryl@epaemail.epa.gov
Phone: 617-918-1174

PROJECT TITLE AND DESCRIPTION
Vermont State Diesel Program
The Vermont Department of Environmental Conservation (VT DEC) will retrofit publicly-owned school bus with diesel oxidation catalysts (DOCs), closed crankcase ventilation (CCV) systems, and auxiliary fuel-operated heaters (FOHs). They plan on implementing a demonstration/pilot project to assist in the planning and development of future year of the State Diesel Grant Program. This pilot project includes the installation of EPA-approved idle reduction technologies on transit buses and/or ambulances operating in Vermont. This grant will also includes that development of outreach materials and resources to communicate the associated health and cost benefits of the grant program. These materials will be provided to schools, public transportation administrators, fleet managers, fleet operators, fleet maintenance personnel, and concerned citizens.

BUDGET PERIOD: 10/01/2008 - 09/30/2010
TOTAL BUDGET PERIOD COST: $413,448.00

PROJECT PERIOD: 10/01/2008 - 09/30/2010
TOTAL PROJECT PERIOD COST: $413,448.00

NOTICE OF AWARD
Based on your application dated 06/26/2008, including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA), hereby awards $196,880. EPA agrees to cost-share 100.00% of all approved budget period costs incurred, up to and not exceeding total federal funding of $196,880. Such award may be terminated by EPA without further cause if the recipient fails to provide timely affirmation of the award by signing under the Affirmation of Award section and returning all pages of this agreement to the Grants Management Office listed below within 21 days after receipt, or any extension of time, as may be granted by EPA. This agreement is subject to applicable EPA statutory provisions. The applicable regulatory provisions are 40 CFR Chapter 1, Subchapter B, and all terms and conditions of this agreement and any attachments.

ISSUING OFFICE (GRANTS MANAGEMENT OFFICE) AWARD APPROVAL OFFICE
ORGANIZATION / ADDRESS ORGANIZATION / ADDRESS
1 Congress Street, Suite 1100 1 Congress Street, Suite 1100
Boston, MA 02114-2023 Boston, MA 02114-2023

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL: Linda Murphy, Director, Office of Administration & Resource Management
Digital signature applied by EPA Award Official
DATE: 08/28/2008

AFFIRMATION OF AWARD
BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE: Laura Q. Pelosi, Commissioner
TYPE NAME AND TITLE: Commissioner
DATE: 09/24/2008
### EPA Funding Information

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<tr>
<th>FUNDS</th>
<th>FORMER AWARD</th>
<th>THIS ACTION</th>
<th>AMENDED TOTAL</th>
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<tbody>
<tr>
<td>EPA Amount This Action</td>
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<td>$ 196,880</td>
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<tr>
<td>EPA In-Kind Amount</td>
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<td>Allowable Project Cost</td>
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**Assistance Program (CFDA)**
- 66.040 - State Clean Diesel Grant Program (B)

**Statutory Authority**
- Energy Policy Act 2005
- Public Law 109-58

**Regulatory Authority**
- 40 CFR PART 31

### Fiscal

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<tr>
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<th>Appropriation Code</th>
<th>Budget Organization</th>
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<th>Object Class</th>
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**196,880**
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<td>5. Supplies</td>
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<td>6. Contractual</td>
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<td>7. Construction</td>
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<tr>
<td>8. Other</td>
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<tr>
<td>9. Total Direct Charges</td>
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<tr>
<td>10. Indirect Costs: % Base</td>
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<tr>
<td>11. Total (Share: Recipient 0.00 % Federal 100.00 %)</td>
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<tr>
<td>12. Total Approved Assistance Amount</td>
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<tr>
<td>13. Program Income</td>
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<td>14. Total EPA Amount Awarded This Action</td>
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<tr>
<td>15. Total EPA Amount Awarded To Date</td>
<td>$196,880</td>
</tr>
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</table>
Administrative Conditions

1. REIMBURSEMENT LIMITATION

EPA’s financial obligations to the recipient are limited by the amount of federal funding awarded to date as shown on line 15 in its EPA approved budget. If the recipient incurs costs in anticipation of receiving additional funds from EPA, it does so at its own risk.

2. UTILIZATION OF SMALL, MINORITY AND WOMEN’S BUSINESS ENTERPRISES

GENERAL COMPLIANCE, 40 CFR, Part 33

The recipient agrees to comply with the requirements of EPA’s Program for Utilization of Small, Minority and Women’s Business Enterprises (MBE/WBE) in procurement 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.

Current Fair Share Objective/Goal

The dollar amount of this assistance agreement is $250,000, or more; or the total dollar amount of all of the recipient’s non-TAG assistance agreements from EPA in the current fiscal year is $250,000, or more. The Vermont Department of Environmental Conservation has negotiated the following, applicable MBE/WBE fair share objectives/goals with EPA as follows:

MBE: CONSTRUCTION _1%_; SUPPLIES _1%_; SERVICES _1%_; EQUIPMENT _1%
WBE: CONSTRUCTION _1%_; SUPPLIES _1%_; SERVICES _1%_; EQUIPMENT _1%

Negotiating Fair Share Objectives/Goals, 40 CFR, Section 33.404

If the recipient has not yet negotiated its 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 recipient agrees to submit proposed fair share objectives/goals, together with the supporting availability analysis or disparity study, to the Regional MBE/WBE Coordinator 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.

**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) Require 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.

**MBE/WBE REPORTING, 40 CFR, Part 33, Sections 33.502 and 55.503**
The recipient agrees to complete and submit EPA Form 5700-52A, "MBE/WBE Utilization Under Federal Grants, Cooperative Agreements and Interagency Agreements" beginning with the Federal fiscal year reporting period the recipient receives the award, and continuing until the project is completed. Only procurements with certified MBE/WBEs are counted toward a recipient's MBE/WBE accomplishments. The reports must be submitted annually for the period ending September 30th for:

- 40 CFR Part 30 Recipients (Non-profits and Institutions of Higher Education); and
The reports are due within 30 days of the end of the annual reporting period (October 30th). Reports should be sent to:

U.S. Environmental Protection Agency – Region I
One Congress Street, Suite 1100 (MGM)
Boston, MA 02114-2023
Attn: Ms. Valerie Bataille, Disadvantaged Business Utilization Program Manager

Final MBE/WBE reports must be submitted within 90 days after the project period of the grant ends. Your grant cannot be officially closed without all MBE/WBE reports.

EPA Form 5700-52A may be obtained from the EPA Office of Small Business Program’s Home Page on the Internet at [www.epa.gov/osbp](http://www.epa.gov/osbp).

**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.

**3. HOTEL-MOTEL FIRE SAFETY**

Pursuant to 40 CFR 30.18, if applicable, and 15 USC 2225a, the recipient agrees to ensure that all space for conferences, meetings, conventions, or training seminars funded in whole or in part with federal funds complies with the protection and control guidelines of the Hotel and Motel Fire Safety Act (PL 101-391, as amended). Recipients may search the Hotel-Motel National Master List at [http://www.usfa.dhs.gov/applications/hotel/](http://www.usfa.dhs.gov/applications/hotel/) to see if a property is in compliance (FEMA ID is currently not required), or to find other information about the Act.

**4. LOBBYING AND LITIGATION - ALL RECIPIENTS**

The chief executive officer of this recipient agency shall ensure that no grant funds awarded under this assistance agreement are used to engage in lobbying of the Federal Government or in litigation against the United States unless authorized under existing law. The recipient shall abide by its respective OMB Circular (A-21, A-87, or A-122), which prohibits the use of federal grant funds for litigation against the United States or for lobbying or other political activities.
5. LOBBYING - ALL RECIPIENTS

The recipient agrees to comply with Title 40 CFR Part 34, New Restrictions on Lobbying. The recipient shall include the language of this provision in award documents for all subawards exceeding $100,000, and require that subrecipients submit certification and disclosure forms accordingly.

In accordance with the Byrd Anti-Lobbying Amendment, any recipient who makes a prohibited expenditure under Title 40 CFR Part 34 or fails to file the required certification or lobbying forms shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such expenditure.

6. MANAGEMENT FEES

Management fees or similar charges in excess of the direct costs and approved indirect rates are not allowable. The term "management fees or similar charges" refers to expenses added to the direct costs in order to accumulate and reserve funds for ongoing business expenses, unforeseen liabilities, or for other similar costs which are not allowable under this assistance agreement. Management fees or similar charges may not be used to improve or expand the project funded under this agreement, except to the extent authorized as a direct cost of carrying out the scope of work.

7. RECYCLING TERM AND CONDITION (1)

In accordance with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962) any State agency or agency of a political subdivision of a State which is using appropriated Federal funds shall comply with the requirements set forth. Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds $10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was $10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

8. RECYCLING TERM AND CONDITION (2)

In accordance with 40 CFR 30.16, State and local institutions of higher education, hospitals, and non-profit organizations that receive direct Federal funds shall give preference in their procurement programs funded with Federal funds to the purchase of recycled products pursuant to EPA's guidelines.

9. RECYCLING TERM AND CONDITION (3)

In accordance with the polices set forth in EPA Order 1000.25 and Executive Order 13423, Strengthening Federal Environmental, Energy and Transportation Management (January 24,
2007), the recipient agrees to use recycled paper and double sided printing for all reports which are prepared as a part of this agreement and delivered to EPA. This requirement does not apply to reports prepared on forms supplied by EPA, or to Standard Forms, which are printed on recycled paper and are available through the General Services Administration.

10. SUSPENSION AND DEBARMENT

Recipient shall fully comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled “Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons).” Recipient is responsible for ensuring that any lower tier covered transaction as described in Subpart B of 2 CFR Part 180 and 2 CFR Part 1532, entitled “Covered Transactions,” includes a term or condition requiring compliance with Subpart C. Recipient is responsible for further requiring the inclusion of a similar term or condition in any subsequent lower tier covered transactions. Recipient acknowledges that failing to disclose the information as required at 2 CFR 180.335 may result in the delay or negation of this assistance agreement, or pursuance of legal remedies, including suspension and debarment.

Recipient may access the Excluded Parties List System at www.epls.gov. This term and condition supersedes EPA Form 5700-49, “Certification Regarding Debarment, Suspension, and Other Responsibility Matters.”

11. To implement requirements of Section 106 of the Trafficking Victims Protection Act of 2000, as amended, the following provisions apply to this award:

a. We, as the Federal awarding agency may unilaterally terminate this award, without penalty, if a subrecipient that is a private entity: (1) is determined to have violated an applicable prohibition in the Prohibition Statement below; or (2) has an employee who is determined by the agency official authorized to terminate the award to have violated an applicable prohibition in the Prohibition Statement below through conduct that is either: (a) associated with performance under this award; or (b) imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, “OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement),” as implemented by our agency at 2 CFR part 1532. You must inform us immediately of any information you receive from any source alleging a violation of a prohibition in the Prohibition Statement below.

b. Our right to terminate unilaterally that is described in paragraph a of this award term: (1) implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7104(g)), and (2) is in addition to all other remedies for noncompliance that are available to us under this award.

c. You must include the requirements of the Prohibition Statement below in any subaward you make to a private entity.

Prohibition Statement - You as the recipient, your employees, subrecipients under this award,
and subrecipients’ employees may not engage in severe forms of trafficking in persons during the period of time that the award is in effect; procure a commercial sex act during the period of time that the award is in effect; or use forced labor in the performance of the award or subawards under the award.

12. Unliquidated Obligations Term and Condition: Part 31

Pursuant to 40 CFR 31.41(b) and 31.50(b), EPA recipients shall submit a final Financial Status Report – also called the SF269 – to EPA’s Las Vegas Finance Center (LVFC), within ninety (90) days after the expiration of the budget period end date. Completed SF269s must be faxed to 702-798-2423 or mailed to the following address: USEPA LVFC, P.O. Box 98515, Las Vegas, NV 89193-8515. The LVFC will make adjustments, as necessary, to obligated funds after reviewing and accepting a final Financial Status Report. Recipients will be notified and instructed by EPA if they must complete any additional forms for the closeout of the assistance agreement.

EPA may take enforcement actions in accordance with 40 CFR 31.43 if the recipient does not comply with this term and condition.

13. PARTIAL FUNDING

EPA is partially funding this budget period and will consider funding the balance of the budget request contingent upon the availability of funds, and EPA priorities. The scope of work may be renegotiated to reflect the amount awarded if additional funds are not available.

14. METHOD OF PAYMENT

No payment will be made to the recipient until the executed assistance agreement is returned to the Grants Management Office.

The recipient enrolled in the Automated Standard Application for Payment (ASAP) System should request cash drawdowns based on the recipient’s projected cash requirements, not to exceed those amounts necessary for immediate disbursement needs, typically 3 to 5 days.

If the recipient fails to comply with the above conditions the recipient’s payment method may be changed to reimbursement.

FEDERAL CASH TRANSACTION REPORT

The recipient agrees to submit a Federal Cash Transaction Report SF272 and continuation for multiple grants SF272a annually within 15 working days following the end of each calendar year for the reporting period January 1 ending December 31 (not required for international recipients).
Completed reports should be forwarded to the Las Vegas Finance Center (LVFC), P.O. Box 98515, as Vegas, NV 89193 or faxed to 702-798-2423. For instructions on how to complete this form can be found at the following website:

http://www.epa.gov/ocfo/finservices/payinfo.htm

**Programmatic Conditions**

1. **Substantial Federal Involvement**
   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 project by EPA; participation and collaboration between EPA and the recipient in program content; review of project progress, and quantification and reporting of results; Recipient agrees to comply with 40 C.F.R. 31 for assistance agreements.

2. **Emissions Control Technologies**
   Certified engine configurations or verified technologies may be used for Emissions Control Projects funded by the recipient pursuant to this assistance agreement. Technologies are verified under EPA or California’s Retrofit Verification Program. See http://www.epa.gov/otaq/retrofit/retroverifiedlist.htm for an updated list of EPA’s verified technologies and http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm for a list of CARB’s verified technologies. Any question as to the preference of a retrofit technology, including engine replacement and repowers, should be directed to the EPA Project Officer. Emerging technologies may also be used.

3. **Quarterly Reporting and Environmental Results (for cooperative agreements involving innovative finance mechanisms and/or loans, see additional Term and Condition II.B. below for additional requirements)**
   Recipient agrees to submit quarterly progress reports to the U.S. EPA Project Officer within 30 days after the end of each reporting period. The reporting period begins at the project start date. State Clean Diesel Grants project period is October 1, 2008 – September 30, 2010

   Quarterly reports due within 30 days after the end of each quarter:
   Q1: October –December 2008 – Due by January 30, 2009
   Q2: January – March 2009 – Due by April 30, 2009
   Q3: April – June 2009 – Due by July 30, 2009
   Q4: July – September 2009 – Due by October 30, 2009
   Q5: October – December 2009 – Due by January 30, 2010
   Q6: January – March 2010 – Due by April 30, 2010
   Q7: April – June 2010 – Due by July 30, 2010
   Q8: July – September 2010 -Final Report due by December 29, 2010

   Format and content requirements may be subject to change during the project/budget period. Quarterly reports are considered project status reports and will address the progress made
regarding achieving the work plan goals. Quarterly reports should contain:

1) A complete reporting spreadsheet as provided by EPA
2) Complete responses to narrative questions as provided by EPA

4. **Final Report:**
The final project report will include actual results in addition to the successes and lessons learned for the entire project and all categories of information required for quarterly reporting in the spreadsheet and narrative questions provided by EPA. This report shall be submitted to the Project Officer within 90 days as a maximum after the expiration or termination of the assistance agreement. [In order to facilitate awarding funds from a new fiscal year allocation, it is recommended that the report be completed well before 90 days.]

5. **Use of Funds Restriction:**
The recipient agrees that funds under this award cannot be used for emissions reductions that are mandated under Federal, State or local law. This refers to when the mandate takes effect not when it is passed. Funds can be used for measures that are included in the State Implementation Plan (SIP). For the purposes of implementing this program, the amount of funding used to cover allowable administrative costs, as identified in OMB Circular A-87 Attachment B, may be up to 15 percent of the State's allocation of federal funds.

6. **State Grant Renewal Process**
Each year that appropriations are available for State Grant and Loan Programs, States with current programs will need to follow EPA guidelines for renewing funds. Renewal decisions will be based, in part, on satisfactory performance during the previous year on the work plan's stated activities. EPA has established a streamlined process for renewal of existing grants that will include at a minimum, evaluation of submitted quarterly reports, whether awardees are making adequate progress in meeting their stated goals, and a revised work plan to identify next year's activities. EPA will provide specific dates and guidelines for the renewal process through a Federal Register Notice as funding is appropriated by Congress. Factors to be considered include:

(a) Completion of Major Milestones. EPA Regions will evaluate the degree to which each grantee completed milestones, achieved objectives, and met schedules.
(b) Indicators of Program Success and Effectiveness. EPA Regions will consider any available measures of a grantee’s program effectiveness, preferably air quality benefits.

7. **Delays or Favorable Developments:**
The recipient agrees that it will promptly notify EPA 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 EPA 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.
8. **Procurement and Sub-grant Procedures:**
The recipient must follow applicable procurement and sub-grant procedures. EPA will not be a party to these transactions. 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, in accordance with Subpart B Section .210 of OMB Circular A-133.

9. **Employee and/or Contractor Selection:**
EPA will not help select employees or contractors hired by the recipient.

10. **Potential FY 09 Funding Allocation:**
If EPA does not receive fiscal year 2009 funding for this program or if the amount is reduced, then the State will not receive the funding for the second year or will receive a reduced amount of funding. The State will have an opportunity to down-scope the work plan and budget. This cooperative agreement has a two-year project period. The recipient has not committed to match in year one or year two.

11. **Program Income:**
a. In accordance with 40 CFR 31.25(g)(2), the recipient is authorized to add program income generated under this agreement to the funds committed by EPA and to use this program income to carry out activities described in the scope of work for this agreement and under the same terms and conditions of the agreement. Program income is defined generally at 40 CFR 31.25(b).

b. The recipient will maintain records adequate to document the extent to which transactions generate program income and the disposition of program income.

c. As required by 40 CFR 31.21(f) the recipient will disburse program income before requesting additional payments under this agreement.

12. **Scrappage:** Recipient agrees to require scrappage of vehicles and/or engines in the case of engine and/or vehicle replacement for all projects funded by the recipient, including sub-awards and sub-grants. For engine and/or vehicle replacement or repower, the following criteria apply:

   • The vehicle, engine, or equipment being replaced will be scrapped, or the replaced engine would be returned to the original engine manufacturer for remanufacturing to a cleaner standard;
   • The replacement vehicle, engine, or equipment will perform the same function as the vehicle, engine, or equipment that is being replaced (e.g., an excavator used to dig pipelines would be replaced by an excavator that continues to dig pipelines); and
   • 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.g., a 300 horsepower bulldozer is replaced by a bulldozer of similar horsepower).

In addition, this program funds the early replacement of vehicles, engines and/or equipment. Emission reductions that result from vehicle, engine, or equipment replacements that would have
occurred through normal attrition are considered to be the result of normal fleet turnover and are not eligible for funding under this program. The purchase of new vehicles or equipment to expand a fleet is not covered by this program. To be considered a replacement, the purchase of new vehicles, engines, and equipment must be accompanied by the scrappage or remanufacturing of old vehicles, engines and equipment. Furthermore, for engine repowers, EPA requires that the engine being replaced must be scrapped, remanufactured by an original engine manufacturer to a cleaner emission standard or rendered permanently disabled. Drilling a hole in the engine block and manifold while retaining possession of the engine is an acceptable scrapping method. Other methods may be considered. Evidence of appropriate disposal is required in a final assistance agreement report submitted to EPA.

13. Equipment:
State agencies may manage and dispose of equipment acquired under assistance agreements in accordance with state laws and procedures
TO: Jason Aronowitz, Budget Analyst  
Department of Finance & Management

FROM: Laura Pelosi, Commissioner  
Department of Environmental Conservation

DATE: October 3, 2008

SUBJECT: AA-1 request

Attached is a request for a grant acceptance (AA-1) for a grant from US Environmental Protection Agency for the State Diesel Program as part of the Diesel Emissions Reduction Act (DERA). All relevant grant documentation has been attached.

If you have any questions or are in need of further information, please do not hesitate to contact me. Thank you for your attention in this matter.

Cc: Steve Chadwick, ANR  
Joanna Raycraft, DEC
Hello Nathan,

Please find attached the signed award letter page for the VT Department of Environmental Conservation's (DEC) AA-1 request for the Diesel Emissions Reduction Act (DERA) grant from U.S. EPA. Also, in our telephone conversation you had requested additional information specific to the DERA award and how it relates to the Clean School Bus award that was previously approved by JFO earlier in June 2008. Below is that additional information including project outcomes that has been provided by our grant program manager within the DEC Air Program Division.

Funds from the State Clean Diesel Grant will be used to develop and implement projects to promote the use of technologies that help reduce public exposure to unhealthful diesel exhaust and to conduct outreach and education efforts to communicate the public health and cost benefits of these technologies to inform future policy decisions. DEC proposes to use the bulk of the funding to expand on work that's currently underway as part of the EPA Clean School Bus grant received in 2008. The main objective of the project will be to demonstrate and promote the use of technologies that can help reduce children's exposure to unhealthful diesel exhaust from school buses. As such, several technologies will be employed on selected publically-owned school buses in Vermont to reduce ambient and in-cabin concentrations of toxics and pollutants, improve fuel efficiency, and encourage school bus operators to discontinue the current practice of idling buses for extended periods to warm up engines and cabins during cold weather. The technologies approved by EPA for funding under the current grant include diesel oxidation catalysts (DOCs), closed crankcase ventilation (CCV) systems, and auxiliary fuel-operated heaters (FOHs).

A demonstration/pilot project to assist in the planning and development of future years of the State Clean Diesel Grant Program was proposed for a portion of the funds. The pilot project would include the installation of EPA-approved idle reduction technologies on municipally-owned transit buses and ambulances operating in Vermont to help reduce public exposure to harmful diesel exhaust and to help raise awareness about available technologies among public and emergency/ambulatory transportation managers. The project would target excessive engine idling practices within the public and ambulatory transportation sectors in order to impact the most densely populated areas of Vermont and maximize the potential for reducing unhealthful exposure for the most sensitive population groups.

An additional portion of the funds will be used to develop education and outreach plans to communicate the associated health and cost benefits of each phase of the projects to school and public transportation administrators, fleet managers, operators and maintenance personnel, and concerned citizens. This effort will include activities such as the collection and development of marketing and resource materials, website development, distribution of technical and training resource information, coordination of efforts to recognize and award program participants, and coordination of reporting and sharing project results via existing communication networks.

Through these projects, emissions from school buses, public transit buses, and ambulances equipped with emissions control retrofit devices and/or engine idle reduction technologies would be reduced to the maximum degree that the technologies allow, public exposure to unhealthful contaminants in diesel exhaust would be reduced, and the public health and cost benefits of these technologies would be demonstrated to a broader audience of school and public transportation administrators throughout Vermont.

Project outcomes would include: 1) installation of EPA-verified engine idle reduction technologies on approximately 25 - 30 school buses operating in Vermont; 2) installation of EPA-verified emissions control retrofit devices on approximately 25 - 30 school buses operating in Vermont; 3) installation of EPA-verified engine idle reduction technologies on approximately 7 - 10 municipally-owned transit buses and/or ambulances operating in Vermont; 4) development of a methodology for measuring and documenting annual reductions of engine idling resulting from the use of idle reduction technology among school and public transportation fleets; 5) development of reports and web pages documenting the results of the State Clean Diesel Grant Program and other technical and training resource materials related to emissions control retrofits and idle reduction technologies; 6) a statewide press release about the results of the State Clean Diesel Grant Program; and 7) recommendations for planning and development of future years of the State Clean Diesel Grant Program.

Please let us know if you need anything else to ensure that our request gets submitted to the JFO as soon as possible so that they can begin their review.

Thank you,

Joanna Raycraft
Business Manager
Dept. of Environmental Conservation
103 South Main St., Bldg. 1 South
U.S. ENVIRONMENTAL PROTECTION AGENCY

Cooperative Agreement

---

**ASSISTANCE ID NO.**

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**TYPE OF ACTION**

New

**PAYMENT METHOD:**

ACH# 10114

---

**RECIPIENT TYPE:**

State

**PAYEE:**

Vermont D.E.C.
103 S. Main Street, Bldg. 1 So.
Waterbury, VT 05671-0401

**RECIPIENT:**

Vermont D.E.C.
103 S. Main Street, Bldg. 1 So.
Waterbury, VT 05671-0401

**EIN:** 03-6000274

---

**PROJECT MANAGER**

David M. Love
103 S. Main Street, Bldg. 1 So.
Waterbury, VT 05671-0401
E-Mail: David.Love@state.vt.us
Phone: 802-241-3554

**EPA PROJECT OFFICER**

Gevon Solomon
1 Congress Street, Suite 1100, CAQ
Boston, MA 02114-2023
E-Mail: Solomon.Gevon@epamail.epa.gov
Phone: 617-918-1513

**EPA GRANT SPECIALIST**

Cheryl Scott
Grants Management Office, MGM
E-Mail: Scott.Cheryl@epamail.epa.gov
Phone: 617-918-1174

---

**PROJECT TITLE AND DESCRIPTION**

Vermont State Diesel Program

The Vermont Department of Environmental Conservation (VT DEC) will retrofit publicly-owned school bus with diesel oxidation catalysts (DOGs), closed crankcase ventilation (CCV) systems, and auxiliary fuel-operated heaters (FOHs). They plan on implementing a demonstration/pilot project to assist in the planning and development of future year of the State Diesel Grant Program. This pilot project includes the installation of EPA-approved idle reduction technologies on transit buses and/or ambulances operating in Vermont. This grant will also includes that development of outreach materials and resources to communicate the associated health and cost benefits of the grant program. These materials will be provided to schools, public transportation administrators, fleet managers, fleet operators, fleet maintenance personnel, and concerned citizens.

**BUDGET PERIOD**

10/01/2008 - 09/30/2010

**PROJECT PERIOD**

10/01/2008 - 09/30/2010

**TOTAL BUDGET PERIOD COST**

$413,448.00

**TOTAL PROJECT PERIOD COST**

$413,448.00

---

**NOTICE OF AWARD**

Based on your application dated 06/26/2008, including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA), hereby awards $196,880. EPA agrees to cost-share 100.00% of all approved budget period costs incurred, up to and not exceeding total federal funding of $196,880. Such award may be terminated by EPA without further cause if the recipient fails to provide timely affirmation of the award by signing under the Affirmation of Award section and returning all pages of this agreement to the Grants Management Office listed below within 21 days after receipt, or any extension of time, as may be granted by EPA. This agreement is subject to applicable EPA statutory provisions. The applicable regulatory provisions are 40 CFR Chapter 1, Subchapter B, and all terms and conditions of this agreement and any attachments.

---

**ISSUING OFFICE (GRANTS MANAGEMENT OFFICE)**

EPA New England
1 Congress Street, Suite 1100
Boston, MA 02114-2023

**AWARD APPROVAL OFFICE**

U.S. EPA, EPA New England
1 Congress Street, Suite 1100
Boston, MA 02114-2023

---

**SIGNATURE OF AWARD OFFICIAL**

Digital signature applied by EPA Award Official

**TYPE OF NAME AND TITLE**

Linda Murphy, Director, Office of Administration & Resource Management

**DATE**

08/28/2008

---

**AFFIRMATION OF AWARD**

By and on behalf of the designated recipient organization

**SIGNATURE**

Laura Q. Pelosi, Commissioner

**TYPE OF NAME AND TITLE**

Commissioner

**DATE**

9/24/2008
U.S. ENVIRONMENTAL PROTECTION AGENCY
Cooperative Agreement

ASSISTANCE ID NO. PRG DOC ID AMEND# DATE OF AWARD
DS - 97190301 - 0 08/28/2008

TYPE OF ACTION MAILING DATE
New 09/04/2008

PAYMENT METHOD: ACH#
ASAP 10114

RECIPIENT TYPE: State

Send Payment Request to:
Las Vegas Finance Center
P.O. Box 98515
Las Vegas, NV 89193-8515
Tel: (702) 798-2406
Fax: (702) 798-2423

RECIPIENT: PAYEE:
Vermont D.E.C.
103 S. Main Street, Bldg. 1 So.
Waterbury, VT 05671-0401
Vermont D.E.C.
103 S. Main Street, Bldg. 1 So.
Waterbury, VT 05671-0401
EIN: 03-6000274

PROJECT MANAGER EPA PROJECT OFFICER EPA GRANT SPECIALIST
David M. Love Gevon Solomon Cheryll Scott
103 S. Main Street, Bldg. 1 So.
Waterbury, VT 05671-0401
1 Congress Street, Suite 1100, CAQ
Boston, MA 02114-2023
E-Mail: David.Love@state.vt.us
E-Mail: Solomon.Gevin@epamail.epa.gov
Phone: 802-241-3554
Phone: 617-918-1513

PROJECT TITLE AND DESCRIPTION
Vermont State Diesel Program
The Vermont Department of Environmental Conservation (VT DEC) will retrofit publicly-owned school bus with diesel oxidation catalysts (DOCs), closed crankcase ventilation (CCV) systems, and auxiliary fuel-operated heaters (FOHs). They plan on implementing a demonstration/pilot project to assist in the planning and development of future year of the State Diesel Grant Program. This pilot project includes the installation of EPA-approved idle reduction technologies on transit buses and/or ambulances operating in Vermont. This grant will also includes that development of outreach materials and resources to communicate the associated health and cost benefits of the grant program. These materials will be provided to schools, public transportation administrators, fleet managers, fleet operators, fleet maintenance personnel, and concerned citizens.

BUDGET PERIOD PROJECT PERIOD TOTAL BUDGET PERIOD COST
10/01/2008 - 09/30/2010 10/01/2008 - 09/30/2010 $413,448.00

NOTICE OF AWARD
Based on your application dated 06/26/2008, including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA), hereby awards $196,880. EPA agrees to cost-share 100.00% of all approved budget period costs incurred, up to and not exceeding total federal funding of $196,880. Such award may be terminated by EPA without further cause if the recipient fails to provide timely affirmation of the award by signing under the Affirmation of Award section and returning all pages of this agreement to the Grants Management Office listed below within 21 days after receipt, or any extension of time, as may be granted by EPA. This agreement is subject to applicable EPA statutory provisions. The applicable regulatory provisions are 40 CFR Chapter 1, Subchapter B, and all terms and conditions of this agreement and any attachments.

ISSUING OFFICE (GRANTS MANAGEMENT OFFICE) AWARD APPROVAL OFFICE
ORGANIZATION / ADDRESS ORGANIZATION / ADDRESS
1 Congress Street, Suite 1100 1 Congress Street, Suite 1100
Boston, MA 02114-2023 Boston, MA 02114-2023

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY
SIGNATURE OF AWARD OFFICIAL Typed Name and Title Date
Digital signature applied by EPA Award Official Linda Murphy, Director, Office of Administration & Resource Management 08/28/2008

AFFIRMATION OF AWARD
BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION
SIGNATURE Typed Name and Title Date
Laura Q. Pelosi, Commissioner
## EPA Funding Information

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**Assistance Program (CFDA)**
- 66.040 - State Clean Diesel Grant Program (B)

**Statutory Authority**
- Energy Policy Act 2005
- Public Law 109-58

**Regulatory Authority**
- 40 CFR PART 31

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196,880
STATE OF VERMONT
GRANT ACCEPTANCE FORM

GRANT SUMMARY: Title: Vermont State Diesel Program

This is a request for approval of a grant from US EPA for $413,448.00 to continue the Clean School Bus Initiative to reduce diesel emissions and children’s exposure to diesel exhaust by equipping publicly owned school buses with emissions control retrofit devices.

DATE: October 20, 2008

DEPARTMENT: Environmental Conservation (ANR)

GRANT / DONATION: $413,448.00

FEDERAL CATALOG No.: 66.040

GRANTOR / DONOR: US EPA – New England Region 1

AMOUNT / VALUE: $413,448.00

POSITIONS REQUESTED: None

GRANT PERIOD: 10/01/2008 to 9/30/2010

COMMENTS: See attachments.

DEPARTMENT OF FINANCE AND MANAGEMENT: (INITIAL)
SECRETARY OF ADMINISTRATION: (INITIAL)
SENT TO JOINT FISCAL OFFICE: (INITIAL)
DATE: 10/28/08
### STATE OF VERMONT REQUEST FOR GRANT ACCEPTANCE (Form AA-1)

#### BASIC GRANT INFORMATION

1. Agency: Natural Resources  
2. Department: Environmental Conservation  
3. Program: Air Pollution Control  
4. Legal Title of Grant: Vermont State Diesel Program  
5. Federal Catalog #: 66.040  

#### Grant/Donor Name and Address:
EPA, Region 1; 1 Congress St., Boston MA 02114-2023

#### Grant Period:
From: 10/1/2008  
To: 9/30/2010

#### Purpose of Grant:
To reduce diesel emissions to improve air quality & protect public health with continuation of efforts under the current Clean School Bus Initiative to equip publicly-owned school buses w/ emissions control retrofit devices.

#### Impact on existing program if grant is not Accepted:
This grant does directly affect the existing State Diesel Grant program which is being administered through the Clean School Bus Initiative and could impact future EPA funding for the mobile source air quality program.

#### BUDGET INFORMATION

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Appropriation No: 6140030000  
Amount: $413,448
STATE OF VERMONT REQUEST FOR GRANT ACCEPTANCE

PERSONAL SERVICE INFORMATION

11. Will monies from this grant be used to fund one or more Personal Service Contracts? ☑ Yes ☐ No
If “Yes”, appointing authority must initial here to indicate intent to follow current competitive bidding

Appointing Authority Name: Laura Q. Pelosi
Agreed by: [Initial]

12. Limited Service Position Information:

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</tbody>
</table>

Total Positions

12a. Equipment and space for these positions:

☐ Is presently available. ☐ Can be obtained with available funds.

13. AUTHORIZATION AGENCY/DEPARTMENT

I certify that no funds have been expended or committed in anticipation of Joint Fiscal Committee Approval of this grant:

Signature: [Signature]
Title: Commissioner, DEC
Date: 9/24/08

14. ACTION BY GOVERNOR

☐ Check One Box:
  ☐ Accepted
  ☐ Rejected (Governor’s signature) Date:

15. SECRETARY OF ADMINISTRATION

☐ Check One Box:
  ☐ Request to JFO (Secretary’s signature or designee) Date: 10/27/08
  ☐ Information to JFO

16. DOCUMENTATION REQUIRED

Required GRANT Documentation

☑ Request Memo ☐ Dept. project approval (if applicable)
☑ Notice of Award ☐ Notice of Donation (if any)
☑ Grant Agreement ☐ Grant (Project) Timeline (if applicable)
☑ Grant Budget ☐ Request for Extension (if applicable)

End Form AA-1
## U.S. ENVIRONMENTAL PROTECTION AGENCY

Cooperative Agreement

<table>
<thead>
<tr>
<th>ASSISTANCE ID NO.</th>
<th>PRG</th>
<th>DOC ID</th>
<th>AMEND#</th>
<th>DATE OF AWARD</th>
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<tbody>
<tr>
<td>DS - 97190301 - 0</td>
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<td>08/28/2008</td>
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<table>
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<tr>
<th>TYPE OF ACTION</th>
<th>PAYMENT METHOD:</th>
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<tbody>
<tr>
<td>New</td>
<td>ASAP</td>
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<table>
<thead>
<tr>
<th>RECIPIENT TYPE:</th>
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<tbody>
<tr>
<td>State</td>
<td>Vermont D.E.C.</td>
</tr>
<tr>
<td></td>
<td>103 S. Main Street, Bldg. 1 So. Waterbury, VT 05671-0401</td>
</tr>
<tr>
<td></td>
<td>EIN: 03-6000274</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PAYEE:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vermont D.E.C.</td>
</tr>
<tr>
<td>103 S. Main Street, Bldg. 1 So. Waterbury, VT 05671-0401</td>
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<table>
<thead>
<tr>
<th>PROJECT MANAGER</th>
<th>EPA PROJECT OFFICER</th>
<th>EPA GRANT SPECIALIST</th>
</tr>
</thead>
<tbody>
<tr>
<td>David M. Love</td>
<td>Gevon Solomon</td>
<td>Cheryll Scott</td>
</tr>
<tr>
<td>103 S. Main Street, Bldg. 1 So. Waterbury, VT 05671-0401</td>
<td>1 Congress Street, Suite 1100, CAQ Boston, MA 02114-2023</td>
<td>Grants Management Office, MGM E-Mail: <a href="mailto:Scott.Cheryll@epamail.epa.gov">Scott.Cheryll@epamail.epa.gov</a> Phone: 617-918-1174</td>
</tr>
<tr>
<td>E-Mail: <a href="mailto:David.Love@state.vt.us">David.Love@state.vt.us</a> Phone: 802-241-3554</td>
<td>E-Mail: <a href="mailto:Solomon.Gevon@epamail.epa.gov">Solomon.Gevon@epamail.epa.gov</a> Phone: 617-818-1513</td>
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<table>
<thead>
<tr>
<th>PROJECT TITLE AND DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vermont State Diesel Program</td>
</tr>
<tr>
<td>The Vermont Department of Environmental Conservation (VT DEC) will retrofit publicly-owned school buses with diesel oxidation catalysts (DOCs), closed crankcase ventilation (CCV) systems, and auxiliary fuel-operated heaters (FOHs). They plan on implementing a demonstration/pilot project to assist in the planning and development of future years of the State Diesel Grant Program. This pilot project includes the installation of EPA-approved idle reduction technologies on transit buses and/or ambulances operating in Vermont. This grant will also include development of outreach materials and resources to communicate the associated health and cost benefits of the grant program. These materials will be provided to schools, public transportation administrators, fleet managers, fleet operators, fleet maintenance personnel, and concerned citizens.</td>
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<table>
<thead>
<tr>
<th>BUDGET PERIOD</th>
<th>PROJECT PERIOD</th>
<th>TOTAL BUDGET PERIOD COST</th>
<th>TOTAL PROJECT PERIOD COST</th>
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<td>10/01/2008 - 09/30/2010</td>
<td>10/01/2008 - 09/30/2010</td>
<td>$413,448.00</td>
<td>$413,448.00</td>
</tr>
</tbody>
</table>

## NOTICE OF AWARD

Based on your application dated 06/26/2008, including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA), hereby awards $196,880. EPA agrees to cost-share 100.00% of all approved budget period costs incurred, up to and not exceeding total federal funding of $196,880. Such award may be terminated by EPA without further cause if the recipient fails to provide timely affirmation of the award by signing under the Affirmation of Award section and returning all pages of this agreement to the Grants Management Office listed below within 21 days after receipt, or any extension of time, as may be granted by EPA. This agreement is subject to applicable EPA statutory provisions. The applicable regulatory provisions are 40 CFR Chapter 1, Subchapter B, and all terms and conditions of this agreement and any attachments.

<table>
<thead>
<tr>
<th>ISSUING OFFICE (GRANTS MANAGEMENT OFFICE)</th>
<th>AWARD APPROVAL OFFICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Congress Street, Suite 1100</td>
<td>1 Congress Street, Suite 1100 Boston, MA 02114-2023</td>
</tr>
</tbody>
</table>

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

## AFFIRMATION OF AWARD

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

<table>
<thead>
<tr>
<th>SIGNATURE OF AWARD OFFICIAL</th>
<th>TYPED NAME AND TITLE</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital signature applied by EPA Award Official</td>
<td>Linda Murphy, Director, Office of Administration &amp; Resource Management</td>
<td>08/28/2008</td>
</tr>
</tbody>
</table>

## NOTICE OF AWARD

Based on your application dated 06/26/2008, including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA), hereby awards $196,880. EPA agrees to cost-share 100.00% of all approved budget period costs incurred, up to and not exceeding total federal funding of $196,880. Such award may be terminated by EPA without further cause if the recipient fails to provide timely affirmation of the award by signing under the Affirmation of Award section and returning all pages of this agreement to the Grants Management Office listed below within 21 days after receipt, or any extension of time, as may be granted by EPA. This agreement is subject to applicable EPA statutory provisions. The applicable regulatory provisions are 40 CFR Chapter 1, Subchapter B, and all terms and conditions of this agreement and any attachments.

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THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

## AFFIRMATION OF AWARD

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<thead>
<tr>
<th>SIGNATURE</th>
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<th>DATE</th>
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<tbody>
<tr>
<td>- Laura Q. Pelosi, Commissioner</td>
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### EPA Funding Information

<table>
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<tr>
<th>FUNDS</th>
<th>FORMER AWARD</th>
<th>THIS ACTION</th>
<th>AMENDED TOTAL</th>
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<tr>
<td>EPA Amount This Action</td>
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<td>$ 196,880</td>
</tr>
<tr>
<td>EPA In-Kind Amount</td>
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<tr>
<td>Unexpended Prior Year Balance</td>
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<td>Other Federal Funds</td>
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<td>Recipient Contribution</td>
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<td>State Contribution</td>
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<td>Local Contribution</td>
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<td>Other Contribution</td>
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<tr>
<td>Allowable Project Cost</td>
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### Assistance Program (CFDA)

- 66.040 - State Clean Diesel Grant Program (B)
  - Regulatory Authority: 40 CFR PART 31

### Fiscal

<table>
<thead>
<tr>
<th>Site Name</th>
<th>Req No</th>
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<th>Approp. Code</th>
<th>Budget Organization</th>
<th>PRC</th>
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<td>8. Other</td>
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<td>9. Total Direct Charges</td>
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<td>10. Indirect Costs: % Base</td>
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<td>11. Total (Share: Recipient 0.00 % Federal 100.00 %.)</td>
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<tr>
<td>12. Total Approved Assistance Amount</td>
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<td>14. Total EPA Amount Awarded This Action</td>
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<tr>
<td>15. Total EPA Amount Awarded To Date</td>
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</table>
Administrative Conditions

1. REIMBURSEMENT LIMITATION

EPA’s financial obligations to the recipient are limited by the amount of federal funding awarded to date as shown on line 15 in its EPA approved budget. If the recipient incurs costs in anticipation of receiving additional funds from EPA, it does so at its own risk.

2. UTILIZATION OF SMALL, MINORITY AND WOMEN'S BUSINESS ENTERPRISES

GENERAL COMPLIANCE, 40 CFR, Part 33

The recipient agrees to comply with the requirements of EPA’s Program for Utilization of Small, Minority and Women’s Business Enterprises (MBE/WBE) in procurement 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.

Current Fair Share Objective/Goal

The dollar amount of this assistance agreement is $250,000, or more; or the total dollar amount of all of the recipient’s non-TAG assistance agreements from EPA in the current fiscal year is $250,000, or more. The Vermont Department of Environmental Conservation has negotiated the following, applicable MBE/WBE fair share objectives/goals with EPA as follows:

MBE: CONSTRUCTION _1%_; SUPPLIES _1%_; SERVICES _1%_; EQUIPMENT _1%
WBE: CONSTRUCTION _1%_; SUPPLIES _1%_; SERVICES _1%_; EQUIPMENT _1%

Negotiating Fair Share Objectives/Goals, 40 CFR, Section 33.404

If the recipient has not yet negotiated its 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 recipient agrees to submit proposed fair share objectives/goals, together with the supporting availability analysis or disparity study, to the Regional MBE/WBE Coordinator 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.

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) Require 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.

MBE/WBE REPORTING, 40 CFR, Part 33, Sections 33.502 and 55.503
The recipient agrees to complete and submit EPA Form 5700-52A, "MBE/WBE Utilization Under Federal Grants, Cooperative Agreements and Interagency Agreements" beginning with the Federal fiscal year reporting period the recipient receives the award, and continuing until the project is completed. Only procurements with certified MBE/WBEs are counted toward a recipient’s MBE/WBE accomplishments. The reports must be submitted annually for the period ending September 30th for:

40 CFR Part 30 Recipients (Non-profits and Institutions of Higher Education); and
The reports are due within 30 days of the end of the annual reporting period (October 30th). Reports should be sent to:

U.S. Environmental Protection Agency – Region I
One Congress Street, Suite 1100 (MGM)
Boston, MA 02114-2023
Attn: Ms. Valerie Bataille, Disadvantaged Business Utilization Program Manager

Final MBE/WBE reports must be submitted within 90 days after the project period of the grant ends. Your grant cannot be officially closed without all MBE/WBE reports.

EPA Form 5700-52A may be obtained from the EPA Office of Small Business Program’s Home Page on the Internet at www.epa.gov/osbp.

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.

3. HOTEL-MOTEL FIRE SAFETY
Pursuant to 40 CFR 30.18, if applicable, and 15 USC 2225a, the recipient agrees to ensure that all space for conferences, meetings, conventions, or training seminars funded in whole or in part with federal funds complies with the protection and control guidelines of the Hotel and Motel Fire Safety Act (PL 101-391, as amended). Recipients may search the Hotel-Motel National Master List at http://www.usfa.dhs.gov/applications/hotel/ to see if a property is in compliance (FEMA ID is currently not required), or to find other information about the Act.

4. LOBBYING AND LITIGATION - ALL RECIPIENTS
The chief executive officer of this recipient agency shall ensure that no grant funds awarded under this assistance agreement are used to engage in lobbying of the Federal Government or in litigation against the United States unless authorized under existing law. The recipient shall abide by its respective OMB Circular (A-21, A-87, or A-122), which prohibits the use of federal grant funds for litigation against the United States or for lobbying or other political activities.
5. LOBBYING - ALL RECIPIENTS

The recipient agrees to comply with Title 40 CFR Part 34, *New Restrictions on Lobbying*. The recipient shall include the language of this provision in award documents for all subawards exceeding $100,000, and require that subrecipients submit certification and disclosure forms accordingly.

In accordance with the Byrd Anti-Lobbying Amendment, any recipient who makes a prohibited expenditure under Title 40 CFR Part 34 or fails to file the required certification or lobbying forms shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such expenditure.

6. MANAGEMENT FEES

Management fees or similar charges in excess of the direct costs and approved indirect rates are not allowable. The term "management fees or similar charges" refers to expenses added to the direct costs in order to accumulate and reserve funds for ongoing business expenses, unforeseen liabilities, or for other similar costs which are not allowable under this assistance agreement. Management fees or similar charges may not be used to improve or expand the project funded under this agreement, except to the extent authorized as a direct cost of carrying out the scope of work.

7. RECYCLING TERM AND CONDITION (1)

In accordance with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962) any State agency or agency of a political subdivision of a State which is using appropriated Federal funds shall comply with the requirements set forth. Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds $10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was $10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

8. RECYCLING TERM AND CONDITION (2)

In accordance with 40 CFR 30.16, State and local institutions of higher education, hospitals, and non-profit organizations that receive direct Federal funds shall give preference in their procurement programs funded with Federal funds to the purchase of recycled products pursuant to EPA's guidelines.

9. RECYCLING TERM AND CONDITION (3)

In accordance with the polices set forth in EPA Order 1000.25 and Executive Order 13423, Strengthening Federal Environmental, Energy and Transportation Management (January 24,
2007), the recipient agrees to use recycled paper and double sided printing for all reports which are prepared as a part of this agreement and delivered to EPA. This requirement does not apply to reports prepared on forms supplied by EPA, or to Standard Forms, which are printed on recycled paper and are available through the General Services Administration.

10. SUSPENSION AND DEBARMENT

Recipient shall fully comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled “Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons).” Recipient is responsible for ensuring that any lower tier covered transaction as described in Subpart B of 2 CFR Part 180 and 2 CFR Part 1532, entitled “Covered Transactions,” includes a term or condition requiring compliance with Subpart C. Recipient is responsible for further requiring the inclusion of a similar term or condition in any subsequent lower tier covered transactions. Recipient acknowledges that failing to disclose the information as required at 2 CFR 180.335 may result in the delay or negation of this assistance agreement, or pursuance of legal remedies, including suspension and debarrment.

Recipient may access the Excluded Parties List System at www.epls.gov. This term and condition supersedes EPA Form 5700-49, “Certification Regarding Debarment, Suspension, and Other Responsibility Matters.”

11. To implement requirements of Section 106 of the Trafficking Victims Protection Act of 2000, as amended, the following provisions apply to this award:

a. We, as the Federal awarding agency may unilaterally terminate this award, without penalty, if a subrecipient that is a private entity: (1) is determined to have violated an applicable prohibition in the Prohibition Statement below; or (2) has an employee who is determined by the agency official authorized to terminate the award to have violated an applicable prohibition in the Prohibition Statement below through conduct that is either: (a) associated with performance under this award; or (b) imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, “OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement),” as implemented by our agency at 2 CFR part 1532. You must inform us immediately of any information you receive from any source alleging a violation of a prohibition in the Prohibition Statement below.

b. Our right to terminate unilaterally that is described in paragraph a of this award term: (1) implements section 106(g) of the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7104(g)), and (2) is in addition to all other remedies for noncompliance that are available to us under this award.

c. You must include the requirements of the Prohibition Statement below in any subaward you make to a private entity.

Prohibition Statement - You as the recipient, your employees, subrecipients under this award,
and subrecipients' employees may not engage in severe forms of trafficking in persons during the period of time that the award is in effect; procure a commercial sex act during the period of time that the award is in effect; or use forced labor in the performance of the award or subawards under the award.

12. Unliquidated Obligations Term and Condition: Part 31

Pursuant to 40 CFR 31.41(b) and 31.50(b), EPA recipients shall submit a final Financial Status Report — also called the SF269 — to EPA’s Las Vegas Finance Center (LVFC), within ninety (90) days after the expiration of the budget period end date. Completed SF269s must be faxed to 702-798-2423 or mailed to the following address: USEPA LVFC, P.O. Box 98515, Las Vegas, NV 89193-8515. The LVFC will make adjustments, as necessary, to obligated funds after reviewing and accepting a final Financial Status Report. Recipients will be notified and instructed by EPA if they must complete any additional forms for the closeout of the assistance agreement.

EPA may take enforcement actions in accordance with 40 CFR 31.43 if the recipient does not comply with this term and condition.

13. PARTIAL FUNDING

EPA is partially funding this budget period and will consider funding the balance of the budget request contingent upon the availability of funds, and EPA priorities. The scope of work may be renegotiated to reflect the amount awarded if additional funds are not available.

14. METHOD OF PAYMENT

No payment will be made to the recipient until the executed assistance agreement is returned to the Grants Management Office.

The recipient enrolled in the Automated Standard Application for Payment (ASAP) System should request cash drawdowns based on the recipient’s projected cash requirements, not to exceed those amounts necessary for immediate disbursement needs, typically 3 to 5 days.

If the recipient fails to comply with the above conditions the recipient’s payment method may be changed to reimbursement.

FEDERAL CASH TRANSACTION REPORT

The recipient agrees to submit a Federal Cash Transaction Report SF272 and continuation for multiple grants SF272A annually within 15 working days following the end of each calendar year for the reporting period January 1 ending December 31 (not required for international recipients).
Completed reports should be forwarded to the Las Vegas Finance Center (LVFC), P.O. Box 98515, as Vegas, NV 89193 or faxed to 702-798-2423. For instructions on how to complete this form can be found at the following website:

http://www.epa.gov/ocfo/finservices/payinfo.htm

Programmatic Conditions

1. Substantial Federal Involvement
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 project by EPA; participation and collaboration between EPA and the recipient in program content; review of project progress, and quantification and reporting of results; Recipient agrees to comply with 40 C.F.R. 31 for assistance agreements.

2. Emissions Control Technologies
Certified engine configurations or verified technologies may be used for Emissions Control Projects funded by the recipient pursuant to this assistance agreement. Technologies are verified under EPA or California’s Retrofit Verification Program. See [http://www.epa.gov/otaq/retrofit/retroverifiedlist.htm](http://www.epa.gov/otaq/retrofit/retroverifiedlist.htm) for an updated list of EPA’s verified technologies and [http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm](http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm) for a list of CARB’s verified technologies. Any question as to the preference of a retrofit technology, including engine replacement and repowers, should be directed to the EPA Project Officer. Emerging technologies may also be used.

3. Quarterly Reporting and Environmental Results (for cooperative agreements involving innovative finance mechanisms and/or loans, see additional Term and Condition II.B. below for additional requirements)
Recipient agrees to submit quarterly progress reports to the U.S. EPA Project Officer within 30 days after the end of each reporting period. The reporting period begins at the project start date. State Clean Diesel Grants project period is October 1, 2008 – September 30, 2010.

Quarterly reports due within 30 days after the end of each quarter:
Q1: October – December 2008 – Due by January 30, 2009
Q2: January – March 2009 – Due by April 30, 2009
Q3: April – June 2009 – Due by July 30, 2009
Q4: July – September 2009 – Due by October 30, 2009
Q5: October – December 2009 – Due by January 30, 2010
Q6: January – March 2010 – Due by April 30, 2010
Q7: April – June 2010 – Due by July 30, 2010

Format and content requirements may be subject to change during the project/budget period. Quarterly reports are considered project status reports and will address the progress made.
regarding achieving the work plan goals. Quarterly reports should contain:

1) A complete reporting spreadsheet as provided by EPA
2) Complete responses to narrative questions as provided by EPA

4. Final Report:
The final project report will include actual results in addition to the successes and lessons learned for the entire project and all categories of information required for quarterly reporting in the spreadsheet and narrative questions provided by EPA. This report shall be submitted to the Project Officer within 90 days as a maximum after the expiration or termination of the assistance agreement. [In order to facilitate awarding funds from a new fiscal year allocation, it is recommended that the report be completed well before 90 days.]

5. Use of Funds Restriction:
The recipient agrees that funds under this award cannot be used for emissions reductions that are mandated under Federal, State or local law. This refers to when the mandate takes effect not when it is passed. Funds can be used for measures that are included in the State Implementation Plan (SIP). For the purposes of implementing this program, the amount of funding used to cover allowable administrative costs, as identified in OMB Circular A-87 Attachment B, may be up to 15 percent of the State's allocation of federal funds.

6. State Grant Renewal Process
Each year that appropriations are available for State Grant and Loan Programs, States with current programs will need to follow EPA guidelines for renewing funds. Renewal decisions will be based, in part, on satisfactory performance during the previous year on the work plan's stated activities. EPA has established a streamlined process for renewal of existing grants that will include at a minimum, evaluation of submitted quarterly reports, whether awardees are making adequate progress in meeting their stated goals, and a revised work plan to identify next year's activities. EPA will provide specific dates and guidelines for the renewal process through a Federal Register Notice as funding is appropriated by Congress. Factors to be considered include:

(a) Completion of Major Milestones. EPA Regions will evaluate the degree to which each grantee completed milestones, achieved objectives, and met schedules.
(b) Indicators of Program Success and Effectiveness. EPA Regions will consider any available measures of a grantee's program effectiveness, preferably air quality benefits.

7. Delays or Favorable Developments:
The recipient agrees that it will promptly notify EPA 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 EPA 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.
8. Procurement and Sub-grant Procedures:
The recipient must follow applicable procurement and sub-grant procedures. EPA will not be a party to these transactions. 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, in accordance with Subpart B Section .210 of OMB Circular A-133.

9. Employee and/or Contractor Selection:
EPA will not help select employees or contractors hired by the recipient.

10. Potential FY 09 Funding Allocation:
If EPA does not receive fiscal year 2009 funding for this program or if the amount is reduced, then the State will not receive the funding for the second year or will receive a reduced amount of funding. The State will have an opportunity to down-scope the work plan and budget. This cooperative agreement has a two-year project period. The recipient has not committed to match in year one or year two.

11. Program Income:
a. In accordance with 40 CFR 31.25(g)(2), the recipient is authorized to add program income generated under this agreement to the funds committed by EPA and to use this program income to carry out activities described in the scope of work for this agreement and under the same terms and conditions of the agreement. Program income is defined generally at 40 CFR 31.25(b).

b. The recipient will maintain records adequate to document the extent to which transactions generate program income and the disposition of program income.

c. As required by 40 CFR 31.21(f) the recipient will disburse program income before requesting additional payments under this agreement.

12. Scrappage: Recipient agrees to require scrappage of vehicles and/or engines in the case of engine and/or vehicle replacement for all projects funded by the recipient, including sub-awards and sub-grants. For engine and/or vehicle replacement or repower, the following criteria apply:
• The vehicle, engine, or equipment being replaced will be scrapped, or the replaced engine would be returned to the original engine manufacturer for remanufacturing to a cleaner standard;
• The replacement vehicle, engine, or equipment will perform the same function as the vehicle, engine, or equipment that is being replaced (e.g., an excavator used to dig pipelines would be replaced by an excavator that continues to dig pipelines); and
• 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.g., a 300 horsepower bulldozer is replaced by a bulldozer of similar horsepower).

In addition, this program funds the early replacement of vehicles, engines and/or equipment. Emission reductions that result from vehicle, engine, or equipment replacements that would have
occurred through normal attrition are considered to be the result of normal fleet turnover and are not eligible for funding under this program. The purchase of new vehicles or equipment to expand a fleet is not covered by this program. To be considered a replacement, the purchase of new vehicles, engines, and equipment must be accompanied by the scrappage or remanufacturing of old vehicles, engines, and equipment. Furthermore, for engine repowers, EPA requires that the engine being replaced must be scrapped, remanufactured by an original engine manufacturer to a cleaner emission standard or rendered permanently disabled. Drilling a hole in the engine block and manifold while retaining possession of the engine is an acceptable scrapping method. Other methods may be considered. Evidence of appropriate disposal is required in a final assistance agreement report submitted to EPA.

13. Equipment:
State agencies may manage and dispose of equipment acquired under assistance agreements in accordance with state laws and procedures.