COMMONWEALTH of VIRGINIA

DEPARTMENT OF ENVIRONMENTAL QUALITY

Street address: 629 East Main Street, Richmond, Virginia 23219
Mailing address: P.O. Box 1105, Richmond, Virginia 23218
www.deq.virginia.gov

Molly Joseph Ward
Secretary of Natural Resources

David K. Paylor
Director

(804) 698-4000
1-800-592-5482

October 1, 2015

Ms. Susan Wierman
Mid-Atlantic Regional Air Management Association, Inc.
8600 LaSalle Road, Suite 636
Towson MD 21286

Re: Contract No. 15915 – Contract Modification #1
Virginia Clean Diesel Grant Program

Dear Ms. Wierman:

Enclosed for your records is a fully executed copy of contract Modification No. 1 for the above referenced contract between Mid-Atlantic Regional Air Management Association, Inc. and the Department of Environmental Quality (DEQ).

If you have any questions, you may contact me at (804) 698-4061.

Sincerely,

Renée' Bishop
Contract Officer

Enclosure

C: Yogesh Doshi

COMMONWEALTH of VIRGINIA

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CONTRACT MODIFICATION AGREEMENT

Date:	September 30, 2015
Contract No.:	15915
Modification No.:	1
Issued By:	COMMONWEALTH OF VIRGINIA Department of Environmental Quality 629 East Main Street Richmond, VA 23219
Contractor:	Mid Atlantic Regional Air Management Association
Commodity:	Virginia Clean Diesel Campaign

This Supplemental Agreement is entered into pursuant to the provisions of the basic contract.

Description of Modification at no additional cost:

- $144,624.00 added for second year of contract. Grant total of agreement is $237,046.00.
- Contract period ends September 30, 2016.
- Invoice submitted twice a month.
- Second year Scope of Work, Budget Narrative and MARAMA Budget Details and EPA Notice of Award Attached.
- DERA Programmatic Terms and Conditions.
- All EPA approved workplan revisions become part of this contract.
- Revised and updated reporting requirements indicated below.
- Updated Certification of Sub Recipient Relationship Form.

THE REPORTING REQUIREMENTS ARE AS FOLLOWS:

Reports	Due Date	Report Due Date
	Oct-Dec 2015	Jan. 15, 2016
	Jan – Mar 2016	Apr. 15, 2016
	Apr – Jun 2016	July 15, 2016
	Jul – Sept. 2016	Oct. 15, 2016

Final Progress Report		**October 30, 2016**
MBE/WBE Utilization	(April 1 – September 30) (October 1 – March 31)	October 15 April 15
Lobbying Forms		30 Days after close of agreement

REPORTS SHALL BE SENT TO:

DEPARTMENT OF ENVIRONMENTAL QUALITY
ATTENTION: YOGESHI DOSHI
P. O. BOX 1105
RICHMOND, VIRGINIA 23218-1105

Except for the changes provided herein, all other terms and conditions of this contract remain unchanged and in full force and effect.

CONTRACTOR

By: Susan S G Wierman 10/1/15
Signature Date

Susan S G Wierman
Name (Type or Print)

Executive Director
Title

COMMONWEALTH OF VIRGINIA

By: Val E Thomson 10-1-15
Signature Date

Valerie E. Thomson
Director of Administration

Fiscal Years 2014 & 2015
STATE CLEAN DIESEL GRANT PROGRAM
Virginia DEQ DERA3 Project
(DS-96332201 Workplan – Revised 9-1-15)

SUMMARY PAGE

Project Title:	Virginia DEQ DERA3 Project

Project Manager and Contact Information

Organization Name:	Virginia Department of Environment Quality
Project Manager:	Yogesh Doshi, Major NSR Coordinator
Mailing Address:	PO Box 1105, Richmond, VA 23218-1105
Phone (including country code):	1-804-698-4017
Fax (including country code):	
Email:	Yogesh.Doshi@deq.virginia.gov

Project Budget

	Year 1 (FY 2014 Grant)	Year 2 (FY 2015 Grant)	Total
EPA base allocation	$94,435	$146,747	$241,182
State match (if applicable)	$0	$0	$0
EPA match incentive (if applicable)	$0	$0	$0
Additional leveraged resources (vehicle owner costs)*	$0	165,000	$165,000
TOTAL Project	$94,435	$311,747	$406,182

*Additional leveraged resources will not be available until Year 2

Project Period

October 1, 2014 to September 30, 2016.

Summary Statement

FY 2014 & FY 2015: Provide financial incentives for participants in the Virginia Port Authority (Port Authority) "Green Operator" Program to install diesel retrofit equipment and replace old dray trucks to reduce emissions from carriers registered with the Port Authority.

SCOPE OF WORK

Project Description

A. Overview

The Virginia Department of Environmental Quality (VA DEQ) will administer the Virginia DEQ DERA3 Project through a subagreement with the Mid-Atlantic Regional Air Management Association, Inc. (MARAMA). MARAMA has unique capabilities to conduct this project.

The project is a continuation of the Clean Diesel Outreach and SmartWay Initiative begun in FY 2008. In FY 2014 and FY 2015, the initiative will continue to provide financial incentives, and rebates, for participants in the Virginia Port Authority "Green Operators" (GO) Program, which encourages truck companies and individual owner/operators serving the Port to install verified diesel retrofit equipment or to replace old dray trucks with newer and cleaner engines to reduce emissions.

The Virginia Port Authority will continue to publicize the program and ensure that companies selected to receive the incentives are Green Operators. MARAMA will accept and review applications from truck companies and individual owner/operators and execute agreements with eligible applicants. The applicants can apply to either install retrofit with verified technologies, or replace their dray truck with 2011 or newer dray truck equipped with DPF and SCR technologies..

Program funds will be disbursed to qualified retrofit participants through reimbursement of eligible documented expenses. The truck replacement participants will receive a down payment towards the purchase of a newer and cleaner model year 2011 truck.

Objective: In total for both the years, approximately $ 31,184 will be used to provide rebates of up to $6,000 per vehicle to offset the cost to purchase and install verified emission control devices. A total of approximately 6 dray trucks will be retrofitted. Additionally, a total of approximately $165,000 will be used to support down payments of up to $30,000/truck to enable dray truck owners to scrap their old vehicles and purchase approximately 6 model year 2011 or newer replacement trucks. Initial down payments will be limited to $27,500 per replacement truck. Down payments will only be increased if necessary to ensure timely participation by dray truck owners. The increase may be necessary due to the cost of replacement vehicles. The leverage funds provided by truck owners would be at least 50% of the cost of the truck replacement.

B. *Expected Emissions Reductions*

Based on the Diesel Emission Quantifier, VA DEQ expects the following annual and lifetime emission reductions from the Project:

Year 1 Total Emissions Reductions Diesel Oxidation Catalysts with Closed Crankcase Ventilation for 6 Truck Retrofits

Baseline or Short tons reduced	**NO_x**	**PM 2.5**	**HC**	**CO**
Baseline for Vehicles	9.36	0.37	0.49	3.30
Annual Amount Reduced	0.00	0.20	0.2	0.99
Lifetime Amount Reduced	0.00	1.21	2.54	12.86

Year 2 Total Emissions Reductions Projected for 6 Truck Replacements with DPF and SCR Technologies.

Short tons reduced	**NO_x**	**PM2.5**	**HC**	**CO**
Baseline for Vehicles	9.34	0.37	0.49	3.30
Annual Amount Reduced	8.80	0.36	0.45	3.10
Lifetime Amount Reduced	114.36	4.67	5.90	40.24

C. *General Air Quality Description*

In the Mid-Atlantic Region, high levels of $PM_{2.5}$ and ozone may be experienced in industrial, urban, or rural areas due to the diversity of sources affecting concentrations. EPA's 2002 Health Assessment Document for Diesel Engine Exhaust links emissions from older diesel engines to premature deaths, hearth attacks, childhood asthma, and increased emergency room and hospital visits.

This project will focus on the Norfolk-Virginia Beach-Newport News (Hampton Roads) area but will also benefit other areas of the Commonwealth of Virginia that experience high drayage truck traffic. The Hampton Roads area was once designated as a marginal nonattainment area for the 1997 Ozone NAAQS and was redesignated to attainment/maintenance for this standard in 2007. The area was designated attainment/unclassifiable for the 2008 Ozone NAAQS (77FR 30088, 5/12/2012). The designation for the 2008 Ozone NAAQS was based on a design value of 72 ppb ozone. To

help ensure continued compliance with the 2008 Ozone NAAQS, and to prepare for any future Ozone NAAQS, the Hampton Roads area is participating in the Ozone Advance program and has created a voluntary action plan designed to reduce ozone precursors including NO_x & VOC emissions. The action plan may be found at http://www.deq.virginia.gov/Portals/0/DEQ/Air/Planning/hrpln1.pdf. The VPA Green Operator program is discussed in Section 3.1.1 of the Action Plan.

D. Timeline

The following preliminary timeline provides an overview of implementing the project.

Year 1	Q1	Q2	Q3	Q4
GO Retrofits & Replacements	Establish subagreement with MARAMA and publicize availability of rebates. Prepare quarterly report.	Work with participants to install technology & process payments. Prepare quarterly report.	Work with participants to install technology, & process payments. Prepare quarterly report	Work with participants to install technology & process payments. Draft amendment to subagreement with MARAMA & MARAMA agreement with EFC. Prepare quarterly report.

Year 2	Q1	Q2	Q3	Q4
GO Retrofits & Replacements	Amend subagreement with MARAMA and MARAMA agreement with EFC, publicize program. Accept applications to purchase replacement trucks. Work with participants scrap and replace dray trucks & process payments. Prepare quarterly report.	Work with participants scrap and replace dray trucks & process payments. Prepare quarterly report.	Work with participants scrap and replace dray trucks & process payments. Prepare quarterly report.	Work with participants to complete final projects, compile project results for grant closeout and write quarterly and final reports.

E. Disbursement Methodology

The disbursements for retrofits and truck replacements will be handled separately. Disbursements for retrofits are made as reimbursements. These are paid on behalf of the Project participant to the vendor that installed the equipment following receipt, review, and approval by MARAMA of documentation of the purchase and installation of a verified diesel emission device. Reimbursements are limited to no more than $6,000 per vehicle.

Disbursements for the truck replacements will be handled by MARAMA as a down payment. Disbursements for truck replacements are paid on behalf of the Project participant after they have selected a truck, obtained a loan, filed appropriate paperwork with MARAMA, and scrapped the old truck according to EPA guidelines of "cutting a three inch by three inch hole in the engine block." MARAMA, following receipt of all required documents, will review and approve all documents relating to the new truck purchase and photos of the engine before and after scrapping. The down payment for each truck replacement will not exceed 50% of the cost of the replacement vehicle and is limited to no more than $30,000.

Program Priorities

A. Maximize Public Health Benefits

Emissions from dray trucks can contribute to serious public health and environmental challenges at ports and in surrounding communities. EPA estimates the useful lifetime of trucks used in drayage to be 30 years. Reducing diesel emissions from trucks serving the Port of Virginia by creating opportunities for early retirement of dray trucks or installation of diesel emission reduction technology are expected to result in a positive impact on public health.

In addition, the VPA Green Operator program is included in the Hampton Roads Ozone Advance action plan, which outlines strategies designed to take proactive steps toward reducing ozone precursor emissions, and thereby help to ensure air quality continues to comply with the 2008 Ozone NAAQS. This action plan is also a good framework for planning to meet any future Ozone NAAQS. Ensuring that the area complies with federal NAAQS standards helps ensure that the citizens breathe healthy air.

B. *Cost Effectiveness*

Retrofitting or replacement of existing dray trucks is a cost effective way to reduce diesel emissions from the vicinity of ports, and supplements efforts already undertaken by the Port of Virginia to publicize the Green Operator and to encourage participation of trucking companies. The Project addresses needs voiced by potential program participants for incentives to help defray the cost of emission control equipment and truck replacement.

C. *Benefit areas of high population density and with air quality issues*

The Port of Virginia activities generate significant diesel truck traffic in the surrounding metropolitan area. The goals of this project are to reduce impacts of diesel particulate emissions and to prevent the deterioration of air quality in the Port's metropolitan area. As part of the Ozone Advance action plan, this program will reduce emissions of ozone precursors, helping to ensure that the area continues to meet the 2008 Ozone NAAQS and any future ozone NAAQS set by the EPA Administrator.

D. *Benefit areas such as truck stops, ports, rail yards, terminals, and distribution centers.*

The Green Operator project support targets trucks that serve the Virginia Port Authority facilities and the distribution terminals to which they haul freight.

E. *Include a certified engine configuration or verified technology that has a long expected useful life.*

The Virginia DEQ DERA3 Project will use information learned from VA DEQ's Clean Diesel Outreach program and MARAMA's SmartWay Program replacement initiatives from FY 2008 – FY 2014 to select appropriate and effective technology for Program participants. Because not all applicants can afford to purchase a newer model year truck, installing retrofit technologies is an effective method for reducing diesel emissions. The following describes the two different technologies that will be used under this grant project.

Retrofit Technology

For retrofits, only retrofit technologies that are EPA and/or CARB certified/verified will be used. The Clean Diesel Outreach and MARAMA's SmartWay initiative provided useful lessons about the use of Diesel Particulate Filters (DPF), Diesel Multi-Stage Filters, and Diesel Oxidation Catalysts on dray trucks. For example, some filters were too big for the space available on a certain make of dray tractor. While the Diesel Particulate Filter might have been a more effective emission reduction choice, it was not an option due to size limitations. Further, the needed temperature profiles for the use of Diesel Particulate Filters or Diesel Multistage Filters were not met on dual exhaust tractors. Therefore the only

option for these tractors was the use of Diesel Oxidation Catalysts with a Closed Crankcase ventilation system. Such information is useful in assisting carriers to select the appropriate technology.

Selective Catalytic Reduction (SCR)

For truck replacements, down payments will be provided toward the purchase of model year 2011 or newer trucks, which contains an EPA and/or CARB certified/verified engine. Since 2010, heavy duty diesel truck engines utilize the Selective Catalytic Reduction (SCR) technology for greater NOx reductions. The replacement trucks will have a built in DPF with a SCR.

The SCR technology is an advanced active emission control technology system is designed to permit nitrogen oxide (NO_x) reduction reactions to take place in an oxidizing atmosphere. It is called "selective" because it reduces levels of NO_x using ammonia as a reductant within a catalyst system. The reducing agent reacts with NO_x to convert the pollutants into nitrogen, water and small amounts of carbon dioxide (CO2). The factory installed SCR technology alone can achieve NO_x reductions in excess of 90%.

F. *Maximize the useful life of technology funded.*

Retrofit technologies included in the Project are covered by performance and emissions warranties that meet or exceed warranty requirements for retrofit verification coverage. Proof of warranty is required for rebate disbursement for retrofits.

The replacement trucks will have a built in DPF with a SCR. The trucks will also have a minimum of 25+ year life expectancy.

G. *Conserve diesel fuel.*

Requiring 2011 and newer model trucks for the truck replacement portion of the project should achieve reduced fuel consumption. It would be difficult to gauge the amount of the reduction as different engine manufactures claim varying amounts of reduced fuel consumption. Horse power, engine size and operator use can also influence fuel reductions. The retrofits will not directly reduce the use of diesel fuel. The Virginia Port Authority Outreach is investigating the possibility of opening a gate dedicated to Green Operators at one of its facilities. Such a gate would likely reduce idle time for these trucks, which would conserve diesel fuel.

H. *Overall Deliverables Years 1 & 2*

- Quarterly progress reports.

- A total of approximately 6 dray trucks will be retrofitted .
- A total of approximately 6 older dray trucks will be replaced with trucks having model year 2010 or newer engines
- Emission reduction estimates based on the fleet retrofitted or replaced using the Diesel Emissions Quantifier.
- Additional leveraged funds will be provided by dray truck owners, since the grant funds will not pay more than 50% of the costs of the replacement vehicles and will be limited to no more than $30,000 per vehicle. All leveraged funds will be obtained in Year 2 of the grant.

Strategic Plan Linkage and Anticipated Outcomes/Outputs

A. *Linkage to EPA Strategic Plan.*

This project will support Goal 1 of EPA's 2014-2018 Strategic Plan, "Addressing Climate Change and Improving Air Quality." In addition, this project will support EPA's Cross-Agency Strategy, "Working to Make a Difference in Communities." Projects funded under the Virginia DEQ DERA3 Project meet the goal of improving air quality by reducing NOx, PM, HC, and CO emissions from diesel fleets, thereby reducing local and regional air pollution.

B. *Outputs Years 1 & 2*

- Provide rebates for approximately 6 retrofit projects.
- Provide down payments for a total of approximately 6 dray truck replacements in Year 2 Report on emission reductions from the Project via the Final Report.

Progress toward the environmental goal will be tracked and measured during the assistance agreement period by maintaining input information for the Diesel Emission Quantifier information from the approved applications. The quarterly reports to EPA will provide the status and progress of the retrofit and replacement activities.

C. *Outcomes.*

Expected outcomes from this program may include but are not limited to the following:

Short-term outcomes

- Increased understanding of the environmental and economic effectiveness of the implemented technology.
- Increased number of clean carriers serving the Virginia Port Authority facilities.

Medium-term outcomes

- Growing interest and willingness by fleets to deploy diesel emission reduction technologies.
- Increased capacity by Virginia fleets to deploy diesel emission reduction technologies.
- Documented emission reductions from the retrofit and replacement of dray trucks.

Long-term outcomes

- Decreased emissions and exposure to diesel emissions at the Port of Virginia and nearby neighborhoods.

Project Partners

DEQ's primary partner in the Virginia DEQ DERA3 Project will be MARAMA. The Virginia Port Authority will also play a role in this project.

MARAMA is a voluntary, non-profit association of ten state and local air pollution control agencies in the Mid-Atlantic region. Its mission is to strengthen the skills and capabilities of member agencies and to help them work together to prevent and reduce air pollution impacts in the Mid-Atlantic Region. In addition to the Commonwealth of Virginia, the following State and Local governments are MARAMA members: Delaware, the District of Columbia, Maryland, New Jersey, North Carolina, Pennsylvania, West Virginia, Philadelphia, and Allegheny County, Pennsylvania. MARAMA is governed by a Board of Directors consisting of the ten air directors from MARAMA member jurisdictions. The director of Virginia's air program is a permanent member of the MARAMA Board of Directors. MARAMA meets EPA requirements for receiving grant awards and has been funded almost 100% by EPA grants since 1992. MARAMA is experienced in providing staff support for projects to reduce diesel emissions and has assisted the Mid-Atlantic Diesel Collaborative (MDC) in publicizing the availability of grant funding and obtaining federal grant funding to support projects. This project will supplement MARAMA's activities in support of MDC.

The ***Virginia Port Authority*** was established in 1952, as a political subdivision of the Commonwealth of Virginia, for the purpose of performing any act or function which may be useful in developing, improving, or increasing the commerce of the ports of the Commonwealth, with the goal of conducting these activities in an environmentally sensitive and sound manner. Toward this goal, the Virginia Port Authority initiated a pilot program, the predecessor to the GO Program, in October 2007 to reduce diesel emissions from drayage trucks serving its Port of Virginia facility. As a partner, the Virginia Port Authority will continue to publicize the rebates available through the Virginia DEQ DERA3 Project and ensure that companies selected to receive the rebates are Green Operators.

Vehicle owners are important partners. They continue to own their retrofitted vehicles and replacement vehicles. The cost the owner pays to replace a dray truck provides other leveraged funds in an amount equal to or greater than the down payment provided by the grant. Due to the time needed to select and obtain financing for a replacement vehicle and scrap the old vehicle, all additional leveraged funding will be provided during Year 2 of this grant.

Sustainability of State Program

DEQ and its partners will work to continue sustaining the program by promoting awareness and integrating information about the program into their outreach efforts, including via the DEQ, the Virginia Port Authority, and MARAMA websites. Within 60 days of receiving the award, DEQ will post on its website a public notification that lists the project information, dollar amount of the grant and rebates, and the technology funded by the rebate.

Quality Assurance and Quality Control

Not applicable. The proposed project does not involve environmentally related measurements or data generation that would need quality assurance and quality control plans and procedures.

BUDGET NARRATIVE

Project Budget

Tables below provide the DEQ project budget, MARAMA project budget, and MARAMA budget detail.

DEQ Project Budget Years 1 & 2

Budget Category	Year 1			Year 2			Total		
	EPA Allocation	State Match	Additional Leverage[c]	EPA Allocation	State Match	Additional Leverage	Total EPA Allocation	Total State Match	Total Additional Leverage
1. Personnel	$1,216	$0	$0	$1,253	$0	$0	$2,469	$0	$0
2. Fringe Benefits[a]	450	0	0	513	0	0	963	0	0
3. Travel	0	0	0	0	0	0	0	0	0
4. Supplies	0	0	0	0	0	0	0	0	0
5. Equipment	0	0	0	0	0	0	0	0	0
6. Contractual	0	0	0	0	0	0	0	0	0
7. Program Income	0	0	0	0	0	0	0	0	0
8. Other[c]	92,422	0	0	144,624	0	165,000	237,046	0	165,000
9. Total Direct Charges	$94,088	$0	$0	$146,390	$0	$165,000	$240,478	$0	$165,000
10.Indirect Charges[b]	347	0	0	357	0	0	704	0	0
Grand Total	$94,435	$0	$0	$146,747	$0	$165,000	$241,182	$0	$165,000

[a]Includes MARAMA's indirect costs, which are not considered administrative costs.
[b]DEQ's Indirect charges are not considered administrative costs.
[c] Additional leveraged funds will be available beginning in Fiscal Year 2015 (Year 2).

MARAMA Years 1 & 2 Project Budget

Budget Category	Year 1 Budget Allocation	Additional Leverage	Year 2 Budget Allocation	Additional Leverage	Total Budget Allocation	Total Additional leverage	TOTAL
Direct Costs							
Personnel	$8,390	$0	$7,990	$0	$16,380	$0	$16,380
Fringe Benefits[a]	1,542	0	1,561	0	3,103	0	3,103
Travel	0	0	146	0	146	0	146,
Supplies	36	0	50	0	86	0	86
Equipment	0	0	0	0	0	0	0
Subaward Project Assistance	3,000	0	2,000	0	5,000	0	5,000
Program Income	0	0	0	0	0	0	0
Other – technology deployment retrofits	31,184	0	0	0	31,184	0	31,184
Other - Technology deployment truck replacements[b]	40,000	0	125,000	165,000	165,000	165,000	330,000
Total Direct Costs	$84,152	$0	$136,747	$165,000	$220,899	$165,000	$385,899
Indirect Costs[c]	8,270	0	7,877	0	16,147	0	16,147
Total Cost	$92,422	$0	$144,624	$165,000	$237,046	$165,000	$402,046

[a] MARAMA's fringe rate is estimated to be 19% of direct personnel.
[b] Additional leveraged funds will not be available until Year 2. All truck replacements will occur in Year 2.
[c] MARAMA's indirect costs are not considered administrative costs.

MARAMA Years 1 & 2 Budget Detail

Category	Notes	Year 1 Budget Allocation		Year 2 Budget Allocation		Total
Personnel			$ 8,390		$ 7,990	$ 16,380
	Mobile Sources Program Manager	6,876		6,452		
	Administrative Assistant	525		612		
	Executive Director	989		926		
Fringe			1,542		1,561	3,103
	Social Security (6.2% of salary)	520		495		
	Medicare (1.45% of salary)	122		116		
	Pension (for eligible employees)(est.)	850		900		
	Health Insurance (Est.)	50		50		
Travel	Car trip from Towson, MD to Norfolk		0		146	146
Supplies	Office supplies & postage		36		50	86
Subaward	Application assistance		3,000		2,000	5000
Technology Deployment	**Retrofit** approximately 6 drayage trucks serving the port of Virginia with diesel filters, including installation costs. Maximum rebate $6,000 per vehicle, estimated total =$ 31,184.		31,184		0	31,184
Technology Deployment	**Replace** approximately 6 dray trucks with 2011 or newer vehicles. Maximum down payment up to $30,000 per vehicle up to estimated		40,000[a]		125,000	165,000

	total of $165,000.					
Indirect Costs	MARAMA's provisional indirect cost rate for FY 2015 is 98.58% of Direct Personnel costs and is used for both years.		8,270		7,877	16,147
Total Grant Costs			**$92,422**		**$144,624**	**$237,046**
Additional Leverage	Dray truck owners will pay at least half the cost of their replacement vehicles		**0**[a]		165,000	165,000
Total Costs	Total grant costs plus additional leverage		**$92,422**		**$309,624**	**$402,046**

[a]All truck replacements will occur in Year 2.

Explanation of Budget Framework

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

The administrative costs include everything except DEQ indirect costs for 2 years (estimated $704), MARAMA indirect costs for 2 years (estimated $16,147) and technology deployment costs for 2 years (estimated $196,184). The administrative costs are estimated to be $28,147. The administrative costs are expected to be approximately 12 percent of the 2 year project budget for grant funding.

Budget Categories:

Personnel

During Year 1 Virginia DEQ Position Number P0888, Major NSR Coordinator, Mr. Yogesh Doshi is expected to spend approximately 30 hours at an hourly rate of $40.53 for a total of $1,216. Mr. Doshi is expected to spend approximately 30 hours at an hourly rate of $41.75 during Year 2 for a total of $1,253. The overall total is $2,469.

	Year 1		Year 2		Total	
DEQ Personnel	**EPA**	**State**	**EPA**	**State**	**EPA**	**State**
PO888	$1,216	0	$1,253	0	$2,469	$0

MARAMA personal costs are expected to be $8,390 for Year 1, plus $7,990 for Year 2, for a total of $16,380, as detailed below.

	Year 1		Year 2		Total	
MARAMA Personnel	**EPA**	**State**	**EPA**	**State**	**EPA**	**State**
Diesel Project Manager @ 0.125 FTE x $55,008/FTE Year 1 and 0.115 FTE x $56,108/FTE Year 2	$6,876	$0	$6,452	$0	$13,328	$0
Administrative Assistant @ 0.015 FTE x $35,000 /FTE Year 1 and x $40,800/FTE Year 2	525	0	612	0	1,137	0
Executive Director @ 0.01 FTE x $98,880/FTE Year 1 and 0.009 FTE x $102,875/FTE Year 2	989	0	926	0	1,915	0
TOTAL	$8,390	$0	$7,990	$0	$16,380	$0

1. Fringe Benefits

Virginia's DEQ's fringe benefits for Year 1 equate to 37.00% of salary for classified employees. It includes Virginia Retirement System retirement contributions (8.76%), FICA (6.2%), Medicare (1.45%), group life insurance (1.19%), health care (17.32%), retiree health insurance credit (1%), VSDP & long term disability (0.47%) and defined contribution plan (0.61%). Virginia DEQ's fringe benefits for Year 2 equate to 40.94% of salary for classified employees. It includes FICA (6.20%), Medicare (1.45%), group life insurance (1.19%), retirement contributions (12.33%), retiree health insurance credit (1.05%), long term disability (0.66%), deferred compensation (0.62%), and health care (17.44%).

	Year 1		Year 2		Total	
DEQ Fringe	**EPA**	**State**	**EPA**	**State**	**EPA**	**State**
DEQ fringe benefits of 37.00% Year 1 and 40.94% Year 2	$450	$0	$513	$0	$963	$0

As provided in the "MARAMA Years 1 & 2 Budget Detail" table, MARAMA fringe benefits include social Security (6.2% of salary), Medicare (1.45% of salary), pension (for eligible employees), and health insurance. The estimate for pension changes due to staffing changes, and the workers comp is included in indirect costs.

	Year 1		Year 2		Total	
MARAMA Fringe	**EPA**	**State**	**EPA**	**State**	**EPA**	**State**
Social Security (6.2% of salary)	$520	$0	$495		$1015	$0
Medicare (1.45% of salary)	122	0	116		238	0
Retirement (Est. for eligible employees)	850	0	900		1750	0
Health Insurance (Est.)	50	0	50		100	0
TOTAL	$1,542	$0	$1,561		$3,103	$0

2. Travel

MARAMA Travel costs is budgeted to be a total of $145 for Years 1 & 2. This estimate is based on reimbursement of mileage at the federal rate.

3. Supplies
No DEQ supplies are budgeted. MARAMA has budgeted $86 for office supplies and postage ($36 in Year 1 and $50 in Year 2).

	Year 1		Year 2		Total	
MARAMA Supplies	**EPA**	**State**	**EPA**	**State**	**EPA**	**State**
Office supplies and postage costs	$36	$0	$50	$0	$86	$0

4. Equipment
No equipment has been budgeted for Year 1 & Year 2.

5. Contractual
No contractual expenses have been budgeted for Year 1 & Year 2.
A subaward of $3,000 for application review services is anticipated in Year 1 and $2,000 for Year 2. MARAMA has worked with the Environmental Finance Center (EFC) at the University of Maryland on current and previous dray truck replacement programs. The EFC was established by the U.S. Environmental Protection Agency to provide services to states in Region 3, including assistance with establishing financing for environmental projects. Through a competitive bidding process, MARAMA selected EFC to assist with their ongoing dray truck replacement project serving the ports of Virginia and Delaware (funded by a separate DERA 2014 competitive award). MARAMA plans to establish a subrecipient agreement with the EFC to provide continuing assistance under this grant for dray truck replacements serving the Port of Virginia.

6. Program Income
No program income is expected for Year 1 & Year 2. Dray truck owners will retain ownership of their vehicles. When a vehicle is replaced, the owner will be directed to scrap the old vehicle and apply any scrappage revenue to the costs associated with purchasing a replacement vehicle. In some cases, it costs more to scrap the vehicle than the vehicle is worth, but this is not typical. Typically the owner does receive some funds for the value of the scrapped truck.

7. Other
DEQ plans to establish a subrecipient agreement with MARAMA to administer this program. As a subrecipient, MARAMA will have responsibility for programmatic decision-making and responsibility to adhere to applicable federal programs compliance requirements. MARAMA's sub-award will be small (under $500,000). DEQ has many years of experience in working with MARAMA. MARAMA has experience as a grantee and a subrecipient. DEQ will monitor MARAMA's performance via quarterly activity and financial reports and periodic conference calls. DEQ's Air Director meets quarterly with MARAMA's Executive Director at MARAMA Board of Directors' meetings and will have both formal and informal opportunities to provide project oversight. This agreement will include funds for retrofit rebates and down payments for replacements.

	Year 1		Year 2		Total	
Other	**EPA**	**State**	**EPA**	**State**	**EPA**	**State**
Subaward with MARAMA	$92,422	$0	$ $144,624	$0	$237,046	$0

8. Direct Charges
   Total direct costs (items 1-8 above) for Year 1 are estimated to be $94,088. Please note that these estimated direct costs include MARAMA's estimated indirect costs of $8,270 for Year 1.

   Total direct costs (items 1-8 above) for Year 2 are estimated to be $146,390. Please note that these estimated direct costs include MARAMA's estimated indirect costs of $7,877 for Year 2.

9. Indirect Charges
   DEQ's approved FY 2014 indirect cost rate is 28.5 percent of direct personnel charges (see attached). DEQ estimated indirect costs are $347 for Year 1.

   DEQ's approved FY 2015 indirect cost rate is 28.5 percent of direct personnel charges (see attached). DEQ estimated indirect costs are $357 for Year 2.

   MARAMA's provisional indirect cost rate for FY 2015 is 98.58% of Direct Personnel Costs, and this rate is used for the entire grant period. MARAMA's estimated indirect costs for the Year 1 allocation are $8,270, and for Year 2 are $7,877.

   DEQ and MARAMA indirect costs are not considered administrative costs.

Match Requirements

EPA has indicated a match is required for funds used for down payments for dray truck replacements. Truck down payments for this project will not exceed 50% of the cost of the replacement vehicle ($30,000 maximum per vehicle). Initial down payments will be limited to $27,500 to maximize the number of vehicles replaced. If necessary, the amount may be increased to insure sufficient timely participation in the program. Class 8 trucks with 2010 or newer engines have an average cost of more than $64,000. The program participant (vehicle owner) will be required to pay at least 50% of the cost of the replacement vehicle. Program participants will be responsible for any additional costs associated with the replacement vehicle.

Although one or more truck replacements may be authorized in the first year, the time needed to complete the replacement is generally 1.6 to 2 months, and so all leveraged funds are expected to become available in the second year. Grant funds are obligated when the replacement is authorized but the purchase is not finalized until after a replacement vehicle is selected and the old vehicle is scrapped according to EPA requirements.

U.S. ENVIRONMENTAL PROTECTION AGENCY

Assistance Amendment

GRANT NUMBER (FAIN): 96332201 MODIFICATION NUMBER: 2 PROGRAM CODE: DS	DATE OF AWARD 10/15/2015
TYPE OF ACTION No Cost Amendment	MAILING DATE 10/15/2015
PAYMENT METHOD: ASAP	ACH# 30359

RECIPIENT TYPE: State	Send Payment Request to: N/A
RECIPIENT: VA Dept of Environmental Quality PO Box 1105 Richmond, VA 23218 EIN: 54-1661753	PAYEE: VA Dept of Environmental Quality 629 E Main St Richmond, VA 23219

PROJECT MANAGER	EPA PROJECT OFFICER	EPA GRANT SPECIALIST
Yogesh Doshi PO Box 1105 Richmond, VA 23218 E-Mail: yogesh.doshi@virginia.gov Phone: 804-698-4017	Michelle Moyer 1650 Arch Street, 3AP50 Philadelphia, PA 19103-2029 E-Mail: Moyer.Michelle@epa.gov Phone: 215-814-2098	Douglas Roberts Grants and Audit Management Branch, 3PM70 E-Mail: Roberts.Douglas@epa.gov Phone: 215-814-5279

PROJECT TITLE AND EXPLANATION OF CHANGES
Virginia DEQ DERA3 Project FY 2015-2016
This amendment consolidates the multi-year budget for this project.

ALL TERMS AND CONDITIONS ARE UNCHANGED

BUDGET PERIOD	PROJECT PERIOD	TOTAL BUDGET PERIOD COST	TOTAL PROJECT PERIOD COST
10/01/2014 - 09/30/2016	10/01/2014 - 09/30/2016	$241,182.00	$241,182.00

NOTICE OF AWARD

Based on your Application dated 08/18/2015 including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA) hereby awards $0. EPA agrees to cost-share 100.00% of all approved budget period costs incurred, up to and not exceeding total federal funding of $241,182. 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.

ISSUING OFFICE (GRANTS MANAGEMENT OFFICE)	AWARD APPROVAL OFFICE
ORGANIZATION / ADDRESS	ORGANIZATION / ADDRESS
US EPA Region 3, 3PM70 1650 Arch Street Philadelphia, PA 19103-2029	U.S. EPA, Region 3 Air Protection Division 3AP00 1650 Arch Street Philadelphia, PA 19103-2029

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

Digital signature applied by EPA Award Official Claudette Reed - Acting Chief Grants and Audit Management Branch	DATE 10/15/2015

EPA Funding Information

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
EPA Amount This Action	$ 241,182	$ 0	$ 241,182
EPA In-Kind Amount	$ 0	$	$ 0
Unexpended Prior Year Balance	$ 0	$	$ 0
Other Federal Funds	$ 0	$	$ 0
Recipient Contribution	$ 0	$	$ 0
State Contribution	$ 0	$	$ 0
Local Contribution	$ 0	$	$ 0
Other Contribution	$ 0	$	$ 0
Allowable Project Cost	$ 241,182	$ 0	$ 241,182

Assistance Program (CFDA)	Statutory Authority	Regulatory Authority
66.040 - State Clean Diesel Grant Program (B)	Diesel Emissions Reduction Act of 2010 codified at 42 U.S.C. 16131 et seq	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

Budget Summary Page

Table A - Object Class Category (Non-construction)	Total Approved Allowable Budget Period Cost
1. Personnel	$2,469
2. Fringe Benefits	$963
3. Travel	$0
4. Equipment	$0
5. Supplies	$0
6. Contractual	$0
7. Construction	$0
8. Other	$237,046
9. Total Direct Charges	$240,478
10. Indirect Costs: % Base See Administrative Condition 2	$704
11. Total (Share: Recipient 0.00 **% Federal** 100.00 **%.)**	$241,182
12. Total Approved Assistance Amount	$241,182
13. Program Income	$0
14. Total EPA Amount Awarded This Action	$0
15. Total EPA Amount Awarded To Date	$241,182

Rev

Administrative Conditions

The following Administrative Conditions are applicable to funding awarded by this amendment, any future amendments and any unobligated balances (defined at 2 CFR 200.98) on the award as of this amendment unless otherwise noted:

1. General Terms and Conditions

The recipient agrees to comply with the current EPA general terms and conditions available at: http://www.epa.gov/ogd/tc/general_tc_applicable_aa_recipients_dec_26_2014.pdf. These terms and conditions are in addition to the assurances and certifications made as part of the award and the terms, conditions or restrictions cited below.

The EPA repository for the general terms and conditions by year can be found at: http://www.epa.gov/ogd/tc.htm.

2. **Indirect Costs**

If the recipient does not have a previously established indirect cost rate, it agrees that it will prepare its indirect cost rate proposal and/or cost allocation plan and in accordance with 2 CFR 200.416 "Cost allocation plans and indirect cost proposals."

If EPA is the cognizant federal agency, the state recipient must send its indirect cost rate proposal within six (6) months after the close of the governmental unit's fiscal year to:

Regular Mail

Financial Analysis and Rate Negotiation Service Center
Office of Acquisition Management
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW, MC 3802R
Washington, DC 20460

Mail Courier (e.g. FedEx, UPS, etc.)

Financial Analysis and Rate Negotiation Service Center
Office of Acquisition Management
US Environmental Protection Agency
1300 Pennsylvania Avenue, NW, 6th floor
Bid and Proposal Room Number 61107
Washington, DC 20004

Electronic Submission (e.g. PDF)

OGD IndirectCost@EPA.GOV

Recipients are entitled to reimbursement of indirect costs, if they have a current rate agreement, or have submitted an indirect cost rate proposal to their cognizant federal agency for review and approval. Recipients are responsible for maintaining an approved indirect cost rate. Recipients with differences between their provisional rates and final rates are not entitled to more than the award amount, without EPA approval.

Recipients must comply with the audit requirements prescribed in 2 CFR 200.501(a).

3. **Annual Federal Financial Report**

Pursuant to 2 CFR 200.327 and 200.343, the recipient agrees to submit to EPA an annual Federal Financial Report (FFR) (SF-425) when the budget period is longer than one year. The following reporting period end dates shall be used for interim reports: 3/31, 6/30, 9/30, or 12/31. Interim reports shall be submitted no later than 90 days after the end of each reporting period.

The form is available on the internet at http://www.epa.gov/financial/forms. **All FFRs must be submitted to the Las Vegas Finance Center (LVFC) via email** LVFC-grants@epa.gov **or fax at 702-798-2423.**

4. **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 Disadvantaged Business Enterprise (DBE) Program for procurement activities under assistance agreements, contained in 40 CFR, Part 33.

MBE/WBE REPORTING, 40 CFR, Part 33, Subpart E
MBE/WBE reporting is required in annual reports. 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 the Disadvantaged Business Enterprise (DBE) Program reporting requirements. However, if recipient believes this award does not meet these conditions, it must provide the EPA Grant Specialist with a justification and budget detail within 21 days of the award date clearly demonstrating that, based on the planned budget, 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 and Interagency Agreements" report (EPA Form 5700-52A) on an annual basis. All procurement actions 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 are instructed to 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 **signed and emailed to** R3_MBE-WBE_Reports@epa.gov **as a pdf file, or if that is not possible, mailed to Cynthia Burrows, Diversity/EEO Manager (3DA10), U.S. EPA - Region III, 1650 Arch Street, Philadelphia, PA 19103-2029 with a courtesy copy to the EPA Grant Specialist.** The current EPA Form 5700-52A can be found at the EPA Office of Small Business Program's Home Page at http://www.epa.gov/osbp/dbe_reporting.htm ;

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 and explained below

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 objectives requirements 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.

Current Fair Share Objective/Goal
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 Virginia Department of Environmental Quality has has negotiated the following, applicable MBE/WBE fair share objectives/goals with EPA as follows:

MBE%: CONSTRUCTION 5.8%; EQUIPMENT 4.1%; SERVICES 3.9%; SUPPLIES 1.5%
WBE%: CONSTRUCTION 4.0%; EQUIPMENT 4.2%; SERVICES 2.6%; SUPPLIES 1.6%

Negotiating Fair Share Objectives/Goals
In accordance with 40 CFR, Part 33, Subpart D, established goals/objectives remain in effect for three fiscal years unless there are significant changes to the data supporting the fair share objectives. The recipient is required to follow requirements as outlined in 40 CFR Part 33, Subpart D when renegotiating the fair share objectives/goals.

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.

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.

5. **State Grant Cybersecurity Condition**

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

Programmatic Conditions

The following Programmatic Conditions are applicable to funding awarded by this amendment, any future amendments and any unobligated balances (defined at 2 CFR 200.98) on the award as of this amendment unless otherwise noted:

1. FY2015 State Clean Diesel Program (DERA) Programmatic Terms and Conditions.
The recipient agrees to comply with the FY2015 State DERA terms and conditions available at: http://www.epa.gov/ogd/tc/fy_15_dera_state_program.pdf. These terms and conditions are in addition to any award specific programmatic terms and conditions outlined directly on the award document.

2. Leveraging
The recipient agrees to provide the proposed leveraged funding, including any voluntary cost-share contribution or overmatch 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.

3. **Mandatory Cost-Share Requirement**

This award and the resulting federal funding share of 47.07% as shown under "Notice of Award" above is based on estimated costs requested in the recipient's final approved workplan. While actual total costs may differ than those estimates, the recipient is required to provide no less than the cost-share percentages outlined below, as applicable, of the final equipment costs. EPA's participation shall not exceed the total amount of federal funds awarded or the maximum federal cost-share percentages outlined below, as applicable, of the final equipment costs. Recipients must satisfy any applicable cost share requirements with allowable costs as set forth in 2 CFR 200.306. The cost share requirements are as follows:

P.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.

P.2. Idle Reduction Technologies on Locomotives: EPA will fund up to 40% of the cost (labor and equipment) of an eligible idle reduction technology on a locomotive; recipient is responsible for cost-sharing at least 60% of the cost of an eligible idle reduction technology on a locomotive.

P.3. Marine Shore Power Connection Systems and Truck Stop Electrification: EPA will fund up to 25% of the cost (labor and equipment) of an eligible shore connection system or truck stop electrification technology; recipient is responsible for cost-sharing at least 75% of the cost of an eligible shore connection system or truck stop electrification technology.

P.4. Certified Engine Repower: EPA will fund up to 40% of the cost (labor and equipment) of an eligible engine repower; recipient is responsible for cost-sharing at least 60% of the cost of an eligible engine repower.

P.5. Certified Vehicle/Equipment Replacement:

P.5.1. *Nonroad Diesel Vehicle and Equipment Replacement* : EPA will fund up to 25% of the cost of a replacement vehicle or piece of equipment powered by a 2013 model year or newer certified nonroad engine; recipient is responsible for cost-sharing at least 75% of the cost of an eligible replacement vehicle or piece of equipment.

P.5.2. *Drayage Vehicle Replacement* : EPA will fund up to 50% of the cost of a replacement drayage truck powered by a 2010 model year or newer certified highway heavy-duty engine; recipient is responsible for cost-sharing at least 50% of an eligible drayage replacement vehicle.

P.5.3. *All Other Highway Diesel Vehicle Replacement* : EPA will fund up to 25% of the cost of a replacement Class 5 – Class 8 vehicle powered by a 2013 model year or newer certified highway heavy-duty diesel engine; recipient is responsible for cost-sharing at least 75% of an eligible replacement vehicle.

P.6. Clean Alternative Fuel Conversions: EPA will fund up to 40% of the cost (labor and equipment) of an eligible clean alternative fuel conversion; recipient is responsible for cost-sharing at least 60% of the cost of an eligible clean alternative fuel conversion.

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

FY2015 State Clean Diesel Program (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 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 http://epa.gov/cleandiesel/verification/verif-list.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 eligibility or preference of a retrofit technology, including vehicle/equipment replacement and repowers, should be directed to the EPA Project Officer. Technology changes may not be allowed after a final workplan has been approved. If technology compatibility issues arise, EPA may elect to terminate the cooperative agreement, at which time assistance funds must be returned to EPA.

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 http://www.epa.gov/cleandiesel/grant-reporting.htm.

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.

D. Final Report:

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

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

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

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

E. Use of Funds Restriction:

E.1. 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.2. Normal Attrition: Recipient agrees that funds under this award cannot be used for emission reductions that result from vehicle/equipment replacements or repowers that would have occurred through normal attrition/fleet turnover within three years of the project start date (e.g. FY15 award funds, including recipient cost-share, shall not be used for replacements/repowers that would have occurred through normal fleet turnover

prior to September 30, 2018). Any question as to eligibility of a vehicle/equipment replacement or repower should be directed to the EPA Project Officer.

E.3. 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. The recipient agrees that:

E.3.1. The repowered or replacement vehicle, engine, or equipment must be of similar size and/or horsepower, and will perform the same function and operation as the vehicle, engine, or equipment that is being repowered or replaced (e.g., an excavator used to dig pipelines would be replaced by an excavator that continues to dig pipelines);

E.3.2. *For Engine Repowers*: Horsepower increases of more than 25 percent will require specific 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 engine.

E.3.3. *For Nonroad Replacements*: 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.3.4. *For Highway Replacements*: 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.3.5. *For Engine Repowers*: The engine being replaced will be scrapped or rendered permanently disabled within ninety (90) days of the replacement. Cutting a three inch by three inch hole in the engine block is the preferred scrapping method. Other methods may be considered and will require prior written approval by the EPA Project Officer. 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) and the destroyed engine block. If scrapped or salvaged engines are to be sold, program income requirements apply.

E.3.6. *For Nonroad and Highway Replacements*: The vehicle/equipment being replaced will be scrapped or rendered permanently disabled within ninety (90) days of the replacement. Disabling the engine may be completed as described in E.3.5 above. Disabling the chassis may be completed by cutting completely through the frame/frame rails on each side of the vehicle/equipment at a point located between the front and rear axles. Other acceptable scrappage methods may be considered and will require prior written approval by the EPA Project Officer. 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. Vehicle/equipment components that are not part of the engine or chassis may be salvaged from the unit being replaced (e.g. plow blades, shovels, seats, etc.). If scrapped or salvaged vehicle/equipment chassis or components are to be sold, program income requirements apply.

E.3.7 *For Tire Replacements*: 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.4. Matching Funds: Recipient agrees that funds under this award cannot be used for matching funds for other federal grants, lobbying, or intervention in federal regulatory or adjudicatory proceedings, and cannot be used to sue the Federal Government or any other government entity. Likewise, recipient may not use federal funds as cost-share funds for the State Clean Diesel Grant Program, including funds received under the National Clean Diesel Emissions Reduction Program and federal Supplemental Environmental Project (SEP) funds.

E.5. 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: http://www.epa.gov/cleandiesel/verification/deleted-list.htm, 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. Recipient agrees that funds under this award cannot be used for idle reduction technologies on EPA's "Technologies No Longer Verified" list that can be found at: http://epa.gov/smartway/forpartners/technology.htm#tabs-4. Recipient agrees that funds under this award cannot be used for technologies on EPA's De-listed Emerging Technologies list which can be found at: www.epa.gov/cleandiesel/verification/emerg-list.htm.

E.6. 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.7. 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.8. Aluminum Wheels: Recipient agrees that funds under this award cannot be used for the purchase of aluminum 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 aluminum single-wide wheels would be acceptable as additional equipment necessary to use the SmartWay- verified technology, as would the cost of steel or light weight steel single-wide wheels.

E.9. 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. In addition, recipient agrees that funds under this award cannot be used for the purchase of low rolling resistance tires or advanced aerodynamic technologies if similar technologies have previously been installed on the truck or trailer.

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 MY 2007 or newer certified engine configurations on long haul Class 8 vehicles.

E.11. Idle Reduction Technologies: Recipient agrees that funds under this award cannot be used for the purchase of idle reduction technologies unless they are combined on the same vehicle with a new installation of a verified exhaust control funded under this award, except for use on locomotives and previously retrofitted school buses, and for shore connection systems or truck stop electrification technologies.

E.12. On-highway Model Year: Recipient agrees that funds under this award cannot be used to retrofit, repower, convert or replace a bus or Class 5 – Class 8 heavy-duty highway vehicle with engine model year 1990 older, or to retrofit engine model year 2007 or newer with DOCs or DPFs, or retrofit engine model year 2010 or newer with SCR, or replace engine model year 2004-2006 with other than with an all-electric vehicle, or replace, repower or convert engine model year 2007 or newer.

E.13. School Bus Model Year: Recipient agrees that funds under this award cannot be used to retrofit, repower, convert or replace a school bus with engine model year 1990 or older, or replace school buses with engine model year 2004-2006 other than with an all-electric vehicle, or retrofit, replace, repower or convert school buses with engine model year 2007 or newer.

E.14. Nonroad Useful Life and Operating Hours: Recipient agrees that funds under this award cannot be used to retrofit, repower, upgrade or replace a nonroad engine or equipment that has less than seven years of useful life remaining. A table distinguishing which nonroad engine model years EPA has determined to have at least seven years of useful life remaining, based on the type and age of vehicle, can be found at http://www.epa.gov/cleandiesel/documents/fy14-nonroad-remaining-useful-life.pdf . In addition, recipient agrees that funds under this award cannot be used to retrofit, repower, upgrade or replace nonroad engines and equipment that operate less than 500 hours per year.

E.15 Nonroad Repower/Replacement: Recipient agrees that funds under this award cannot be used to repower or replace nonroad Tier 0 (unregulated) engines to a nonroad Tier 1 or lower nonroad engine standard or from a Tier 2 nonroad engine standard to a Tier 3 or lower nonroad engine standard.

E.16. Marine Repower/Replacement/Upgrade: Recipient agrees that funds under this award cannot be used to repower, replace or upgrade Tier 3 or Tier 4 marine engines, or to repower or replace marine engines from Tier 1 marine engine standard to Tier 1 marine engine standard, or from a Tier 2 marine engine standard to a Tier 2 or lower marine engine standard.

E.17 Locomotive Retrofit/Repower/Replacement/Upgrade: Recipient agrees that funds under this award cannot be used to retrofit unregulated or Tier 0 locomotives with SCR, or to upgrade, repower or replace locomotives from: Tier 0+/1 to Tier 0+ or lower; Tier 1+/2 to Tier 1+ or lower; Tier 2 to Tier 1+ or lower; or, from Tier 2+ to Tier 2+ or lower. In addition, recipient agrees that funds under this award cannot be used upgrade, repower or replace line-haul locomotives from Tier 2 to Tier 4, or to upgrade, repower or replace line-haul locomotives from Tier 2+ to Tiers 3 and 4 , or to install Automatic Engine Start-Stop technologies on locomotives currently certified to Tier 0+ or higher.

E.18. 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 2,000 MW-hr/year.

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/year.

E.20. Locomotive and Marine Operating Hours: Recipient agrees that funds awarded under this award cannot be used to retrofit, repower, replace, upgrade or install idle reduction technologies on eligible locomotives or marine engines that operate less than 1000 hours per year.

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.

E.22. Expenses Incurred Prior to the Project Period: Recipient agrees that, except for eligible pre-award costs as defined in 2 CFR 200.308 and 200.458, and 2 CFR 1500.8 funds under this award cannot be used to cover expenses incurred prior to the project period and that expenses incurred prior to the project period cannot be used as a cost-share for projects funded under this award.

E.23. Direct Implementation: The recipient must use funds to develop and administer a subgrant, rebate, and/or loan program(s) as appropriate to meet the recipient's State Air Program needs and goals relating to the reduction of diesel emissions. The recipient cannot use DERA State Program funds to directly implement diesel emissions reduction projects; however, the recipient may use DERA State Program funds to award subgrants, rebates, and/or loans to other entities to carry out diesel emission reduction projects.

E.24. State Fleets: Recipients may use funds to provide subgrants, rebates, and/or loans for the benefit of State fleets and State projects. The recipient may transfer funds to another State entity as a subgrantee as allowable under State law.

E.25 In-Kind Assistance: The recipient may purchase equipment through blanket purchase agreements or some other mechanism that ensures a low price for the item. The recipient may then provide the equipment in lieu of money as in-kind assistance through a subgrant. In general, except where providing goods and/or services in lieu of money under a subgrant agreement, the recipient cannot directly contract or procure goods and/or services with their DERA State Program funds.

E.26 Expense Cap: No more than 15 percent of the recipient's total project costs may be used to cover administrative type costs (e.g. personnel, benefits, travel, and supplies). Total project costs include the federal share as well as any cost-share provided by the recipient. The recipient's indirect costs are not considered as administrative type costs and do not count towards the 15 percent maximum.

F. Drayage Vehicle Replacement Project Requirements:

F.1. In addition to the scrappage requirements for all vehicles/equipment described in E.3.4 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:

If program income is generated during the course of the project, program income requirements apply. Program income as defined at 2 CFR 200.80 means gross income received by the grantee or subgrantee that is directly generated by a grant supported activity or earned as a result of the Federal award during the period of performance. "Period of performance" is the time between the start and end dates of the period of performance as included in the Federal award. Program income earned during the project period shall be retained by the recipient and, in accordance with 2 CFR 200.307 recipient is authorized to use program income as follows:

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

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

I.3. Deducted from the total allowable costs to determine the net allowable costs on which the federal share of costs is based. This means that the recipient shall spend program income on project activities before spending/requesting federal funds for project activities. This may result in unspent federal funds at the end of the project period.

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

J. Equipment Use, Management, and Disposition

These equipment use, management, and disposition instructions are applicable to assistance agreement recipients and subrecipients acquiring equipment under this award. State agencies

may use, manage and dispose of equipment acquired a Federal award by the state in accordance with state laws and procedures.

Recipient agrees the equipment acquired under this assistance agreement will be subject to the use and management and disposition regulations at 40 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 and Sub-grant Procedures:

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

L. For-Profit Sub-recipients

In addition to the EPA General Term and Condition #7 "Establishing and Managing Subawards", the recipient agrees to:

L.1. Utilize terms and conditions in all subgrants to for-profit sub-recipients that apply the following regulations to for-profit sub-recipients: 2 CFR Sections 200.0 - .99, 200.212, 200.207, 200.322, 200.208, 200.306, 200.308, 200.501(h), 200.310, 200.313, 200.314, 200.315, 200.316, 200.317 -.324, 200.328, 200.333 - .337, 200.338 - .342. For the purposes of applying the listed regulations to for-profit sub-recipients, the Recipient shall perform the functions that the regulations provide will be performed by EPA.

L.2. Establish a procedure for resolving disputes with for-profit sub-recipients.

L.3. Not reimburse a for-profit sub-recipient until receipt of documentation that the sub-recipient has incurred eligible and allowable costs. Per 2 CFR 200.401, the allowability of costs incurred by for-profit organizations is determined in accordance with the provisions of the Federal Acquisition Regulation (FAR) at 48 CFR Part 31.

L.4. Obtain a final report detailing how the for-profit sub-recipient expended funds in a format prescribed by the Recipient.

L.5. Ensure that for-profit sub-recipients are aware of requirements imposed upon them by applicable Federal statutes, regulations, and these terms and conditions.

M. **Public Notification**:

Not later than 60 days after the date of the award of a subgrant, rebate, or loan by a State, the State shall publish on the Web site of the State:

M.1. For subgrants, rebates, and loans provided to the owner of a diesel vehicle or fleet, the total number and dollar amount of subgrants, rebates, or loans provided, as well as a breakdown of the technologies funded through the subgrants, rebates, or loans; and

M.2. For other subgrants, rebates, and loans, a description of each application for which the subgrant, rebate, or loan is provided.

GENERAL TERMS AND CONDITIONS
FOR FEDERALLY FUNDED GRANT CONTRACTS

1. **ACORN FUNDING PROHIBITION:** In compliance with section 163 of the Continuing Appropriations Resolution, 2010, Division B of Pub. L. No. 111-68 (CR), none of the funds made available by this joint resolution or any prior Act may be provided to the Association of Community Organizations for Reform Now (ACORN), or any of its affiliates, subsidiaries, or allied organizations. Federal agencies are expressly prohibited from providing funds to ACORN and its associated organizations directly through grants and cooperative agreements (financial assistance). The prohibition also extends to subgrants/subawards and procurement contracts awarded by financial assistance recipients.

2. **APPLICABLE LAWS:** This Contract shall be governed in all respects, whether as to validity, construction, capacity, performance or otherwise, by the laws of the Commonwealth of Virginia.

3. **APPLICATION FOR ASSISTANCE:** If grant funding assistance is continued year to year, the Grantee shall submit a complete application, including the proposed workplan, to the Department at least 75 days prior to the beginning of the next project period unless otherwise specified in the Special Terms and Conditions.

4. **ASSURANCES - CONSTRUCTION PROJECTS:** By entering this contract, the authorized representative of the Grantee certifies that, if applicable, the Grantee will comply with the following requirement: Parts II and III of Executive Order 11246 (30 F.R. 12319, 1965) as amended by Executive Orders 11375 (32 F.R. 14303, 1967) and 12086 (43 F.R. 46501, 1978) requiring federally assisted construction contracts to include the nondiscrimination provisions of § 202 and 203 of that Executive Order and Department of Labor regulations implementing Executive Order 11246 (41 CFR § 60-1.4(b), 1991).

5. **ASSURANCES - NON-CONSTRUCTION PROGRAMS:** By entering this contract, the authorized representative of the Grantee certifies that it is in compliance with each of the following applicable requirements:

   (a) Has the legal authority to apply for federal assistance, and institutional, managerial and financial capability (including funds sufficient to pay the non-federal share of project costs) to ensure proper planning, management and completion of the project description.

   (b) Will give the Department, the awarding federal agency, and the Comptroller General of the United States, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the agreement; and will establish a proper accounting system in accordance with generally accepted accounting standards or Department directives.

   (c) Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.

   (d) Will initiate and complete the work within the applicable time frame after receipt of approval of the Department.

   (e) Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. § 4728-4763) relating to prescribed standards for merit systems for programs funded under one of the nineteen statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).

   (f) Will comply with all federal statutes relating to nondiscrimination. These include but are not limited to: (1) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (2) Title IX of the Education Amendments of 1972, as amended (20 U.S.C.§§ 1681-1683, and 1685-1686), which prohibits

discrimination on the basis of sex; (3) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of handicaps; (4) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101-6107), which prohibits discrimination on the basis of age; (5) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (6) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, related to nondiscrimination on the basis of alcohol abuse or alcoholism; (7) §§ 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (8) Title VII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (9) The Americans with Disabilities Act of 1990 (42 U.S.C. §§ 12101 et seq.) prohibiting discrimination on the basis of disability; (10) any other nondiscrimination provisions in the specific statute(s) under which these federal funds are being paid; and (11) the requirements of any other nondiscrimination statute(s) which may apply to the contract.

(g) Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of federal or federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of federal participation in purchases.

(h) Will comply with the provisions of the Hatch Act (5 U.S.C. §§ 1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with federal funds.

(i) Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§ 276a to 276a-7), the Copeland Act (40 U.S.C. § 276c and 18 U.S.C. §§ 874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-333), regarding labor standards for federally assisted construction subcontracts.

(j) Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is $10,000 or more.

(k) Will comply with environmental standards which may be prescribed pursuant to the following: (1) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (2) notification of violating facilities pursuant to EO 11738; (3) protection of wetlands pursuant to EO 11990; (4) evaluation of flood hazards in floodplains in accordance with EO 11988; (5) assurance of project consistency with the approved state management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. □□ 1451 et seq.); (6) conformity of federal actions to State (Clear Air) Implementation Plans under Section 176(c) of the Clear Air Act of 1955, as amended (42 U.S.C.□ 7401 et seq.); (7) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended, (P.L. 93-523); and (8) protection of endangered species under the Endangered Species Act of 1973, as amended, (P.L. 93-205).

(l) Will comply with Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§ 1271 et seq.) related to protecting components or potential components of national wild and scenic rivers system.

(m) Will assist the Department in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. 469a-1 et seq.).

(n) Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.

(o) Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. 2131 et seq.) pertaining to the care handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.

(p) Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4801 et seq.) which prohibits the use of lead based paint in construction or rehabilitation of residence structures.

(q) Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act of 1984.

(r) Will comply with all applicable requirements of all other federal laws, executive orders, regulations and policies governing this program.

6. **AVAILABILITY OF FUNDS:** It is understood and agreed between the parties herein that the Department shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this Contract.

7. **CERTIFICATION - CONFLICT OF INTEREST:** The Grantee warrants that it has fully complied with the State and Local Government Conflict of Interests Act.

8. **CERTIFICATION - DRUG-FREE WORKPLACE:** The Grantee warrants that it shall comply with the provisions of Public Law 100-690, Title V, Subtitle D, "Drug-Free Workplace Act of 1988", and all applicable federal implementing regulations, including 15 CFR Part 26 or 40 CFR Part 32, which require that the Grantee take steps to provide a drug-free workplace.

The Grantee certifies that it will or will continue to provide a drug free workplace by:

(a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

(b) Establishing an ongoing drug free awareness program to inform employees about:

(1) The dangers of drug abuse in the workplace

(2) The Grantee's policy of maintaining a drug free workplace

(3) Any available drug counseling, rehabilitation, and employee assistance programs, and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

(c) Making it a requirement that each employee to be engaged in the performance of the Contract be given a copy of the statement required by paragraph (a);

(d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the Contract, the employee will:

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

(e) Notifying the Department in writing, within ten calendar days after receiving notice under subparagraph (d) (2) from an employee or otherwise receiving actual notice of such conviction.

(f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d) (2), with respect to any employee who is so convicted:

(1) Taking appropriate personnel action against such employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance of rehabilitation program approve for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency;

(g) Making a good faith effort to continue to maintain a drug free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

9. CERTIFICATION - LOBBYING: The Grantee certifies that:

(a) No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative contract, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative contract.

(b) If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this federal contract, grant, loan, or cooperative contract, Standard Form-LLL, "Disclosure Form to Report Lobbying" will be completed and submitted, in accordance with its instructions.

(c) That the language of this certification shall be included in the award documents for all subawards at all tiers (including subcontracts, subgrants and contracts under grants, loans, and cooperative contracts) and that all subrecipients shall certify and disclose accordingly.

MUST BE INCLUDED IN ALL SUBAWARDS EXCEEDING $100,000: The Grantee agrees to comply with the Title 40 CFR Part 34, New Restrictions on Lobbying. Grantees must submit certification and disclosure forms accordingly.

In accordance with the Byrd Anti-Lobbying Amendment, any Grantee 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.

Grantees shall ensure that no grant funds awarded under the federal grant contract are used to engage in lobbying of the Federal Government or in litigation against the United States unless authorized under existing law. The Grantee shall abide by its 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.

STATEMENT FOR LOAN GUARANTEES AND LOAN INSURANCE: The Grantee agrees that:
If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the Grantee shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. This certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

10. CERTIFICATION - NONDISCRIMINATION: During the performance of this Contract, the Grantee agrees as follows:

(a) The Grantee will not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin, except where religion, sex or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the Grantee. The Grantee agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

(b) The Grantee, in all solicitations or advertisements for employees placed by or on its behalf, will state that such Grantee is an equal opportunity employer.

(c) Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

The Grantee will include the provisions of the foregoing paragraphs a, b and c in every subcontract or purchase order of over $10,000 so that the provisions will be binding upon each subcontractor or vendor.

11. CERTIFICATION REGARDING DEBARMENT AND SUSPENSION: The 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)." The 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," including a term or condition requiring compliance with Subpart C. The recipient is responsible for further requiring the inclusion of a similar term or condition in any subsequent lower tier covered transactions. The 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. The recipient may access the Excluded Parties List System at http://epls.arnet.gov. This term and conditions supersedes EPA Form 5700-49, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters."

12. CIVIL RIGHTS OBLIGATIONS:

General:

This term and condition incorporates by reference the signed assurance provided by the recipient's authorized representative on: 1) EPA Form 4700-4, "Preaward Compliance Review Report for All Applicants and Recipients Requesting EPA Financial Assistance"; and 2) Standard Form 424B or Standard Form 424D, as applicable. These assurances and this term and condition obligate the recipient to comply fully with applicable civil rights statutes and implementing EPA regulations.

Statutory Requirements:

In carrying out this agreement, the recipient must comply with:

Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin, including limited English proficiency (LEP), by entities receiving Federal financial assistance.

Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities by entities receiving Federal financial assistance; and

The Age Discrimination Act of 1975, which prohibits age discrimination by entities receiving Federal financial assistance.

If the recipient is conducting an education program under this agreement, it must also comply with:

Title IX of the Education Amendments of 1972, which prohibits discrimination on the basis of sex in education programs and activities operated by entities receiving Federal financial assistance.

If this agreement is funded with financial assistance under the Clean Water Act (CWA), the recipient must also comply with:

- Section 13 of the Federal Water Pollution Control Act Amendments of 1972, which prohibits discrimination on the basis of sex *in* CWA-funded programs or activities.

Regulatory Requirements:

The recipient agrees to comply with all applicable EPA civil rights regulations, including:

- For Title IX obligations, 40 C.F.R. Part 5; and
- For Title VI, Section 504, Age Discrimination Act, and Section 13 obligations, 40 C.F.R. Part 7.
- As noted on the EPA Form 4700-4 signed by the recipient's authorized representative, these regulations establish specific requirements including maintaining compliance information, establishing grievance procedures, designating a Civil Rights Coordinator, and providing notices of non-discrimination.

Title VI — LEP, Public Participation and Affirmative Compliance Obligation:

- As a recipient of EPA financial assistance, you are required by Title VI of the Civil Rights Act to provide meaningful access to LEP individuals. In implementing that requirement, the recipient agrees to use as a guide the Office of Civil Rights (OCR) document entitled *"Guidance to Environmental Protection Agency Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons."* The guidance can be found at *http://frwebgate.access.gpo.govIcgi-binIgetdoc.cgi?dbriame=2004 register&docid=fr25M04-79.p* d
- If the recipient is administering permitting programs under this agreement, the recipient agrees to use as a guide OCR's Title VI Public Involvement Guidance for EPA Assistance Recipients Administering Environmental Permitting Programs. The Guidance can be found at http://edocketaccess gpo.gov/2006/pdff06-2691.pdf.
- In accepting this assistance agreement, the recipient acknowledges it has an affirmative obligation to implement effective Title VI compliance programs and ensure that its actions do not involve discriminatory treatment and do not have discriminatory effects even when facially neutral. The recipient must be prepared to demonstrate to EPA that such compliance programs exist and are being implemented or to otherwise demonstrate how it is meeting its Title VI obligations.

13. COLLATERAL CONTRACTS: Where there exists any inconsistency between this Contract and other provisions of collateral contracts which are made a part of this Contract by reference or otherwise, the provisions of this Contract shall control.

14. CREATION OF INTELLECTUAL PROPERTY (NOT APPLICABLE TO CONTRACTS WITH OTHER STATE AGENCIES): All copyrightable material created pursuant to this Contract shall be considered work made for hire and shall belong exclusively to the Department. Neither party intends any copyrightable material created pursuant to this Contract, together with any other copyrightable material with which it may be combined or used, to be a "joint work" under the copyright laws. If any copyrightable material created pursuant to this Contract cannot be deemed work made for hire or is deemed part of a joint work, the Grantee agrees to irrevocably assign, and does hereby irrevocably assign, its entire copyright interest in such material or work to

the Department and shall execute and deliver such further documents as the Department may reasonably request for the purpose of acknowledging such assignment.

The Grantee warrants that no individual, other than regular employees of the Grantee or Department working within the scope of their employment, shall participate in the creation of any copyrightable material to be delivered under this Contract, unless such individual and his or her employer, if any, have signed an intellectual property contract satisfactory to the Department before commencing such participation.

The Department shall have all rights, title and interest in or to any invention reduced to practice pursuant to this Contract. The Grantee shall not patent any invention conceived in the course of performing this Contract.

The Grantee hereby agrees that, notwithstanding anything else in this Contract, in the event of any breach of this Contract by the Department, the Grantee's remedy shall not include any right to rescind or otherwise revoke or invalidate the provisions of this Section. Similarly, no termination of this contract by the Department shall have the effect of rescinding the provisions of this Section.

This provision applies only to materials or documents developed with Contract funds. It does not apply to materials or documents previously copyrighted or registered under the Grantee's copyright or trademark or to materials or documents which are developed with other funds.

15. **DISCLAIMER:** Nothing in this Contract shall be construed as authority for either party to make commitments which will bind the other party beyond the project or work contained herein. Furthermore, the Grantee shall not assign, sublet, or subcontract any work related to this Contract or any interest it may have herein without the prior written consent of the Department.

16. **DOCUMENTS:** The Grantee may retain any reports, studies, photographs, negatives, or other documents prepared by the Grantee in the performance of its obligations under this Contract and not required to be delivered to the Department. The Department shall have the copyright to all such materials, and unlimited rights to use any such materials. Where necessary for the Department's full enjoyment of its copyrights and other rights referenced in this Contract, the Grantee shall provide a clear, reproducible copy of such materials (machine readable upon request) to the Department.

    The Grantee has permission to reproduce and distribute any material or documents prepared by the Grantee and for which the Department owns the copyright, but only where necessary or expeditious to the performance of the Grantee's obligations under this contract.

    This provision applies only to materials or documents developed with contract funds. It does not apply to materials or documents previously copyrighted or registered under the Grantee's copyright or trademark or to materials or documents which are developed with other funds.

17. **DUN AND BRADSTREET DATA UNIVERSAL NUMBERING SYSTEM (DUNS):** To implement the Federal Financial Accountability and Transparency Act (FFATA), it requires sub-recipients for federal awards to have a Dun and Bradstreet Data Universal Numbering System (DUNS) number, and it is strongly recommended that the sub-recipient register in the Central Contractor Registry (CCR) system.

18. **EMPLOYEE ADMINISTRATION AND COSTS:** In the event this Agreement provides funds to the Grantee for personnel or personnel related expenditures, the Grantee shall be solely responsible for all: (a) personnel administration and obligations, to include, but not limited to: hiring, evaluations, termination, etc.; and (b) costs, to include, but not limited to: payment for leave, unused time, unemployment insurance and unforeseen employment liabilities (e.g. unemployment compensation, leave pay out, workers compensation, etc.). The DEQ shall not assume any responsibilities or obligations as an employer; nor shall the DEQ assume any liability (during or after the term of this Agreement) for personnel related costs incurred by the Grantee in order to fulfill its obligations under this Agreement (except as noted below):

Note: The DEQ may, in its sole discretion and as specifically allowed in this Agreement, or in accordance with the overriding federal costs principles, reimburse the Grantee for salary and eligible fringe costs incurred during the performance of this Agreement.

19. **FAIR SHARE GOAL:** GENERAL COMPLIANCE, 40 CFR, PART 33: The Grantee agrees to comply with the requirements of EPA's Program for Utilization of Minority and Women's Business Enterprises (MBE/WBE) in procurement under assistance agreements, contained in 40 CFR, Part 33.

SIX GOOD FAITH EFFORTS, 40 CFR, PART 33, SUBPART C (Section 33.301): Grantee agrees to make the following good faith efforts whenever procuring construction, equipment, services and supplies under this grant contract and prime contractors also shall comply. Records documenting compliance with the six good faith efforts shall be retained.

(a) Ensure Disadvantaged Business Enterprises (DBEs) are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and local 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 task 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 Small Business Administration and the Minority Business Development Agency of the Department of Commerce or VA Department of Minority Business Enterprise (DMBE) in finding DBEs. MBE/WBE businesses must now be officially certified as such in order to be counted towards an EPA grantee's 'Fair Share" MBE and WBE goals accomplishments.

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

Grantee agrees to complete the Substitute DEQ MBE/WBE Report Form (copy attached) semi-annually on awards of subcontract(s) to a minority or women's business. Reports shall continue until the final subcontract is awarded, whether or not a sub-contract(s) is awarded to a minority or women's business in the subsequent quarters. Reports shall be submitted according to the following schedule:

Period	Report Due
April 1 - September 30	October 15
October 1 – March 31	April 15

Reports shall include all subcontracts made by the Grantee with minority or women's businesses. Reports may, but are not required to, include subsequent tiers of subcontracts. Reference BIDDERS LIST, 40 CFR, Section 33.501(b) and (c) – Grantee agrees to create and maintain a bidders list.

20. **FEDERAL AND NON-FEDERAL COST SHARING RELATED TO GRANTS:** If actual allowable project costs are less than the total approved estimated budget, the federal and non-federal cost share ratio as reflected in the approved estimated budget shall apply. If actual allowable costs are greater than the total approved estimated budget, the federal share shall not exceed the total federal dollar amount as reflected in the contract.

21. FINANCIAL RECORDS AVAILABILITY: The Grantee agrees to retain all books, records, and other documents relative to this contract for five years after final payment, or until audited by an independent auditor, whichever is earlier. The Department, its authorized agents, and/or state auditors shall have full access to and the right to examine any of said materials during said period.

22. FIRE SAFETY: Pursuant to 40 CFR 30.18, if applicable, and 15 USC 2225a, the Grantee 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). Grantees 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.

23. FISCAL CONTROL: The Grantee shall establish fiscal control and fund accounting procedures which assure proper disbursement of, and accounting for, contract funds. The Grantee shall for the purpose of this contract:
(a) Provide all accounting, bookkeeping, fiscal, and administrative services required by or related to this Contract.
(b) Request partial payment due from the Department in accordance with the terms of this Contract.
(c) Maintain appropriate support for all expenditures incurred and maintaining all books, documents, papers, accounting records, and other evidence supporting the costs incurred associated with this Contract. It shall make such materials available at its offices at all reasonable times during the Contract period, and for three years from the date of final payment under this Contract, for inspection and audit by the Department or any authorized representative of the Department.

24. **FOOD AND REFRESHMENTS:** Grant funds shall not be used for food/refreshments at activities/events (e.g. meetings, workshops, training, field days or conferences) unless the objectives of the event would be compromised if food/refreshments were not provided. The criteria to be used to determine whether an event qualifies and providing food/refreshments is reasonable and appropriate include:

- The length of the event (the event lasts all day, usually at least 6 hours);
- It is impractical for participants to obtain lunch on their own (due to isolation or distance to restaurants or their office);
- It can be documented that physical attendance of all participants was essential; and
- It can be documented that participants are working during the normal meal time as stated on an agenda (e.g. working lunch or dinner) and no other opportunity for a meal will be provided.

Costs for food and refreshments shall be at or less than the Commonwealth of Virginia or local per diem rates (as applicable) for the event location.

The expenditure of funds on food/refreshments, must be clearly stated in the work plan and the budget narrative).

The following EPA food policy is incorporated herein, except as modified below:

"(EPA Food Policy GPI 11-2): Unless the event(s) and all of its components (i.e., meetings, conferences, outreach activities, field events training or receptions, banquets and other activities that take place after normal business hours) are described in the approved workplan, the recipient agrees to obtain prior approval from the DEQ for the use of grant funds for light refreshments and/or meals served at meetings, conferences, training workshops, and outreach activities (events). The recipient must send requests in writing for approval to the DEQ Grant Manager and include:
a) An estimated budget and description for the light refreshments, meals, and/or beverages to be served at the event(s);
b) A description of the purpose, agenda, location, length and timing for the event.
c) An estimated number of participants in the event and a description of their roles.

Recipients may address questions about whether costs for light refreshments, and meals for events are allowable to

the DEQ Grant Manager. However, the EPA Project officer and the Agency Award Official or Grant Management Officer will make final determinations on allowability. *Agency policy prohibits the use of EPA funds for receptions, banquets and similar activities that take place after normal business hours unless the recipient has provided a justification that has been expressly approved by EPA's Award Official or Grants Management Officer.'"

Note: U.S. General Services Administration regulations define light refreshments for morning, afternoon or evening breaks to include, but not be limited to, coffee, tea, milk, juice, soft drinks, donuts, bagels, fruit, pretzels, cookies, chips, or muffins. (41 CFR 301-74.11)."

(*The above policy is revised as follows: The Grantee shall obtain prior authorization from the DEQ for all food / refreshment purchases, regardless of the type of event or the date or time of the event.

Requests for reimbursement for food/refreshment costs shall be included in the Grantee's quarterly report, which shall include a copy of the: pre-authorization approval, signed attendance list, invoices or receipts for food /refreshment purchases, and the final description of the purpose, agenda etc. for the event(s) (if it changed from the Grantee's original submission). The DEQ will not reimburse the Grantee for any unauthorized costs related to food / refreshments.

25. **INDEMNIFICATION (NOT APPLICABLE TO CONTRACTS WITH OTHER STATE AGENCIES):** Grantee agrees to indemnify, defend and hold harmless the Department and employees from any claims, damages and actions of any kind or nature, whether at law or in equity, arising from or caused by the use of any materials, goods, or equipment of any kind or nature furnished by the Grantee/any services of any kind or nature furnished by the Grantee, provided that such liability is not attributable to the sole negligence of the Department or to failure of the Department to use the materials, goods, or equipment in the manner already and permanently described by the Grantee on the materials, goods or equipment delivered.

26. **INDIRECT COSTS:** Indirect costs will not be allowable charges against the award unless specifically included as a line item in the approved budget incorporated into the Contract.

27. **INTEGRATION AND MODIFICATION:** No alteration, amendment or modification in the provisions of this Contract shall be effective unless it is reduced to writing, signed by the parties and attached hereto.

28. **LIABILITY (NOT APPLICABLE TO CONTRACTS WITH OTHER STATE AGENCIES):** The Grantee shall take out and maintain, during the life of this Contract, such bodily injury liability and property damage liability insurance as will protect it from claims of damages for personal injury, including death, as well as from claims for property damage, which may arise from its activities under this contract. If the Grantee has a self-insurance program, it may self-insure the risks associated with this Contract in lieu of the commercial insurance required herein.

29. **MAINTENANCE OF RECORDS AND AUDIT (COMPLIANCE WITH CIRCULAR A-133 REQUIREMENTS):** The Grantee is required to do the following: provide the Department access to records and financial statements to determine compliance with federal requirements; facilitate the Department's monitoring and oversight activities; inform the Department in writing when not required to undergo a single audit; on request, inform the Department whether the relevant program would be audited as major using the risk-based approach (determined solely by the auditor) or, if not, the cost of having it audited as such (if desired by the Department, the Grantee must have the program audited as a major); send a copy of its audit reporting package to the Department when a single audit is required and the schedule of findings and questioned costs discloses audit findings (or the summary schedule of prior audit findings reports on the status of audit findings) related to the Department's award of federal funds; inform the Department in writing that an audit was conducted in accordance with Circular A-133 and that no audit findings and questioned costs (for the current or prior year) were related to the award (sending a copy of the audit reporting package is a sure way to meet this notification requirement); on request, send the Department a copy of the audit reporting package and any management letters issued by the auditor, even when not required to do so (e.g., no audit findings were related to the award); resolve audit findings (including the preparation of a corrective action plan) and comply with any management decision

issued by the Department (due within six months of receiving the Grantee's audit report); follow-up on audit findings, unless no longer valid because they occurred at least two years earlier, the Department did not follow-up on the findings, and a management decision was never issued; and keep copies of audit reports and related documentation on file for at least three years following the audit period for review by the Department.

30. **OBLIGATING FUNDS BEYOND PROJECT PERIOD:** The Grantee shall not incur costs or obligate funds for any purpose pertaining to the project beyond the expiration date stipulated in the contract.

    Any extension of the award period can only be authorized by the Department. Verbal or written assurances of funding from other than the Department shall not constitute authority to obligate funds for programmatic activities beyond the expiration date.

    The Department has no obligation to provide any additional prospective funding. Any renewal of the award to increase funding and to extend the period of performance is at the sole discretion of the Department.

31. **OTHER FEDERAL GRANT AWARDS:** The Grantee shall immediately provide written notification to the Department in the event that, subsequent to receipt of federal funds under this contract, other federal financial assistance is received relative to the scope of work of this contract.

32. **PRECEDENCE OF TERMS:** The Contract consists of several documents. In the event of a conflict between or among terms in these documents, the following documents control in order from the most important to the least important: Special Terms and Conditions; General Terms and Conditions; the signed Contract form; and the Scope of Work.

33. **PRIOR WRITTEN APPROVAL OF CHANGES:** The Grantee must obtain prior written approval from the Department for changes to the Contract, including, but not limited to, changes of substance in program activities, designs, or plans set forth in the approved scope of work or project workplan.

34. **RECYCLED PAPER:** In accordance with EPA Order 1000.25 and Executive Order 13101, *Greening the Government Through Waste Prevention, Recycling, and Federal Acquisition*, the recipient agrees to use recycled paper 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. Please note that Section 901 of E.O. 13101, dated September 14, 1998, revoked, *Federal Acquisition, Recycling, and Waste Prevention* in its entirety.

35. **REGULATORY COMPLIANCE:** The Grantee shall comply with all laws, ordinances, rules, regulations, and lawful orders of any public authority bearing on the performance of the project and shall give all Notices required thereby. The Grantee hereby consents to inspection by any state regulatory agency having jurisdiction over any part of the work performed with the assistance of the contract funds.

36. **RENEWAL OF CONTRACT:** The Contract may be renewed by the Department upon written contract by both parties under the terms of the current contract, prior to the expiration.

37. **PURCHASE OF PRODUCTS CONTAINING RECYCLED MATERIALS:** 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 in Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). 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.

38. **SEVERABILITY:** Each paragraph and provision of this Contract is severable from the entire contract; and if any provision is declared invalid, the remaining provisions shall nevertheless remain in effect.

39. **SUBCONTRACTS:** No portion of the Scope of Work shall be subcontracted without the prior written consent of the Department. The Grantee shall, however, remain fully liable and responsible for the work to be done by its subcontractor(s) and shall ensure compliance with all requirements of the Contract. The Grantee shall comply with all applicable provisions of the Virginia Public Procurement Act in making such awards.

40. **SUBRECIPIENTS (Applicable only to contracts with other state agencies):** All federally funded grants awarded by the Department to other state agencies are considered pass-thru and shall be reported as such by the Grantee and the Department on the Federal Schedules of Financial Assistance.

41. **TERMINATION FOR CAUSE:** The Department reserves the right to terminate the grant in whole, or in part, at any time before the date of completion, upon written notice to the Grantee that it has failed to comply with the conditions of the Contract. In connection with such termination, payments made to the Grantee or recoveries by the Department shall be in accord with the legal rights and liabilities of the parties.

42. **TERMINATION FOR CONVENIENCE:** The Department may terminate any resulting contract, in whole or in part, upon thirty (30) days written notice to the Grantee specifying the extent to which the performance under the contract is terminated, and the date of termination. In the event the initial contract period is for more than 12 months, the resulting contract may be terminated by either party, in whole or in part, after the initial 12 months of the contract period upon thirty (30) days written notice to the other party specifying the extent to which the performance under the contract is terminated, and the date of termination. In addition, (a) the Department may terminate the contract immediately if its funding is terminated or; (b) the Department or the Grantee may terminate the contract, in whole, or in part, if both parties agree that the continuation will not produce beneficial results commensurate with further expenditure of funds; in this event, the Department and the Grantee shall agree upon the termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated.

    In the event the contract (or portion thereof) is terminated (regardless of cause), the Grantee shall not incur new obligations for the contract (or terminated portion thereof) after the effective date of termination, and shall cancel as many outstanding obligations as possible; however, termination shall not relieve the Grantee of the obligation to deliver and/or perform on all outstanding obligations established prior to the effective date of cancellation.

43. **UNIFORM ADMINISTRATIVE REQUIREMENTS:** The Grantee shall comply with all applicable federal regulations pertaining to "Uniform Administrative Requirements for Grants and Cooperative Contracts to **State and Local Governments" and "Cost Principles for State and Local Government"**, including but not limited to the requirements of OMB Circular A-102, the provisions stipulated in the Common Rule, 2 C.F.R. Part 225 (formerly OMB Circular A-87), and any specific implementing regulations promulgated by the federal awarding agency.

    If the Grantee is an **Institution of Higher Education or a Non-profit Organization**, the Grantee shall comply with all applicable federal regulations pertaining to "Uniform Administrative Requirements for Grants and Cooperative Contracts with Institutions of Higher Education, Hospitals, and Other Non-profit Organizations, 2 C.F.R. Part 215 (formerly OMB Circular A-110) and for Institutions of Higher Education including but not limited to the requirements of 2 C.F.R. Part 220 (formerly OMB Circular A-21), and for Non-profit Organizations including but not limited to the requirements of 2 C.F.R. Part 230 (formerly OMB Circular A-122).

44. **USE OF GRANT FUNDS:** Grant funds shall only be used for the purposes and activities covered in the Project Workplan.

45. **TRAFFICKING VICTIM PROTECTION ACT (PROHIBITION STATEMENT):** You as the subrecipient under this subrecipient contract 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 subrecipient contract.

SPECIAL TERMS AND CONDITIONS

1. All EPA Approved work plan revisions will become a part of this contract, unless MARAMA objects in writing. A formal contract modification will not be required for these revisions when MARAMA does not object in writing.