THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.: 8B

Meeting Date: September 4, 2024

DATE: August 26, 2024

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Jason Jordan, Director, Environmental & Planning Services
Project Manager: Nicola Graham, Environmental Project Manager I

SUBJECT: Grant Agreement Approval: EPA DERA Funding for Domestic Truck Scrapping Program

A. ACTION REQUESTED

Request the Managing Members of The Northwest Seaport Alliance (NWSA) authorize the CEO or his delegate to accept a new EPA DERA Grant in the amount of $900,000 to provide an additional 30 truck scrapping bonuses under the existing Domestic Truck Scrapping Program.

B. SYNOPSIS

If accepted, this DERA grant will help fund the scrapping of an additional 30 pre-2007 trucks in the existing Domestic Truck Scrapping Program, which is currently scrapping trucks using funds from a previous EPA DERA grant. These additional funds will be plugged into the existing program, which has been providing scrap bonuses to truck owners serving domestic container terminals since 2019.

Thirty pre-2007 drayage trucks serving the NWSA domestic container terminals will be scrapped and replaced with newer, cleaner diesel versions with 2017 or newer engines. The NWSA will manage the grant and provide up to $30,000 of DERA grant funds to eligible truck owners. The trucks currently serve the domestic container terminals: TOTE and SSA-West Sitcum, in Tacoma, WA, and T-115 in Seattle. Replacing 30 trucks with cleaner diesel versions will reduce Diesel Particulate Matter emissions by 9.87 tons over the lifetime of the replacement trucks.

This additional grant funding will help the owners of remaining pre-2007 trucks serving NWSA's domestic terminals replace those vehicles before the Clean Truck Program rule requiring 2007 or newer trucks comes into force at these domestic terminals at the end of 2025.

C. BACKGROUND

The NWSA Clean Truck Program is a multi-year, multi-dimensional initiative to reduce air and climate pollution from drayage trucks serving the gateway. Key program elements include:

- Implementation of a requirement, put in place in January 2019, that all drayage trucks serving NWSA's international terminals must be Engine Year 2007 or newer.
- A scrap-and-replace incentive program to reduce the number of pre-2007 trucks serving the NWSA's domestic terminals.
- A trucker outreach and assistance program to help truckers participate in the program, for example, by providing free training on diesel particulate filter maintenance.

The Clean Truck Program is a core element of the Northwest Ports Clean Air Strategy (NWPCAS), a voluntary collaboration of the four port authorities – NWSA, Port of Tacoma, Port of Seattle, and Vancouver-Fraser Port Authority. The aim is to reduce air and climate pollution from seaport activities across the four ports and throughout the Georgia Basin-Puget Sound airshed. The 2020 update to the NWPCAS, unanimously adopted by the Managing Members in April 2021, sets the goal of phasing out DPM and GHG emissions from seaport activities (including drayage trucks) entirely by 2050 or sooner. As evident in our most recent Puget Sound Maritime Emissions Inventory, based on 2021 data, the NWSA's Clean Truck Program has delivered excellent results since its inception. Diesel emissions from drayage trucks are down more than 90% since 2005, largely as a result of cleaner diesel trucks in the international terminal fleet under our Clean Truck Program.

To provide near-term air quality improvements in our near-port communities, the NWSA Clean Air Implementation Plan, also unanimously approved by Managing Members in 2021, committed to implement the NWSA Clean Truck Program 2007 engine requirement at the remaining domestic terminals by the end of 2025. Since the 2019 deadline, the NWSA has focused its outreach and funding efforts towards cleaning up this much smaller truck fleet (i.e. approximately 500 trucks total serve the domestic terminals vs. approximately 5000 trucks serving the international container terminals). This domestic fleet had approximately 100 pre-2007 trucks entering the domestic terminals – overall this fleet is approximately 80% compliant with the upcoming 2007 engine requirement.

To provide support for this group of truck owners, the NWSA committed to operate a Domestic Truck Scrapping Program, providing financial support to truck owners to help them purchase a compliant truck. The NWSA has funded the Domestic Truck Scrapping Program using grant funds from the Department of Ecology, the City of Seattle, and a previous EPA DERA grant to scrap 48 pre-2007 trucks in the fleet serving the domestic terminals.

This new DERA grant will incentivize an additional 30 trucks, taking the total to 78 trucks serving the domestic terminals having been upgraded by the program.

As seen in the table below, the existing 2021 DERA grant is still available with $188,240 remaining. Staff plan to continue offering both DERA grants to truck owners. The 2021 DERA grant would provide incentives of $20,000 for replacement trucks with a 2015 or newer engine, whereas this new DERA grant will provide incentives of $30,000 for replacement trucks with a 2017 or newer engine, depending on what the truck owner wishes to purchase.

Table 1: Grant Funding of Domestic Truck Scrapping Program

Grant	**Funding Total**	**Number of Trucks Scrapped**	**Funding Remaining**
Department of Ecology (Clean Diesel)	$234,000	15	$0
City of Seattle	$113,000	11	$0
EPA DERA (2021)	$719,957	22 to date	$188,240
EPA DERA (2023) (this request)	$900,000	30 trucks expected	n/a

This new DERA grant provides much needed financial support to the remaining non-compliant trucks serving the domestic terminals in the final year before the implementation of the 2007 engine requirement.

Grant Description: This DERA funding would allow domestic terminal truck owners to access financial assistance towards the purchase of a newer, cleaner diesel truck, that they have not previously been able to access. As the average cost of a 2017 diesel truck is approximately $60,000, this is a significant financial investment that is beyond the reach of many in the drayage community.

This DERA grant will provide up to 50% of the cost of a replacement 2017 or newer truck, capped at $30,000. The truck owner would also be able to keep any scrap value from the scrap yard. In the current program, truck owners typically receive $100-$200 in scrap value from their old truck. By providing up to 50% of the cost of a cleaner, newer replacement truck, the financial burden of paying the remaining 50% is much more affordable for the 30 truck owners selected. A program website and online application portal already exist, so staff are ready to use these funds immediately. The grant funding is available until June 30, 2026 or until all funds are expended. This means financial support will be available to truck owners until the Domestic Terminal deadline at the end of 2025, and beyond.

D. FINANCIAL IMPLICATIONS

The NWSA will be the recipient of this grant and will pass on EPA DERA funding to truck owners to purchase a 2017 or newer replacement truck.

The NWSA will assess suitability of applicants before acceptance to the Domestic Scrapping Program, based on ownership and use criteria (i.e., truck must have entered the domestic terminals since 2019, and the recipient must be the truck owner). Once approved, the truck owner will be responsible for selecting and purchasing a suitable replacement truck and scrapping the old drayage truck.

The NWSA Air Quality and Sustainable Practices team will assess all paperwork submitted and issue the participant support costs to the truck owner. The NWSA Air Quality and Sustainable Practices team will manage and administer the grant and will submit all necessary project reports and invoices to EPA.

As with the management of the existing program, the NWSA will contribute staff time to manage the grant and the program, which has been budgeted for in the 2025 Clean Truck program MID 201050.01. The grant will cover the lesser of 50% or $30,000 of each replacement truck purchase, and the rest by the truck owner.

This grant will have no impact to the NWSA's financials as the funds are a pass through to the truck owner.

E. ATTACHMENTS TO THIS REQUEST

- Grant Agreement with EPA

F. PREVIOUS ACTIONS OR BRIEFINGS

- November 22, 2021 - Acceptance of EPA DERA grant for domestic truck scrapping program
- February 25, 2021 - Briefing Clean Truck Program Update on Phase 3 with City of Seattle
- March 20, 2020 - Briefing NWSA Domestic Truck Scrapping Program Launch
- May 7, 2019 - Briefing Clean Truck Program Implementation and Next Steps

U.S. ENVIRONMENTAL PROTECTION AGENCY

Grant Agreement

GRANT NUMBER (FAIN): 02J71101 **MODIFICATION NUMBER:** 0 **PROGRAM CODE:** DE	**DATE OF AWARD** 07/29/2024
TYPE OF ACTION New	**MAILING DATE** 08/01/2024
PAYMENT METHOD: ASAP	**ACH#** X0757

RECIPIENT TYPE:
Special District

Send Payment Request to:
Contact EPA RTPFC at: rtpfc-grants@epa.gov

RECIPIENT:
THE NORTHWEST SEAPORT ALLIANCE
P.O. Box 2985
Tacoma, WA 98401-2985
EIN: 47-4921178

PAYEE:
THE NORTHWEST SEAPORT ALLIANCE
One Sitcum Plaza
Tacoma, WA 98421

PROJECT MANAGER	EPA PROJECT OFFICER	EPA GRANT SPECIALIST
Nicola Graham One Sitcum Plaza Tacoma, WA 98421-3000 **Email:** ngraham@nwseaportalliance.com **Phone:** 253-209-8664	Rebecca Derr 1200 Sixth Avenue, Suite 155 Seattle, WA 98101 **Email:** Derr.Rebecca@epa.gov **Phone:** 206-553-1599	Nora Chan-Chau GIAB 1200 Sixth Avenue, Suite 155 Seattle, WA 98101 **Email:** chan-chau.nora@epa.gov **Phone:** 206-553-0976

PROJECT TITLE AND DESCRIPTION

NWSA CLEAN TRUCK PROGRAM: DOMESTIC TERMINALS TRUCK REPLACEMENT PROGRAM

The agreement provides funding to Northwest Seaport Alliance. Specifically, the recipient will reduce emissions of diesel particulate matter, Nitrogen oxides (NOx) and exposure to diesel air toxics in Port of Tacoma.The activities include scrapping 30 pre-2007 drayage trucks serving the Northwest Seaport Alliance (NWSA) domestic container terminals and replacing with newer, cleaner diesel versions with 2017 or newer engines. The anticipated deliverables include the replacement of up to 30 drayage trucks and reporting on progress. The expected outcomes include reduction of 9.87 tons of diesel particulate matter emissions over the lifetime of the project. The intended beneficiaries include residents in the Port of Tacoma area.No subawards are included in this assistance agreement.

BUDGET PERIOD	PROJECT PERIOD	TOTAL BUDGET PERIOD COST	TOTAL PROJECT PERIOD COST
09/01/2024 - 06/30/2026	09/01/2024 - 06/30/2026	$ 1,800,000.00	$ 1,800,000.00

NOTICE OF AWARD

Based on your Application dated 12/01/2023 including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA) hereby awards $ 900,000.00. EPA agrees to cost-share 50.00% of all approved budget period costs incurred, up to and not exceeding total federal funding of $ 900,000.00. 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**
U.S. EPA, Region 10, EPA Region 10 Mail Code: 17-C04, 1200 Sixth Avenue, Suite 155 Seattle, WA 98101	U.S. EPA, Region 10, EPA Region 10 OAR - Office of Air and Radiation 1200 Sixth Avenue, Suite 155 Seattle, WA 98101

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

Digital signature applied by EPA Award Official Andrea Manion - Grants Management Officer	**DATE** 07/29/2024

EPA Funding Information

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
EPA Amount This Action	$ 0	$ 900,000	$ 900,000
EPA In-Kind Amount	$ 0	$ 0	$ 0
Unexpended Prior Year Balance	$ 0	$ 0	$ 0
Other Federal Funds	$ 0	$ 0	$ 0
Recipient Contribution	$ 0	$ 0	$ 0
State Contribution	$ 0	$ 0	$ 0
Local Contribution	$ 0	$ 0	$ 0
Other Contribution	$ 0	$ 900,000	$ 900,000
Allowable Project Cost	$ 0	$ 1,800,000	$ 1,800,000

Assistance Program (CFDA)	Statutory Authority	Regulatory Authority
66.039 - Diesel Emission Reduction Act (DERA) National Grants	Diesel Emission Reduction Act of 2010, codified at 42 U.S.C. 16132	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
-	2410BDG034	23	E4C	10B4	000AH4	4122	-	-	$ 614,521
-	2410BDG034	23	E4	10B4	000AH4	4122	-	-	$ 285,479
									$ 900,000

Budget Summary Page

Table A - Object Class Category (Non-Construction)	Total Approved Allowable Budget Period Cost
1. Personnel	$ 0
2. Fringe Benefits	$ 0
3. Travel	$ 0
4. Equipment	$ 0
5. Supplies	$ 0
6. Contractual	$ 0
7. Construction	$ 0
8. Other	$ 1,800,000
9. Total Direct Charges	$ 1,800,000
10. Indirect Costs: 0.00 % Base	$ 0
11. Total (Share: Recipient 50.00 % Federal 50.00 %)	$ 1,800,000
12. Total Approved Assistance Amount	$ 900,000
13. Program Income	$ 0
14. Total EPA Amount Awarded This Action	$ 900,000
15. Total EPA Amount Awarded To Date	$ 900,000

Administrative Conditions

General Terms and Conditions

The recipient agrees to comply with the current EPA general terms and conditions available at: https://www.epa.gov/grants/epa-general-terms-and-conditions-effective-october-1-2023-or-later.

These terms and conditions are in addition to the assurances and certifications made as a part of the award and the terms, conditions, or restrictions cited throughout the award.

The EPA repository for the general terms and conditions by year can be found at: https://www.epa.gov/grants/grant-terms-and-conditions#general.

A. Correspondence Condition

The terms and conditions of this agreement require the submittal of reports, specific requests for approval, or notifications to EPA. Unless otherwise noted, all such correspondence should be sent to the following email addresses:

Federal Financial Reports (SF-425): rtpfc-grants@epa.gov

MBE/WBE reports (EPA Form 5700-52A): R10grants@epa.gov

All other forms/certifications/assurances, Indirect Cost Rate Agreements, updates to recipient information (including email addresses, changes in contact information or changes in authorized representatives) and other notifications: R10grants@epa.gov

Requests for Extensions of the Budget and Project Period, Quality Assurance documents, workplan revisions, equipment lists, programmatic reports and deliverables, Amendment Requests, Requests for other Prior Approvals: derr.rebecca@epa.gov

Administrative questions and issues: chan-chau.nora@epa.gov

Programmatic Conditions

DERA National Programmatic Terms and Conditions

A. Performance Reporting and Final Performance Report

Performance Reports – Content

In accordance with 2 CFR 200.329, the recipient agrees to submit performance reports that include brief information on each of the following areas: 1) A comparison of actual accomplishments to the outputs/outcomes established in the assistance agreement work plan for the period; 2) The reasons why established outputs/outcomes were not met; and 3) Additional pertinent information, including, when appropriate, analysis and explanation of cost overruns or high-unit costs.

Additionally, the recipient agrees to inform EPA as soon as problems, delays, or adverse conditions which will materially impair the ability to meet the outputs/outcomes specified in the assistance agreement work plan are known.

Performance Reports - Frequency

The recipient agrees to submit semi-annual performance reports electronically to the EPA Project Officer within 30 days after the reporting periods end (every six-month period). The reporting periods are:

January 1 – June 30: report due date July 30

July 1 – December 31: report due date January 30

The recipient must submit the final performance report no later than 120 calendar days after the end date of the period of performance.

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, the successes and lessons learned for the entire project. project results including specific outputs and outcomes detailed in the project workplan (including any sustainability commitments), and final emissions benefit calculations. 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.

The recipient must provide in the final report signed eligibly statements from participating fleet owners in which fleet owners attest to the criterion in term and condition P., and which include each vehicle make, model, year, vehicle identification number, odometer/usage meter reading, engine make, model, year, horsepower, engine ID or serial number, and vehicle/equipment registration/licensing number and state. A sample eligibility statement may be found at https://www.epa.gov/dera/national.

For projects involving vehicle/engine/equipment replacements the recipient must provide in the final

report evidence of appropriate scrappage. Participating fleet owners must attest to the appropriate disposal in a signed scrappage statement. A sample scrappage statement may be found at https://www.epa.gov/dera/national. The scrappage statement must include: Vehicle owner's name and address; Vehicle make, vehicle model, vehicle model year, VIN, odometer reading or usage meter reading, engine make, engine model, engine model year, engine horsepower, engine ID or serial number, as applicable; Name, address, and signature of dismantler; Date engine and/or vehicle/equipment was scrapped; Statement attesting to scrappage of vehicle/engine as defined above; Signature of participating fleet owner. Digital photos as follows: Side profile of the vehicle, prior to disabling; VIN tag or equipment serial number; Engine label (showing serial number, engine family number, and engine model year); Engine block, prior to hole; Engine block, after hole; Cut frame rails or other cut structural components, as applicable; Others, as needed.

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. A template for the final report is available at https://www.epa.gov/dera/national.

B. Cybersecurity Condition

Cybersecurity Grant Condition for Other Recipients, Including Intertribal Consortia

(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 or Tribal 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) no later than 90 days after the date of this award and work with the designated Regional/Headquarters Information Security Officer to ensure that the connections meet EPA security requirements, including entering into Interconnection Service Agreements as appropriate. This condition does not apply to manual entry of data by the recipient into systems operated and used by EPA's regulatory programs for the submission of reporting and/or compliance data.

(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 200.332(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.

C. Mandatory Cost-Share Requirement

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

Drayage Truck Replacement: EPA Funding Limit = 50%, Mandatory Cost Share = 50%

Vehicle or Equipment Replacement with EPA Certified Engine: EPA Funding Limit = 25%, Mandatory Cost Share = 75%

Vehicle or Equipment Replacement with CARB Certified Low NOx: EPA Funding Limit = 35%, Mandatory Cost Share = 65%

Vehicle or Equipment Replacement with Zero-tailpipe Emission Power Source: EPA Funding Limit = 45%, Mandatory Cost Share = 55%

Engine Replacement with EPA Certified Engine: EPA Funding Limit = 40%, Mandatory Cost Share = 60%

Engine Replacement with CARB Certified Low NOx Engine: EPA Funding Limit = 50%, Mandatory Cost Share = 50%

Engine Replacement with Zero-tailpipe Emission Power Source: EPA Funding Limit = 60%, Mandatory Cost Share =40%

EPA Certified Remanufacture System: EPA Funding Limit = 100%, Mandatory Cost Share = 0%

EPA Verified Highway Idle Reduction Technologies when combined with new or previously installed exhaust after-treatment retrofit: EPA Funding Limit = 100%, Mandatory Cost Share = 0%

EPA Verified Highway Idle Reduction Technologies without new exhaust after-treatment retrofit: EPA Funding Limit = 25%, Mandatory Cost Share = 75%

EPA Verified Locomotive Idle Reduction Technologies: EPA Funding Limit = 40%, Mandatory Cost Share = 60%

EPA Verified Marine Shore Connection Systems: EPA Funding Limit = 25%, Mandatory Cost Share = 75%

EPA Verified Electrified Parking Space Technologies: EPA Funding Limit = 30%, Mandatory Cost Share = 70%

EPA Verified Exhaust After-treatment Retrofits: EPA Funding Limit = 100%, Mandatory Cost Share =

0%

EPA Verified Engine Upgrade Retrofits: EPA Funding Limit =100%, Mandatory Cost Share = 0%

EPA Verified Hybrid Retrofit Systems: EPA Funding Limit: 60%, Mandatory Cost Share = 40%

EPA Verified Fuel and Additive Retrofits when combined with new retrofit, upgrade, or replacement: EPA Funding Limit = Cost differential between conventional diesel fuel, Mandatory Cost Share = Cost of conventional diesel fuel

EPA Verified Aerodynamics and Low Rolling Resistance Tires when combined with new exhaust after-treatment retrofit: EPA Funding Limit = 100%, Mandatory Cost Share = 0%

Alternative Fuel Conversion: EPA Funding Limit = 40%, Mandatory Cost Share = 60%

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.

D. Equipment Disposition

In accordance with 2 CFR 200.313, when original or replacement equipment acquired under this agreement is no longer needed for the original project or program or for other activities currently or previously supported by EPA, the recipient may dispose of the equipment as follows:

(a) 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 EPA.

(b) The recipient may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the recipient must be entitled to compensation for its attributable percentage of the current fair market value of the property.

E. Use of Logos

If the EPA logo is appearing along with logos from other participating entities on websites, outreach materials, or reports, it must **not** be prominently displayed to imply that any of the recipient or subrecipient's activities are being conducted by the EPA. Instead, the EPA logo should be accompanied with a statement indicating that the [Insert Recipient or subrecipient NAME] received financial support from the EPA under an Assistance Agreement. More information is available at: https://www.epa.gov/stylebook/using-epa-seal-and-logo#policy

F. Paperwork Reduction Act

Notwithstanding any references to collection of information in the recipient's application or proposal for EPA funding, the scope of work for this cooperative agreement does not include a survey or other

information collection of identical information from 10 or more parties. No EPA funds (directly paid by EPA or from the recipient's cost share) may be used for the design or administration of such an information collection, and EPA personnel may not participate in such activities. Reasonable costs for analyzing independently collected information and publishing the results of such information collections are allowable to the extent authorized in the EPA approved budget for this agreement.

G. National Programmatic Term and Condition for Fellowship, Internship Programs and Similar Programs Supported by EPA Financial Assistance

(a) EPA funds for this program may only be used for participant support cost payments, scholarships, tuition remission and other forms of student aid for citizens of the United States, its territories, or possessions, or for individuals lawfully admitted to the United States for permanent residence.

(b) The recipient and program participants are responsible for taxes, if any, on payments made to or on behalf of individuals participating in this program that are allowable as participant support costs under 2 CFR 200.1 or 2 CFR 200.456 and scholarships and other forms of student aid such as tuition remission under 2 CFR 200.466. EPA encourages recipients and program participants to consult their tax advisers, the U.S. Internal Revenue Service, or state and local tax authorities regarding the taxability of stipends, tuition remission and other payments. However, EPA does not provide advice on tax issues relating to these payments.

(c) Participant support cost payments, scholarships, and other forms of student aid such as tuition remission are lower tiered covered Non-procurement transactions for the purposes of 2 CFR 180.300 and EPA's Suspension and Debarment Term and Condition. Recipients, therefore, may not make participant support cost payments to individuals who are excluded from participation in Federal Non-procurement programs under 2 CFR Part 180. Recipients are responsible for checking the eligibility of program participants in the System for Award Management (SAM) or obtaining eligibility certifications from the program participants.

See EPA Guidance on Participant Support Costs.

H. Final Approved Workplan and Modifications

Recipient agrees to carry out the project in accordance with the final approved workplan. Recipients are required to report deviations from budget or project scope or objective, and must request prior written approval from EPA:

For any change in the scope or objective of the project or program (even if there is no associated budget revision requiring prior written approval);

For any change in a key person specified in the application or workplan;

For the disengagement from the project for more than three months, or a 25% reduction in time devoted to the project, by the approved project director or principal investigator;

For the inclusion of costs that require prior approval in accordance with 2 CFR Part 200 Subpart E—Cost Principles or 48 CFR part 31, “Contract Cost Principles and Procedures,” as applicable;

For the transfer of funds budgeted for participant support costs as defined in 2 CFR Section 200.1

Definitions to other categories of expense;

Unless described in the final approved workplan and budget:

For the subawarding, transferring or contracting out of any work under the award;

For changes in the approved cost-sharing or matching provided by the recipient; and/or

When the need arises for additional Federal funds to complete the project.

Proposed modifications to the approved workplan or budget, including additions, deletions, or changes in the schedule, shall be submitted in a timely manner to the EPA Project Officer for approval. Depending on the type or scope of changes, a formal amendment to the award may be necessary. Major project modifications which include changes to the approved types and number of affected vehicles, engines, or equipment, or the approved types of emission reduction technologies to be implemented, or to the approved project location(s) may not be allowed.

I. Rebates:

Rebates, subsidies, and similar one-time, lump-sum payments to program beneficiaries for the purchase of eligible emissions control technologies and vehicle replacements are eligible participant support costs under this award when the program participant rather than the recipient owns the equipment, per 2 C.F. R. § 1500.1(a)(1). Engine replacements, marine and locomotive shorepower projects, and most electrified parking space technology projects are not eligible as participant support costs. Rebates can only fund a participating fleet owner's equipment purchase and installation costs (i.e. parts and labor, including costs incurred to scrap the existing vehicle); if a participating fleet owner requires funding for project administration, travel, extensive design/engineering, construction, etc., in order to carry out the project a subaward is the more appropriate option. Questions regarding the use of rebates under this award should be directed to the EPA Project Officer. Rebates are not considered subawards/subgrants as defined in 2 CFR Part 200 and should not be treated as such under this award.

Program beneficiaries may be individual owner/operators or private or public fleet owners, however program beneficiaries cannot be employees, contractors or subrecipients of the DERA grant recipient. Rebates cannot exceed the applicable EPA cost share limits as defined in the terms of this award agreement. Participant support costs for rebates must be supported by guidelines issued by the recipient and approved by EPA's Award Official or Grants Management Officer, defining the rules, restrictions, timelines, programmatic requirements, reporting and transaction documentation requirements, eligibility, and funding levels that rebate beneficiaries must follow. Additionally, there must be written agreement between recipient or subrecipient and the program beneficiary that describes the activities that will be supported by rebates, subsidies or other payments, specifies the amount of the rebate, subsidy or payment, identifies which party will have title to equipment (if any) purchased with a rebate or subsidy, and establishes source documentation requirements to ensure proper accounting of EPA funds and specifies any reporting required by the beneficiary.

EPA Guidance on Participant Support Costs (https://www.epa.gov/grants/rain-2018-g05-r1) specifies requirements for rebate program approval by Authorized EPA Officials. EPA's Award Official or Grants Management Officer must approve participant support costs on the basis of either a precise description of the participant support costs in the EPA approved budget and work plan, or on a transaction-by-transaction basis. Should a DERA recipient decide to award participant support costs that were not

described in the approved work plan and budget the recipient must obtain prior written approval from EPA's Award Official or Grants Management Officer. Moreover, after a grant is awarded, should a recipient decide to modify the amount approved (upwards or downwards) for participant support costs, prior written approval from EPA's Award Official or Grants Management Officer is also required.

J. Procurement Procedures

The recipient must follow applicable procurement 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 – .327. Approval of a funding application does not relieve recipients of their obligations to compete service contracts and conduct cost and price analyses.

K. Project Eligibility Criteria

(a) Recipient agrees that funds under this award, including subawards/subgrants, cannot be used to upgrade engines, vehicles, and equipment that do not meet the eligibility criteria defined in Table 5: Medium and Heavy-Duty Truck, Transit Bus, and School Bus Project Eligibility, Table 6. Nonroad Engine Project Eligibility, Table 7: Marine Engine Project Eligibility, and/or Table 8: Locomotive Engine Project Eligibility found in the 2022-2023 DERA National Grants NOFO #EPA-OAR-OTAQ-23-03.

(1) Drayage Vehicle Replacement Project Requirements: In addition to the applicable requirements for highway vehicles described in (a) 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, 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.

(b) Best Achievable Technology (BAT): Recipient agrees to submit a best achievable technology analysis to EPA for approval before Tier 3 or Tier 4i vehicles, equipment, or engines can be purchased, as defined below.

(1) The analysis must be prepared by the engine manufacturer or installer.

(2) Using good engineering judgment, the engine manufacturer or installer must determine that no internal combustion engine certified to Tier 4 is produced by any manufacturer with the appropriate physical or performance characteristics to replace the existing engine in the equipment.

(3) If the engine manufacturer or installer determines that no internal combustion engine certified to Tier 4 is available with the appropriate performance characteristics, explain why certified Tier 4 engines produced by them and other manufacturers cannot be used as a replacement because they are not similar to the engine being replaced in terms of power or speed.

(4) If there are available internal combustion engines with the appropriate performance characteristics but the engine manufacturer or installer determines that no engine certified to Tier 4 is available with the appropriate physical characteristics, explain why certified internal combustion engines produced by them and other manufacturers cannot be used as a replacement because their weight or dimensions are

substantially different than those of the engine being replaced, or because they will not fit within the equipment's engine compartment.

(5) In evaluating appropriate physical or performance characteristics, the engine manufacturer or installer may account for compatibility with equipment components that would not otherwise be replaced when installing a new engine, including but not limited to transmissions or reduction gears, drive shafts, cooling systems, operator controls, or electrical systems. If the engine manufacturer or installer makes their determination on this basis, they should identify the equipment components that are incompatible with internal combustion engines certified to Tier 4 and explain how they are incompatible and why it would be unreasonable to replace them.

(6) Identify the proposed Tier 3 or Tier 4i engines to be used and discuss the physical and performance characteristics of the engines that will ensure compatibility with the existing equipment. Quantify proposed emission reductions, PM cost effectiveness and NOx cost effectiveness for the proposed options.

(7) DERA project eligibility or approval does not supersede any regulatory requirements for equipment owners, operators, manufactures, installers and others, including but not limited to 40 CFR §1068.240, §1042.615, and §1033.601.

(8) Costs for design and engineering analysis may be included in the project budget.

L. Ownership, Usage and Remaining Life Requirements

Recipient agrees that funds under this award, including subawards/subgrants, cannot be used to upgrade engines, vehicles, and equipment that do not meet the following criteria:

(a) The existing vehicle, engine, or equipment must be fully operational. Operational equipment must be able to start, move, and have all necessary parts to be operational.

(b) The participating fleet owner must currently own and operate the existing vehicle or equipment and have owned and operated the vehicle during the two years prior to upgrade.

(c) The existing vehicle, engine, or equipment must have at least three years of remaining life at the time of upgrade. Remaining life is the fleet owner's estimate of the number of years until the unit would have been retired from service if the unit were not being upgraded or scrapped because of the grant funding The remaining life estimate is the number of years of operation remaining even if the unit were to be rebuilt or sold to another fleet. The remaining life estimate depends on the current age and condition of the vehicle at the time of upgrade, as well as things like usage, maintenance, and climate.

(d) Highway Usage: The mileage of multiple units may be combined to reach the thresholds below where those units will be scrapped and replaced with a single unit.

(1) Highway Engines: To be eligible for funding, the existing certified highway engine/vehicle must have accumulated at least 7,000 miles/year during the two years prior to upgrade.

(2) Exception: A certified highway engine/vehicle being used in a predominately nonroad application (e.g., firetrucks or utility trucks that idle for long periods to power an auxiliary apparatus) may use engine operating hours as defined below in “nonroad usage” for eligibility

purposes.

(e) Nonroad Usage: The engine operating hours of multiple units may be combined to reach the thresholds below where those units will be scrapped and replaced with a single unit.

(1) Agricultural Pumps: To be eligible for funding, agricultural pumps must operate at least 250 hours/year during the two years prior to upgrade.

(2) All Other Nonroad Engines: To be eligible for funding, nonroad engines must operate at least 500 hours/year during the two years prior to upgrade.

(3) Exception: A nonroad engine/vehicle being used in a predominately highway application may use vehicle mileage as defined above in “highway usage” for eligibility purposes.

(f) Locomotive and Marine Usage: The mileage of multiple units may be combined to reach the thresholds below where those units will be scrapped and replaced with a single unit. To be eligible for funding the existing locomotive and marine engines must operate at least 1,000 hours/year during the two years prior to upgrade.

M. Eligible and Ineligible Project Costs

(a) Project Implementation Costs: Eligible project costs include those costs directly related to the implementation, management, and oversight of the project, including recipient and subrecipient personnel and benefits, equipment, contractual, travel, supplies, subgrants and rebates, and indirect costs.

(b) Vehicles, Engines, and Equipment: Eligible project costs include the purchase price of eligible vehicles, engines and equipment.

(c) Vehicle and Equipment Replacement Projects

(1) To be eligible for funding, replacement highway vehicles must be certified by EPA and/or the California Air Resource Board (CARB) to meet applicable emission standards. To be eligible for funding, replacement nonroad equipment, locomotives and marine vessels must be powered by engines certified to EPA and/or CARB emission standards. However, zero tailpipe emissions nonroad equipment, marine vessels, and locomotives do not require EPA or CARB certification. EPA's annual certification data for vehicles, engines, and equipment may be found at EPA's Annual Certification Data for Vehicles, Engines, and Equipment website. EPA's engine emission standards may be found at EPA's All EPA Emission Standards website. Engines certified by CARB may be found by searching CARB's Executive Orders for Heavy-duty Engines and Vehicles, found on CARB's New Vehicle and Engine Certification website. Please see the Low NOx Certified Engines Factsheet found on the DERA National Grants website for guidance on identifying engines certified to meet CARB's Optional Low NOx Standards.

(2) Nonroad, Locomotive, and Marine: Horsepower increases of more than 40 percent require specific approval by EPA prior to purchase, and the applicant may be required to pay the additional costs associated with the higher horsepower equipment.

(3) Highway: The replacement vehicle must not be in a larger weight class than the existing

vehicle. Exceptions may be granted for vocational purposes and require specific EPA approval prior to purchase.

(4) The replacement vehicle, engine, or equipment must be of similar type and continue to perform similar function and operation as the vehicle, engine, or equipment that is being replaced. The cost of optional components or “add-ons” that significantly increase the cost of the vehicle may not be eligible for funding under the grant.

(d) Battery Electric Powered Replacement Projects

(1) Eligible costs include the purchase and installation of one charging unit per vehicle, including the unit and charging cable, mount and/or pedestal.

(2) Funding under this award cannot be used for power distribution to the pedestal, electrical panels and their installation, upgrades to existing electrical panels or electrical service, transformers and their installation, wiring/conduit and its installation, electricity, operation and maintenance, stationary energy storage systems that power the equipment (e.g. batteries) and their installation, and on-site power generation systems that power the equipment (e.g., solar and wind power generation equipment) and their installation.

(e) Grid Electric Powered Replacement Projects

(1) Eligible costs include the purchase and installation of certain equipment required for power delivery directly related to the new equipment. Eligible costs include design and engineering, electrical panels, upgrades to existing electrical panels or electrical service, transformers, wiring/conduit, and installation.

(2) Funding under this award cannot be used for power distribution to the property line, electricity, operation and maintenance, stationary energy storage systems that power the equipment (e.g., batteries) and their installation, and on-site power generation systems that power the equipment (e.g., solar and wind power generation equipment) and their installation.

(f) Engine Replacement Projects

(1) To be eligible for funding, replacement highway, nonroad, marine and locomotive engines must be certified to EPA and/or CARB emission standards. However, nonroad engine, locomotive engine, and marine engine zero tailpipe emissions engine replacements do not require EPA or CARB certification. Please reference EPA's Annual Certification Data for Vehicles, Engines, and Equipment, EPA's engine Emission Standards, and CARB's Executive Orders for Heavy-duty Engines and Vehicles. Please see DERA's Low-NOx Engine Factsheet for guidance on identifying engines certified to meet CARB's Optional Low NOx Standards.

(2) Eligible costs include equipment and parts included in the certified engine configuration and/or are required to ensure the effective installation and functioning of the new technology such as design and engineering, parts and materials, and installation.

(3) For engine replacement with battery, fuel cell, and grid electric, eligible costs include electric motors, electric inverters, battery assembly, direct drive transmission/gearbox, regenerative braking system, vehicle control/central processing unit, vehicle instrument cluster, hydrogen

storage tank, hydrogen management system and fuel cell stack assemblies.

(4) Funding under this award cannot be used to replace cabs, axles, paint, brakes, or mufflers.

(5) Nonroad: Horsepower increases of more than 40 percent require specific approval by EPA prior to purchase, and the recipient may be required to pay the additional costs associated with the higher horsepower equipment.

(6) Highway: The replacement vehicle must not be in a larger weight class than the existing vehicle. Exceptions may be granted for vocational purposes and require specific EPA approval prior to purchase.

(g) Engine Remanufacture System Projects

(1) To be eligible for funding, remanufacture systems for locomotives and marine engines must be certified by EPA at the time of acquisition. The list of certified remanufacture systems are available at Annual Certification Data for Vehicles, Engines, and Equipment and additional information on remanufacture systems is available at EPA's Marine Remanufacturing Program: Maintaining Compliance when Rebuilding Category 1 and 2 Marine Diesel Engines.

(2) Eligible costs include the associated labor costs for installation of the system.

(3) Funding under this award cannot be used for the entire cost of an engine rebuild if a certified remanufacture system is applied at the time of rebuild; the funds may only be used for the cost of the certified remanufacture system and associated labor costs for installation of the kit.

(h) Idle Reduction Projects

(1) Eligible costs for idle reduction technologies that are installed on the vehicle can include the associated labor costs for installation of the system.

(2) To be eligible for funding technologies must be on EPA's SmartWay Verified Technologies list at the time of acquisition.

(i) Electrified Parking Space Projects

(1) Eligible costs include the purchase and installation of certain equipment required for power delivery directly related to the new equipment such as design and engineering, electrical panels, upgrades to existing electrical panels or electrical service, transformers, wiring/conduit, and installation.

(2) Funding under this award cannot be used for power distribution to the property line, electricity, operation and maintenance, stationary energy storage systems that power the equipment (e.g., batteries) and their installation, and on-site power generation systems that power the equipment (e.g., solar and wind power generation equipment) and their installation.

(j) Locomotive Shore Power Connection Projects

(1) Eligible costs include the purchase and installation of certain equipment required for power

delivery directly related to the new equipment such as design and engineering, electrical panels, upgrades to existing electrical panels or electrical service, transformers, wiring/conduit, and installation.

(2) Funding under this NOFO cannot be used for power distribution to the property line, electricity, operation and maintenance, stationary energy storage systems that power the equipment (e.g., batteries) and their installation, and on-site power generation systems that power the equipment (e.g., solar and wind power generation equipment) and their installation.

(3) Recipient agrees that funds under this award cannot be used for locomotive shore connection system projects that are expected to be utilized less than 1,000 hours per year.

(k) Marine Shore Power Connection Projects

(1) Funding may support new installations, or expansions of existing shore power systems

(2) Recipients must attest to compliance with international shore power design standards (IEC/ISO/IEEE 80005-1:2019/ AMD 1:2022 High Voltage Shore Connection Systems or the I IEC/ISO/IEEE 80005-1:2019/AMD 1:2022 Low Voltage Shore Connection Systems).

(3) Shore power connection systems must be supplied with electricity from the local utility grid.

(4) Demonstration that the proposed system has the capacity, demand, and commitment to be used for more than 1,000 megawatt-hours per year. Smaller projects may be considered and requires specific EPA approval prior to purchase and installation.

(5) Due to the unique nature and custom design of marine shore power connection systems, EPA must review and approve marine shore power connection systems on a case-by-case basis. The final design of the marine shore power connection system requires specific EPA approval prior to purchase and installation.

(6) Recipients must commit to reporting usage information to EPA for five years after the system is operational.

(7) Shore power capable vessels docked at a berth where shore power is available must be required to turn off the vessel's engines and use the shore power system, with limited exceptions for extreme circumstances.

(8) Eligible costs include the purchase and installation of the shore side equipment and certain equipment required for power delivery directly related to the new equipment such as design and engineering, cables, cable management systems, shore power coupler systems, distribution control systems, grounding switches, service breakers, capacitor banks, electrical panels, upgrades to existing electrical panels or electrical service, transformers, wiring/conduit, and installation.

(9) Funding under this award cannot be used for shipside modifications to accept shore-based electrical power, power distribution to the property line, electricity, operation and maintenance, stationary energy storage systems that power the equipment (e.g., batteries) and their installation, and on-site power generation systems that power the equipment (e.g., solar and wind

power generation equipment) and their installation.

(l) Retrofit Projects

(1) Eligible costs include the associated labor costs for installation of the system, design and engineering, DPF cleaning machines, extra DPFs for maintenance rotation, replacement CCV filters, and filter cleaning contracts during grant open period.

(2) To be eligible for funding, verified retrofit technologies must be on EPA's or CARB's Verified Technologies lists at the time of acquisition, must be used only for the vehicle/engine application specified on the lists, and must meet any applicable verification criteria.

(3) EPA will not fund stand-alone cleaner fuel/additive use. To be eligible for funding, verified fuels and additives must be for new or expanded use, and must be used in combination, and on the same vehicle, with a new eligible verified engine retrofit or an eligible engine upgrade or an eligible certified engine, vehicle, or equipment replacement funded under this award.

(m) Alternative Fuel Vehicle Conversion Projects

(1) Eligible costs include the associated labor costs for installation of the system.

(2) To be eligible for funding, alternative fuel conversion systems must be certified by EPA and/or CARB or must be approved by EPA for Intermediate-Age engines. See EPA's lists of “Certified Conversion Systems for New Vehicles and Engines” and “Conversion Systems for Intermediate-Age Vehicles and Engines” and CARB's list of “Approved Alternate Fuel Retrofit Systems.”

(3) To be eligible for funding, conversion systems for engine model years 2006 and earlier must achieve at least a 30% NOx reduction and a 10% PM reduction from the applicable certified emission standards of the original engine.

(4) To be eligible for funding, conversion systems for engine model years 2007 and newer must achieve at least a 20% NOx reduction with no increase in PM from the applicable certified emission standards of the original engine.

(n) Aerodynamics and Low Rolling Resistance Tire Projects

(1) Eligible costs include the associated labor costs for installation. Eligible costs can include single-wide wheels only when a fleet is retrofitting from standard dual tires to SmartWay-verified single-wide low rolling resistance tires.

(2) Funding under this NOFO cannot be used to replace steel wheels with aluminum wheels of the same configuration (singles or duals).

(3) To be eligible for funding, technologies must be on EPA's verified aerodynamic technologies list and verified list for low rolling resistance new and retread tire technologies list at the time of acquisition, must be used only for the application specified on the lists, and must meet any applicable verification criteria.

(4) EPA will not fund stand-alone aerodynamic technologies or low rolling resistance tires. To be

eligible for funding, these technologies must be combined on the same vehicle with the new installation of an exhaust after-treatment retrofit funded under this award.

(o) Stationary Energy Storage and Power Generation Projects: Funding under this NOFO, including matching funds, cannot be used for stationary energy storage systems that power the equipment (e.g., batteries) and their installation or on-site power generation systems that power the equipment (e.g., solar and wind power generation equipment) and their installation.

(p) Replacement Technologies: Funding under this NOFO cannot be used for the purchase of engine retrofits, idle reduction technologies, low rolling resistance tires or advanced aerodynamic technologies if similar technologies have previously been installed on the truck or trailer.

(q) Mechanic and Driver Training: Eligible project costs can include mechanic/driver training related to the maintenance and operation of new technologies.

(r) Truck DPF Maintenance: Eligible costs for truck replacement projects include the required/scheduled vehicle maintenance, as specified in the owner's manual, which is necessary to meet the warranty requirements for diesel particulate filters installed on trucks. Funding for required maintenance is available for the duration of the project period.

(s) Federal Matching Funds: Recipient agrees that funds under this award cannot be used for matching funds for other federal grants unless expressly authorized by statute. Likewise, recipient may not use federal funds as cost-share funds for the DERA National Grants, including funds received under EPA's DERA State Grants program, DERA Tribal and Insular Area Grants, DERA School Bus Rebates, and federal Supplemental Environmental Project (SEP) funds. This restriction does not apply to program income earned under this program and used to finance the non-Federal share of the recipient's project or program.

(t) Expenses Incurred Prior to the Project Period: Funding under this NOFO cannot be used to cover expenses incurred prior to the project period set forth in any assistance agreement funded under this NOFO, except for eligible pre-award costs as defined in 2 CFR 200.458 and as authorized by 2 CFR 200.309 and 2 CFR 1500.8.

(u) 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), research and development, or technology demonstration, commercialization, certification, or verification.

(v) Fueling Infrastructure: Funding under this NOFO 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 fuels.

(w) Mandated Measures: Funding under this NOFO cannot be used to fund the costs of emissions reductions that are mandated under federal law pursuant to 42 U.S.C. 16132(d)(2).

(x) Leasing: Recipient agrees that all vehicles, engines, and equipment purchased with funds under this award will be purchased, in full, before the end of the project period. Extensions will not be granted for the purpose of extending payments on purchases.

N. Buy America Requirements

Certain projects under this competition are subject to the Buy America Sourcing requirements under the Build America, Buy America (BABA) provisions of the Infrastructure Investment and Jobs Act (IIJA) (P.L. 117-58, §§70911-70917) when using Federal funds for the purchase of goods, products, and materials on any form of construction, alteration, maintenance, or repair of infrastructure in the United States. The Buy America preference applies to all of the iron and steel, manufactured products, and construction materials used for the infrastructure project under an award for identified EPA financial assistance funding programs. Please consider this information when preparing project and budget information.

These sourcing requirements require that all iron, steel, manufactured products, and construction materials used in Federally funded infrastructure projects must be “produced in the United States”, as defined in P.L. 117-58 § 70912(6). The recipient must implement these requirements in its procurements, and this article must flow down to all subawards and contracts at any tier. For legal definitions and sourcing requirements, the recipient must consult EPA's Build America, Buy America website.

Under BABA, a Buy America preference only applies to articles, materials, and supplies that are consumed in, incorporated into, or affixed to an infrastructure project. On-highway vehicles/engines and non-road engines/equipment funded by this program are not considered “infrastructure.” The following potentially eligible projects under this competition meet the definition of “infrastructure” and are subject to Buy America preference requirements under BABA:

- Structures, facilities, and equipment that generate, transport, and distribute energy - including electric vehicle (EV) charging equipment. While EV charging equipment constitutes infrastructure, recipients should note that EPA issued a temporary, time-limited, public-interest product waiver for electric vehicle chargers in July 2023. See Electronic Vehicle Chargers Product Waiver of Section 70914(a) of P. L. 117-58, Build America, Buy America Act, 2021 for U.S.

- Any other permanent public structure that meets the infrastructure definition in M-22-11. Questions regarding BABA applicability to specific projects should be submitted to DERA@epa.gov.

When supported by rationale provided in IIJA §70914, the recipient may submit a request for a BABA waiver to EPA. If selected for funding, the recipient should request guidance on submitting a BABA waiver request to EPA from the EPA Project Officer. A list of approved EPA waivers is available on the Build America, Buy America website. Please continue to monitor this website for further BABA guidance or any future EPA-wide waivers that may impact the DERA National Grants program.

In additional to BABA requirements, all procurements under grants may be subject to the domestic preference provisions of 2 CFR 200.322. See “Build America, Buy America” clause in EPA Solicitation Clauses.

O. Scrappage

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

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

(b) Disabling the chassis may be completed by cutting through the frame/frame rails on each side at a point located between the front and rear axles. Other acceptable scrappage methods may be considered and require prior written approval from the EPA project officer.

(c) Equipment and vehicle components that are not part of the engine or chassis may be salvaged from the unit being replaced (e.g., plow blades, shovels, seats, tires, etc.). If disabled engines, disabled vehicles, disabled equipment, or parts are to be sold, program income requirements apply.

(d) Alternative Scrappage Options:

(1) If a 2010 engine model year (EMY) or newer highway vehicle is replaced, the 2010 EMY or newer vehicle may be retained or sold if the 2010 EMY or newer vehicle will replace a pre-2009 EMY vehicle, and the pre-2009 EMY vehicle will be scrapped. It is preferred that the scrapped unit currently operates within the same project location(s) as the 2010 EMY or newer vehicle currently operates, however alternative scenarios will be considered. All existing and replacement vehicles are subject to the funding restrictions in this section of the NOFO. All equipment must operate within the United States. Under this scenario, a detailed scrappage plan must be submitted and requires prior EPA approval.

(2) If a Tier 2, Tier 3, or Tier 4 locomotive, marine, or nonroad vehicle, equipment and/or engine is replaced, the units may be retained or sold if they will replace a similar, lower Tiered unit, and the lower Tiered unit will be scrapped. It is preferred that the scrapped unit currently operates within the same project location(s) as the original Tier 2, 3, or 4 unit currently operates, however alternative scenarios will be considered. All existing and replacement equipment are subject to the funding restrictions in this section of the NOFO. All equipment must operate within the United States. Under this scenario, a detailed scrappage plan must be submitted and requires prior EPA approval.

(e) For tire replacement projects, the original tires must be scrapped according to local or state requirements.

(f) Evidence of appropriate disposal is required in a final assistance agreement report submitted to EPA. Participating fleet owners must attest to the appropriate disposal in a signed scrappage statement. A sample scrappage statement may be found on the DERA National Grants website. The scrappage statement must include: Vehicle owner's name and address; Vehicle make, vehicle model, vehicle model year, VIN, odometer reading or usage meter reading, engine make, engine model, engine model year, engine horsepower, engine ID or serial number, as applicable; Name, address, and signature of dismantler; Date engine and/or vehicle/equipment was scrapped; Statement attesting to scrappage of vehicle/engine as defined above; Signature of participating fleet owner. Digital photos as follows: Side profile of the vehicle, prior to disabling; VIN tag or equipment serial number; Engine label (showing serial number, engine family number, and engine model year); Engine block, prior to hole; Engine block, after hole; Cut frame rails or other cut structural components, as applicable; Others, as needed.

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