



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT



Employment First State for Individuals with Disabilities

JOSH STEIN
GOVERNOR

KRISTIN WALKER
STATE BUDGET DIRECTOR

February 21, 2025

TO: Joint Legislative Commission on Governmental Operations

FROM: Kristin Walker *Kristin Walker*

SUBJECT: Grant Award


Pursuant to Session Law 2023-134 Section 4.2(a), the Office of State Budget and Management (OSBM) submits the attached Notification of Grant Award – Clean Heavy-Duty Vehicles Grant Program – from the North Carolina Department of Public Instruction for consultation with the Joint Legislative Commission on Governmental Operations.

The Clean Heavy-Duty Vehicles grant program was established by the Inflation Reduction Act of 2022 to incentivize and accelerate the replacement of existing internal combustion engine heavy-duty vehicles with zero-emission vehicles, resulting in cleaner air and healthier communities. Grant funds will be used to replace 31 vehicles across 13 school districts in North Carolina, as well as establishing refueling infrastructure and providing workforce development and training. The total award amount is \$8,680,000 through January 1, 2028, with a state match of \$4,776,676 and a local match of \$322,360. The state match will be paid for using School Bus Replacement funds and up to \$2,000,000 of state matching funds from OSBM's State Technical Assistance and Match Program (STAMP). The local match will be paid for by participating school districts.

If you have questions or concerns, please contact Jennifer Neisner by email at Jennifer.Neisner@osbm.nc.gov.

Thank you.

CC: Chairs, Senate Committee on Appropriations/Base Budget
Chairs, House Appropriations Committee
Fiscal Research Division

	U.S. ENVIRONMENTAL PROTECTION AGENCY Grant Agreement	GRANT NUMBER (FAIN): 03D32425 MODIFICATION NUMBER: 0 PROGRAM CODE: 5Z	DATE OF AWARD 01/07/2025
		TYPE OF ACTION New	MAILING DATE 01/10/2025
		PAYMENT METHOD: ASAP	ACH# 40763
RECIPIENT TYPE: State		Send Payment Request to: Contact EPA RTPFC at: rtpfc-grants@epa.gov	
RECIPIENT: NORTH CAROLINA DEPARTMENT OF PUBLIC INSTRUCTION FINANCIAL AND BUSINESS SERVICES 6301 MAIL SERVICE CENTER RALEIGH, NC 27699 EIN: 56-1492826		PAYEE: NORTH CAROLINA DEPARTMENT OF PUBLIC INSTRUCTION FINANCIAL AND BUSINESS SERVICES 6301 MAIL SERVICE CENTER RALEIGH, NC 27699	
PROJECT MANAGER Kevin Harrison 6336 Mail Service Center RALEIGH, NC 27699 Email: kevin.harrison@dpi.nc.gov Phone: 984-236-2932		EPA PROJECT OFFICER Angela Stampley 61 Forsyth St., S.W. Atlanta, GA 30303 Email: stampley.angela@epa.gov Phone: 404-562-9092	
		EPA GRANT SPECIALIST Jasmine Williams Grants Management Section 61 Forsyth St SW Atlanta, GA 30303-8960 Email: williams.jasmine@epa.gov Phone: 404-562-9334	
PROJECT TITLE AND DESCRIPTION Clean Heavy-Duty Vehicles Program See Attachment 1 for project description.			
BUDGET PERIOD 02/01/2025 - 01/31/2028	PROJECT PERIOD 02/01/2025 - 01/31/2028	TOTAL BUDGET PERIOD COST \$ 13,779,036.00	TOTAL PROJECT PERIOD COST \$ 13,779,036.00
NOTICE OF AWARD			
<p>Based on your Application dated 07/25/2024 including all modifications and amendments, the United States acting by and through the US Environmental Protection Agency (EPA) hereby awards \$ 8,680,000.00. EPA agrees to cost-share 62.99% of all approved budget period costs incurred, up to and not exceeding total federal funding of \$ 8,680,000.00. 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.</p>			
ISSUING OFFICE (GRANTS MANAGEMENT OFFICE)		AWARD APPROVAL OFFICE	
ORGANIZATION / ADDRESS U.S. EPA, Region 4 61 Forsyth Street Atlanta, GA 30303-8960		ORGANIZATION / ADDRESS U.S. EPA, Region 4, Air and Radiation Division R4 - Region 4 61 Forsyth Street SW Atlanta, GA 30303-8960	
THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY			
Digital signature applied by EPA Award Official Shantel Shelmon - Grants Management Officer			DATE 01/07/2025

EPA Funding Information

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
EPA Amount This Action	\$ 0	\$ 8,680,000	\$ 8,680,000
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	\$ 4,776,676	\$ 4,776,676
Local Contribution	\$ 0	\$ 322,360	\$ 322,360
Other Contribution	\$ 0	\$ 0	\$ 0
Allowable Project Cost	\$ 0	\$ 13,779,036	\$ 13,779,036

Assistance Program (CFDA)	Statutory Authority	Regulatory Authority
66.049 - Clean Heavy-Duty Vehicles Program	Clean Air Act: Sec. 132	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
-	2504VW5034	2231	E4SFX	04V6	000AVFXV1	4165	-	-	\$ 8,680,000
									\$ 8,680,000

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	\$ 13,779,036
9. Total Direct Charges	\$ 13,779,036
10. Indirect Costs: 0.00 % Base	\$ 0
11. Total (Share: Recipient <u>37.01</u> % Federal <u>62.99</u> %)	\$ 13,779,036
12. Total Approved Assistance Amount	\$ 8,680,000
13. Program Income	\$ 0
14. Total EPA Amount Awarded This Action	\$ 8,680,000
15. Total EPA Amount Awarded To Date	\$ 8,680,000

Attachment 1 - Project Description

This action approves an award in the amount of \$8,680,000.00 to provide funding under the Inflation Reduction Act (IRA) to North Carolina Department of Public Instruction to replace in use, non zero emission heavy duty vehicles with new zero emission vehicles to reduce air pollution and greenhouse gas emissions in Environmental Protection Agency Region 4. The recipient will replace 31 eligible vehicles with comparable, eligible zero emission vehicles under the School Bus Sub Program, resulting in cleaner air and improved health for the communities in 13 school districts in North Carolina. The activities include replacing eligible internal combustion engine Class 7 school buses with 31 eligible zero emission Class 7 electric school buses; purchasing, installing, operating, and maintaining charging and fueling equipment to maintain the new zero emission vehicles; engaging with the community in a constructive manner to encourage contributions to the project's design, planning, and execution; and providing workforce development and training to support the maintenance, charging, fueling, and operation of the new zero emission school buses. The anticipated deliverables include 31 electric school buses and 31 direct current (DC) fast charging units in 13 school districts; quarterly, annual, and a final report for EPA review and approval; yearly community engagement activities; a clear point of contact for community input; an ongoing collection of electric vehicle (EV) fleet system data on operational cost of EV buses; training for staff, bus drivers, mechanics, and other EV service providers; and workforce development programs related to clean jobs. The expected outcomes include increased number of students riding electric school buses versus diesel; reduction of internal combustion engine idling hours; improved air quality and decreased noise pollution in districts where the buses operate; increased availability of domestic manufacturing and workforce capacity to support the production, operation, and maintenance of EVs; reduced workplace risk, enhanced driver efficiency, and increased worker confidence operating and maintaining zero emission vehicles; and an increased understanding of EV technology and public awareness of the Clean Heavy Duty Vehicle program, as well as any upcoming initiatives. The intended beneficiaries include the schoolchildren and surrounding communities of 13 school districts in North Carolina. These districts are Anson, Buncombe, Asheville, Cabarrus, Gates, Graham, Granville, Harnett, Orange, Stanly, Transylvania, Wake, and Wayne. No subawards are included in this assistance agreement.

Administrative Conditions

General Terms and Conditions

The recipient agrees to comply with the current Environmental Protection Agency (EPA) general terms and conditions available at: https://www.epa.gov/system/files/documents/2024-10/fy_2025_epa_general_terms_and_conditions_effective_october_1_2024_or_later.pdf

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 and Jasmine Williams, williams.jasmine@epa.gov, or 404-562-9334.
- MBE/WBE reports (EPA Form 5700-52A): Jasmine Williams, williams.jasmine@epa.gov, or 404-562-9334.
- All other forms/certifications/assurances, Indirect Cost Rate Agreements, Requests for Extensions of the Budget and Project Period, Amendment Requests, Requests for other Prior Approvals, updates to recipient information (including email addresses, changes in contact information or changes in authorized representatives) and other notifications: Angela Stampley, stampley.angela@epa.gov, or 404-562-9092 and Jasmine Williams, williams.jasmine@epa.gov, or 404-562-9334.
- Payment requests (if applicable): Angela Stampley, stampley.angela@epa.gov, or 404-562-9092 and Jasmine Williams, williams.jasmine@epa.gov, or 404-562-9334.
- Quality Assurance documents, workplan revisions, equipment lists, programmatic reports and deliverables: Angela Stampley, stampley.angela@epa.gov, or 404-562-9092.

B. New Recipient Training Requirement

The recipient agrees to complete the [EPA Grants Management Training for Applicants and Recipients](#) and the [How to Develop a Budget](#) training within 90 calendar days of the date of award of this agreement. The recipient must notify the Grant Specialist via email when the required training is complete. For additional information on this training requirement, the recipient should refer to [RAIN-2024-G01](#).

Programmatic Conditions

Clean Heavy-Duty Vehicles Grant Programmatic Terms and Conditions

A.FINAL APPROVED WORKPLAN AND MODIFICATIONS

1. Recipient agrees to carry out the project in accordance with the final approved workplan.
2. Recipients are required to report deviations from budget or project scope or objective, and must request prior written approval from the EPA for:
 - a. any change in the scope or objective of the project (even if there is no associated budget revision requiring prior written approval);
 - b. any change in key personnel (including employees or contractors) specified in the application or workplan;
 - c. the disengagement from the project for more than three months, or a 25% reduction in time devoted to the project, by the approved project manager;
 - d. the inclusion of costs that require prior approval in accordance with 2 CFR Part 200 Subpart E—Cost Principles as applicable;
 - e. the transfer of funds budgeted for participant support costs as defined in 2 CFR Section 200.1 Definitions to other categories of expense;
 - f. Unless described in the final approved workplan and budget:
 - i. the sub-awarding, transferring or contracting out of any work under the award.
 - ii. changes in the approved cost-sharing or matching provided by the recipient; or
 - iii. the need arises for additional Federal funds to complete the project.

Requests for proposed modifications to the approved workplan or budget, including additions, deletions, or changes in the schedule, must 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 partners and equipment, or to the approved project partners and location(s) may not be allowed.

B. PERFORMANCE REPORTING AND FINAL PERFORMANCE REPORT

B.1. Performance Reports – Content

In accordance with 2 CFR 200.329, the recipient agrees to submit performance reports in an electronic format using the Reporting Template (EPA Form Number 5900-683) provided by the EPA Project Officer.

If an update to the Reporting Template is published by the EPA, the EPA Project Officer will provide notice to the recipient, and the recipient agrees to use the updated template for any reports dated after new versions of the form are made available. The recipient must relate financial data and project or program accomplishments to the performance goals and objectives of the Environmental Protection Agency award and must provide cost information to demonstrate cost-effective practices (for example, through unit cost data) when reporting program performance. The purpose of performance reports is to provide updates on implementation of each project, including 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 reporting period (for example, comparing costs to units of accomplishment), including detailed technical information on new mobile equipment and electric charging and hydrogen fueling infrastructure deployed, and the retirement of older equipment, as appropriate;
2. The reasons why any established outputs/outcomes were not met; and
3. Additional pertinent information, analysis and explanation of cost overruns or higher-than-expected-unit costs;
4. As applicable, information related to good jobs metrics and workforce training outcomes in accordance with information collection instrument through General Performance Reporting for Assistance Programs (EPA ICR Number 2802.01, OMB Control Number 2090-NEW);
5. Recipients are required to submit a combined eligibility and scrappage statement with the Reporting Template for the period(s) in which vehicles are scrapped. A sample combined eligibility and scrappage statement will be available at the Clean Heavy-Duty Vehicles webpage. Additional guidance will be provided in a Scrappage Guidance Document that will be available at the Clean Heavy-Duty Vehicles webpage. The eligibility and scrappage statement should include:
 - a. Vehicle owner's name and address;
 - b. Vehicle make, vehicle model, engine model year (EMY), vehicle identification number (VIN), odometer reading or usage meter reading, engine make, engine model, engine model year, engine horsepower, engine ID or serial number, as applicable;
 - c. Name, address, and signature of dismantler or new vehicle owner;
 - d. Date engine and/or vehicle/equipment was scrapped, sold, or donated;
 - e. Statement attesting to disposition of vehicle/engine as defined above;
 - f. Signature of recipient and bus owner, if different;
 - g. For scrapped vehicles, digital photos or video that document the following:
 - Side profile of the vehicle, prior to disabling;

- VIN tag;
- 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;
- Images of each pieces of new/replacement equipment, engine, or vehicle (front and side); and
- Others, as needed.

Additionally, the recipient agrees to notify the Environmental Protection Agency when a significant development occurs that could impact the award. Significant developments include events that enable meeting milestones and objectives sooner or at less cost than anticipated or that produce different beneficial results than originally planned. Significant developments also include problems, delays, or adverse conditions which will impact the ability to meet the milestones or objectives of the award, including outputs/outcomes specified in the assistance agreement work plan. If the significant developments negatively impact the award, the recipient must include information on their plan for corrective action and any assistance needed to resolve the situation.

B.2. Performance Reports – Frequency

Throughout the award performance period, the recipient agrees to submit quarterly performance reports and combined eligibility and scrappage statements. Reports must be submitted electronically to the EPA Project Officer within 30 days after each reporting period. The reporting periods are:

Quarterly:

January 1 – March 30: Report due April 30

April 1 – June 30; Report due July 30

July 1 – September 30; Report due October 30

October 1 – December 31; Report due January 31

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

C. CYBERSECURITY CONDITION

State Grant Cybersecurity

1. 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.

2.a. The 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 the 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 the EPA's regulatory programs for the submission of reporting and/or compliance data.

b. The recipient agrees that any subawards it makes under this agreement will require the subrecipient to comply with the requirements in 2.a 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 the 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(e), 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 the EPA.

D. PROJECT TRANSPARENCY

The recipient agrees to engage with affected communities and/or populations, especially local residents, to ensure their meaningful participation with respect to the project during the performance period. For more information on meaningful community engagement during the project period refer to pg. 43 of the [Notice of Funding Opportunity](#). Community engagement activities conducted as part of the final approved workplan should be reported in performance reporting described in Programmatic Term and Condition B (Performance Reporting and Final Performance Report).

1. The recipient agrees to publicly share a detailed written summary of the results of the emissions inventory and/or emission reduction plan included in the final workplan.

E. CLIMATE RESILIENCE

To the extent practicable, the recipient agrees to incorporate current and future climate change risk in planning, siting, design, and operation of the project. Approaches for incorporating climate change risk may make use of climate change data and information (e.g., projections and emission scenarios) that are reflective of the project's anticipated lifespan. This includes consideration of the climate change risks posed to the individuals, communities, local governments, organizations, or other entities served by the

project over its anticipated lifespan.

F. PROGRAM AUDIT

In addition to the provisions of [EPA's General Terms and Conditions](#) which relate to audits, the recipient agrees to comply with random EPA reviews of the recipient to protect against waste, fraud, and abuse. As part of this process, EPA, or its authorized representatives, may request copies of grant documents from prior recipients who have received grants, or may request documentation from current recipients and subrecipients, to verify statements made on the application and reporting documents. Recipients may be selected for advanced monitoring, including a potential site visit to confirm project details. EPA, or its authorized representatives, may also conduct site visits to confirm documentation is on hand and that purchased equipment and infrastructure is in service at the location defined in the award, as well as confirm applicable infrastructure adheres to Build America, Buy America (BABA) requirements (see BABA Programmatic Term and Condition for more details). Recipients are expected to comply with site visit requests and recordkeeping requirements and must supply the EPA with any requested documents for as long as the records are retained, or risk cancellation of an active grant application or other enforcement action.

G. PUBLIC or MEDIA EVENTS

The EPA encourages the recipient to notify the EPA Project Officer listed in this award document of public or media events publicizing the accomplishment of significant events related to construction projects as a result of this agreement and provide the opportunity for attendance and participation by federal representatives with at least ten (10) working days' notice.

H. GEOSPATIAL DATA STANDARDS

All geospatial data created must be consistent with Federal Geographic Data Committee (FGDC) endorsed standards. Information on these standards may be found at <https://www.fgdc.gov/>.

I. 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. The 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 EPA will fund the EPA cost share percentage of the new vehicle, up to the per-vehicle funding cap, as shown below. All costs associated with the new vehicles and infrastructure equipment as well as infrastructure installation, are included in the EPA cost share percentages, up to the per-vehicle funding caps shown below.

Note: the recipient cost share is waived for territory and Tribal recipients, but territory and Tribal

recipients are still subject to the per-vehicle cost caps as shown below. Per-vehicle caps include combined vehicle and infrastructure costs. Recipients have flexibility to determine the split between funding for the vehicle itself and the supporting infrastructure.

Note: the EPA will also cover project implementation costs, as defined in Section III.D.5. of the [CHDV NOFO](#). Project implementation costs are not included in or subject to the per-vehicle caps. The cost share requirements, as defined in Section II.B.1. of the NOFO, are as follows:

I.1. Battery Electric Vehicle Mandatory Cost Share and Caps Per-Vehicle

- EPA Funding Limit (Cap \$280,000) = 75%; Mandatory Cost Share = 25%
- ADA-Compliant School Bus: EPA Funding Limit (Cap \$300,000) = 75%; Mandatory Cost Share = 25%
- Straight/Box Truck: EPA Funding Limit (Cap \$190,000) = 65%; Mandatory Cost Share = 35%
- Step Van: EPA Funding Limit (Cap \$160,000) = 65%; Mandatory Cost Share = 35%
- Septic Truck/Bucket Truck: EPA Funding Limit (Cap \$330,000) = 65%; Mandatory Cost Share = 35%
- Other Vocational Vehicle: EPA Funding Limit (Cap \$355,000) = 65%; Mandatory Cost Share = 35%
- Refuser Hauler: EPA Funding Limit (Cap \$260,000) = 50%; Mandatory Cost Share = 50%
- Street Sweeper: EPA Funding Limit (Cap \$315,000) = 50%; Mandatory Cost Share = 50%
- Transit Bus: EPA Funding Limit (Cap \$265,000) = 33%; Mandatory Cost Share = 67%
- Territory grantee (the U.S. Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands): subject to above EPA funding limits; Mandatory Cost Share = 0%
- Tribal grantee subject to above EPA funding limits; Mandatory Cost Share = 0%

I.2. Hydrogen Fuel Cell Vehicle Mandatory Cost Share and Caps Per-Vehicle

- Straight/Box Truck: EPA Funding Limit (Cap \$400,000) = 80%; Mandatory Cost Share = 20%
- Step Van: EPA Funding Limit (Cap \$340,000) = 80%; Mandatory Cost Share = 20%

- Septic Truck/Bucket Truck: EPA Funding Limit (Cap \$670,000) = 80%; Mandatory Cost Share = 20%
- Other Vocational Vehicle: EPA Funding Limit (Cap \$720,000) = 80%; Mandatory Cost Share = 20%
- Refuser Hauler: EPA Funding Limit (Cap \$600,000) = 70%; Mandatory Cost Share = 30%
- Street Sweeper: EPA Funding Limit (Cap \$720,000) = 70%; Mandatory Cost Share = 30%
- Transit Bus: EPA Funding Limit (Cap \$780,000) = 60%; Mandatory Cost Share = 40%
- Territory grantee (the U.S. Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands): subject to above EPA funding limits; Mandatory Cost Share = 0%
- Tribal grantee subject to above EPA funding limits; Mandatory Cost Share = 0%

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.

J. LEVERAGING

The recipient agrees to provide the proposed leveraged funding, including any voluntary cost-share contribution or overmatch, that is described in its proposal submitted on or before July 25, 2024. If the proposed leveraging does not materialize during the period of award performance, and the recipient does not provide a satisfactory explanation, the EPA 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 the EPA may reconsider the legitimacy of the award; if the EPA determines that the recipient knowingly or recklessly provided inaccurate information regarding the leveraged funding the recipient described in its proposal submitted on or before July 25, 2024, then the EPA may take action as authorized by 2 CFR Part 200 and/or 2 CFR Part 180 as applicable.

K. VOLUNTARY COST SHARE OR OVERMATCH

This award and the resulting federal funding of \$8,680,000 is based on estimated costs requested in the recipient's application submitted on or before July 25, 2024. Included in these costs is a voluntary cost share contribution of \$2,066,319.50 by the recipient in the form of a voluntary cost share or overmatch (providing more than any minimum required cost share) that the recipient included in its proposal submitted on or before July 25, 2024. The recipient must provide this voluntary cost-share contribution

during performance of this award unless the EPA agrees otherwise in a modification to this agreement. While actual total costs may differ from the estimates in the recipient's application, the EPA's participation shall not exceed the total amount of federal funds awarded.

If the recipient fails to provide the voluntary cost share contribution during the period of award performance, and the EPA does not agree to modify the agreement to reduce the cost share, the recipient is in violation of the terms of the agreement. In addition to other remedies available under 2 CFR Part 200, the EPA may consider this factor in evaluating future proposals from the recipient. Further, if the voluntary cost share contribution does not materialize during the period of award performance, then the EPA may reconsider the legitimacy of the award; if the EPA determines that the recipient knowingly or recklessly provided inaccurate information regarding the voluntary cost share or overmatch the recipient described in its proposal dated November 25, 2024. The EPA may take actions as authorized by 2 CFR Part 200 and/or 2 CFR Part 180 as applicable.

L. OPERATION AND MAINTAINENCE

The recipient will ensure the continued proper operation and maintenance of equipment and devices funded under this agreement. Such equipment and infrastructure shall be operated and maintained for the expected lifespan of the equipment and infrastructure and in accordance with manufacturer requirements, recommendations, and warranty requirements. The recipient shall include a provision in every applicable sub-agreement (subgrant or contract) awarded under this grant requiring that the equipment and infrastructure funded under this agreement be properly operated and maintained. Likewise, the sub-agreement will assure that similar provisions are included in any sub-agreements that are awarded by the sub-recipient.

M. PROGRAM INCOME

Program income means gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance. Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and interest earned on any of them.

In accordance with 2 CFR 200.307(b) and 2 CFR 1500.8(b), the recipient is hereby authorized to add program income earned during the project period to the total allowable costs, thereby increasing the overall total amount of the Federal award; this use of program income is termed "Addition". The recipient agrees to use program income only for the original purpose of the award and under the conditions of the assistance agreement.

The recipient must provide as part of its performance reports, a description of how program income is being used. Further, a report on the amount of program income earned during the award period must be submitted with the final Federal Financial Report, Standard Form 425.

N. 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 North Carolina Department of Public Instruction 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>.

O. DAVIS-BACON AND RELATED ACTS (DBRA) TERM AND CONDITION

O.1. Davis-Bacon Program Applicability

1. Program Name – Clean Heavy-Duty Vehicle Program
2. Statute requiring compliance with Davis-Bacon - Clean Air Act Section 314
3. Activities subject to Davis-Bacon – Construction activities funded by the grant.
4. The recipient must work with the appropriate authorities to determine wage classifications for the specific project(s) or activities subject to Davis Bacon under this grant (or cooperative agreement).

O.2. Davis-Bacon and Related Acts

Davis-Bacon and Related Acts (DBRA) (<https://www.dol.gov/agencies/whd/government-contracts/construction>) is a collection of labor standards provisions administered by the Department of Labor, that are applicable to grants involving construction. These labor standards include the:

1. Davis-Bacon Act, which requires payment of prevailing wage rates for laborers and mechanics on construction contracts of \$2,000 or more
2. Copeland “Anti-Kickback” Act, which prohibits a contractor or subcontractor from inducing an employee into giving up any part of the compensation to which he or she is entitled; and
3. Contract Work Hours and Safety Standards Act, which requires overtime wages to be paid for over 40 hours of work per week, under contracts in excess of \$100,000.

O.3. Davis-Bacon Recipient Responsibilities When Entering Into and Managing Contracts:

1. Solicitation and Contract Requirements:

- a. Include the Correct Wage Determinations in Bid Solicitations and Contracts: Recipients are responsible for complying with the procedures provided in [29 CFR 1.6](#) when soliciting bids and awarding contracts.
- b. Include DBRA Requirements in All Contracts: Include the following text on all contracts under this grant: “By accepting this contract, the contractor acknowledges and agrees to the terms provided in the

[DBRA Requirements for Contractors and Subcontractors Under EPA Grants.](#)”

2. After Award of Contract:

- a. Approve and Submit Requests for Additional Wages Rates: Work with contractors to request additional wage rates if required for contracts under this grant, as provided in [29 CFR 5.5\(a\)\(1\)\(iii\)](#).
- b. Provide Oversight of Contractors to Ensure Compliance with DBRA Provisions: Ensure contractor compliance with the terms of the contract, as required by [29 CFR 5.6](#).

O.4. Davis-Bacon Recipient Responsibilities When Establishing and Managing Additional Subawards:

1. Include DBRA Requirements in All Subawards (including Loans):

“By accepting this award, the EPA subrecipient acknowledges and agrees to the terms and conditions provided in the DBRA Requirements for EPA Subrecipients.”

2. Provide Oversight to Ensure Compliance with DBRA Provisions: Recipients are responsible for oversight of subrecipients and must ensure subrecipients comply with the requirements in [29 CFR 5.6](#).

O.5. Davis-Bacon Contract Clauses

The contract clauses set forth in this Term & Condition, along with the correct wage determinations, will be considered to be a part of every prime contract covered by Davis-Bacon and Related Acts (see [29 CFR 5.1](#)), and will be effective by operation of law, whether or not they are included or incorporated by reference into such contract, unless the Department of Labor grants a variance, tolerance, or exemption. Where the clauses and applicable wage determinations are effective by operation of law under this paragraph, the prime contractor must be compensated for any resulting increase in wages in accordance with applicable law.

P. PROCUREMENT PROCEDURES

As provided in [2 CFR 200.317](#), with limited exceptions, States and Indian Tribes must follow the same policies and procedures they follow for procurements financed with non-Federal funds. If such policies and procedures do not exist, States and Indian Tribes must follow the procurement standards in 2 C.F.R. §§ [200.318](#) through [200.327](#). In addition to its own policies and procedures, a State or Indian Tribe must also comply with the following procurement standards: 2 C.F.R. §§ [200.321](#), [200.322](#), [200.323](#), and [200.327](#). All other recipients and subrecipients, including subrecipients of a State or Indian Tribe, must follow the procurement standards in §§ [200.318](#) through [200.327](#).

The recipient must follow applicable procurement procedures. The EPA will not be a party to these transactions. If EPA funds are used to purchase goods or services, the 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.

Q. BUILD AMERICA BUY AMERICA (BABA) REQUIREMENTS

All 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 requirement 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.

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 the EPA's Build America, Buy America website.

Questions regarding BABA applicability to specific Clean Heavy-Duty Vehicles Program projects should be submitted to BABA-OTAQ@epa.gov.

When necessary and supported by rationale provided in IIJA 70914, the recipient may submit a waiver request to the EPA or notify the EPA when using an existing waiver. The recipient should request guidance on the submission instructions of an EPA waiver request from the EPA Project Officer. A list of approved EPA waivers is available on the Build America, Buy America website (<https://www.epa.gov/cwsrf/build-america-buy-america-baba-approved-waivers>).

See EPA's "Build America, Buy America" General Term and Condition for additional requirements: <https://www.epa.gov/grants/grant-terms-and-conditions>.

R. SCRAPPAGE

The vehicles being replaced must be scrapped, sold, or donated by the end of the project period. Disposition options may be limited by the engine model year of the existing vehicle. Participating fleet owners must attest to the appropriate disposal in a signed eligibility and scrappage statement. If scrapped, the vehicle being replaced should be permanently disabled within the grant period of performance by:

1. Cutting a three-inch-by-three-inch hole in the engine block (the part of the engine containing the cylinders) and cutting or crushing one chassis rail between the axles is the preferred scrapping method. Other acceptable scrappage methods may be considered and will require prior EPA approval. Recipients seeking approval for alternative scrappage methods must submit an alternative scrappage plan to the EPA project officer detailing how the method will destroy and/or disable the engine and must, if approved, comply with the evidence requirements listed below, including digital photos.
2. Disabling the chassis should be completed by cutting through the frame/frame rails on each side at a point located between the front and rear axles. Other acceptable scrappage methods may be considered and will require prior written approval from the EPA project officer. 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, or parts are to be sold, program income requirements apply.

3. All existing vehicles to be replaced must:

- a. Be a Class 6 or Class 7 heavy-duty vehicle with Gross Vehicle Weight Rating (GVWR) between 19,501 lbs. to 33,000 lbs.
- b. Be fully operational at the time of application submission. An operational vehicle should be able to start, move, and have all necessary parts to be operational.
- c. Be an engine model year (EMY) 2010 or older diesel-powered vehicle that will be scrapped; or
- d. If a participating fleet does not possess an eligible EMY 2010 or older diesel-powered vehicle, then the existing vehicle to be replaced must:
 - i. Be an EMY 2010 or older non-diesel ICE-powered vehicle that will be scrapped per the instructions under “Fleet Expansion” later in this section; or
 - ii. Be an EMY 2011 or newer diesel or non-diesel ICE-powered vehicle that will be scrapped per the instructions under “Fleet Expansion” later in this section, sold, donated; or
 - iii. For fleets that move older vehicles to “reduced service,” if an EMY 2011 or newer diesel or non-diesel ICE-powered vehicle is being replaced, that vehicle may be retained and moved to reduced service and an older, reduced-service EMY 2010 or older vehicle of the same type may be scrapped in its place (or, if no model year 2010 or older vehicles are available, a reduced-service EMY 2011 or newer vehicle may be scrapped, sold, or donated) per the instructions under “Fleet Expansion” later in this section. The EMY 2011 or newer vehicle must meet the relevant usage requirements described below, but the older reduced-service vehicle being scrapped does not. Under this scenario, a detailed scrappage plan must be submitted and requires prior EPA approval.

4. Additional School Bus Sub-Program existing vehicle requirements: All existing vehicles to be replaced through the School Bus Sub-Program must:

- a. Be a Class 6 or Class 7 school bus. A “school bus” is defined as a passenger motor vehicle designed to carry a driver and more than 10 passengers, that the Secretary of Transportation decides is likely to be used significantly to transport 21 preprimary, primary, and secondary school students to or from school or an event related to school (see 49 U.S.C. § 30125).
- b. Usage Requirements: Have provided bus service to a public school district for at least three days/week on average during the 2022/2023 school year at the time of applying, excluding emergency-related school closures. The EPA strongly encourages recipients to replace existing buses that provided service to the public school district listed on the application. The recipient must retain bus log documentation for buses that are scrapped under this project to verify that existing buses met the usage requirements described in this T&C and must be produced upon audit. If a recipient is audited and is unable to provide proof of bus use that complies with the requirements of this T&C, then the recipient may be required to reimburse the EPA up to the full amount of the award.

5. Additional Vocational Vehicles Sub-Program existing vehicle requirements: All existing vehicles to be replaced through the Vocational Vehicles Sub-Program must:

- a. Be a Class 6 or Class 7 heavy-duty vehicle that does not meet the definition of a school bus given above.
- b. Usage Requirements: Have accumulated at least 7,000 miles/year during each of the two years prior to replacement. The mileage of two or more vehicles may be combined to reach 7,000 miles/year where two or more vehicles will be replaced with a single ZE vehicle. For Tribal and territory recipients, as defined in Section III.A.3 in the NOFO, the mileage minimum is 5,000 miles/year during each of the two years prior to replacement.
 - If a vehicle does not meet the mileage requirement and the recipient can demonstrate that the vehicle idles the main engine for long periods to provide power for auxiliary apparatus (e.g., firetrucks or utility trucks), then the existing vehicle to be replaced must have idled for at least 500 hours/year during the two years prior to replacement.
 - The recipient must retain vehicle log documentation for vehicles that are scrapped under this project; vehicle log documentation will be used to verify that existing vehicles met the usage requirements described in this T&C and must be produced upon audit. If a recipient is audited and is unable to provide proof of vehicle use that complies with the requirements of this T&C, then the recipient may be required to reimburse the EPA up to the full amount of the award.

6. Eligibility and Scrappage Statement: Verification of vehicle eligibility and scrappage must be documented by completing the combined eligibility and scrappage statement and submitting it with the Reporting Template to the Project Officer, for the period(s) in which vehicles are scrapped. See Section B. 1. for the evidentiary and reporting requirements. Additional guidance will be provided in a Scrappage Guidance Document that will be available at the Clean Heavy-Duty Vehicles webpage.

S. PAPERWORK REDUCTION ACT

The scope of work for this cooperative agreement includes a survey or other information collection of identical information from 10 or more parties. As provided by 5 CFR 1320.3(d), EPA is a sponsor of the information collection for purposes of obtaining approval from the Office of Management and Budget for collecting information. The recipient agrees to assist EPA in complying with OMB procedures at 5 CFR Part 1320 for obtaining Information Collection Request authorization. The recipient may not collect information until EPA obtains OMB approval.

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.

T. RECORD RETENTION

As required by [2 CFR 200.334](#), recipients must keep all financial records, supporting documents, accounting books and other evidence of Grant Program activities for three years from the date of submission of the final expenditure report. If any litigation, claim, or audit is started before the expiration of the three-year period, the recipient must maintain all appropriate records until these actions are completed and all issues resolved.

U. AUTOMATED STANDARD APPLICATION PAYMENTS (ASAP) AND PROPER PAYMENT DRAW DOWN

The recipient is subject to the Automated Standard Application Payments (ASAP) and Proper Payment Draw Down General Term and Condition. See the “Financial Information” section of the [General Terms and Conditions](#).

The recipient is required to notify the EPA PO within 3 business days of draws from ASAP in excess of the following amounts:

1. 15% or more of the total award within a 24-hour period
2. 25% or more of the total award within a 7-day period
3. 50% or more of the total award within a 30-day period.

The recipient is subject to the Management Fees General Term and Condition, which includes the following requirements that prohibit profit on the part of the recipient:

1. Management fees or similar charges in excess of the direct costs and approved indirect rates are not allowable.
2. Management fees or similar charges may not be used to improve or expand the project funded under this agreement, except to the extent authorized as a direct cost of carrying out the scope of work. [See the “Selected Items of Cost” Section of the General Terms and Conditions.](#)

V. COMPETENCY POLICY

Competency of Organizations Generating Environmental Measurement Data

In accordance with Agency Policy Directive Number FEM-2012-02, [Policy to Assure the Competency of Organizations Generating Environmental Measurement Data under Agency-Funded Assistance Agreements](#), Recipient agrees, by entering into this agreement, that it has demonstrated competency prior to award, or alternatively, where a pre-award demonstration of competency is not practicable, Recipient agrees to demonstrate competency prior to carrying out any activities under the award involving the generation or use of environmental data. Recipient shall maintain competency for the duration of the project period of this agreement and this will be documented during the annual reporting process. A copy of the policy is available online at <https://www.epa.gov/sites/default/files/2017->

[05/documents/policy_to_assure_the_competency_of_organizations.pdf](#) or a copy may also be requested by contacting the EPA Project Officer for this award.

Reference: https://www.epa.gov/sites/default/files/2017-05/documents/policy_to_assure_the_competency_of_organizations.pdf

W. PARTICIPANT SUPPORT COSTS/REBATES

Participant support costs include rebates, subsidies, stipends, or other payments to program beneficiaries. Program beneficiaries cannot be a contractor, subrecipient, or employee of recipient. Participant support costs are not subawards as defined by 2 CFR §200.1 and should not be treated as such. Participant support costs must be reasonable, incurred within the project period and otherwise allocable to the EPA assistance agreement. Rebates, subsidies, and similar one-time, lump-sum payments to program beneficiaries for the purchase of commercially available, standard (“off the shelf”) eligible equipment and technology 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). Rebates can only fund a program beneficiary's equipment purchase and installation costs (i.e. parts and labor, including costs incurred to scrap an existing vehicle); if a program beneficiary requires funding for project administration, travel, extensive design/engineering, construction, etc., to carry out the project a subaward is the more appropriate option.

Recipient must abide by EPA Participant Support Cost regulation(s) and guidelines including but not limited to EPA Guidance on Participant Support Costs: <https://www.epa.gov/grants/rain-2018-g05-r2>

Recipient must maintain source documentation regarding program support funds to ensure proper accounting of EPA funds.

Recipient must enter into a written agreement with the program beneficiary that receives participant support costs. Such agreement should not be structured as a subaward agreement, and the administrative grant regulations under 2 CFR Part 200 and 2 CFR Part 1500, as well as EPA's General Terms and Conditions do not flow down to program beneficiaries receiving participant support costs. Such written agreement is also required if a subrecipient or contractor intends to issue participant support costs to a program beneficiary. The written agreement must: Describe the activities that will be supported by rebates, stipends, subsidies or other payments; specify the amount of the rebate, subsidy, stipend, or other payment; identify which party will have title to equipment (if any) purchased with a rebate or subsidy or other payment; and specify any reporting required by the program beneficiary and the length of time for such reporting.

Recipient must obtain the prior written approval from EPA's Award Official if it wants to transfer funds budgeted for participant support costs to another budget category. If the recipient's request would result in undermining the integrity of the competition this grant or cooperative agreement was awarded under, EPA will not approve the request.

X. HISTORIC PRESERVATION

National Historic Preservation Act (NHPA)

Section 106 of the NHPA requires all federal agencies to consider the effects of their undertakings, including the act of awarding a grant or cooperative agreement, on historic properties, and to provide the Advisory Council on Historic Preservation (ACHP) a reasonable opportunity to comment on such undertakings. The recipient must assist the EPA Project Officer in complying with NHPA if any activities funded under this grant impact a historic property. Historic properties include: (a) land or buildings listed in or eligible for listing on the National Register of Historic Places; (b) archaeologically sensitive areas or in an area where traditional cultural properties are located; and (c) properties that are associated with significant historic events, are associated with significant people, embody distinctive characteristics, and contain important precontact information.

The recipient should work with their Project Officer to ensure that subrecipients are available to work with EPA on any required consultation process with the State or Tribal Historic Preservation Office prior to commencing the project to ensure compliance with Section 106 of the NHPA.

If NHPA compliance is required, necessary Section 106 consultation activities, such as historic or architectural surveys, structural engineering analysis of buildings, public meetings, and archival photographs, can be considered allowable and allocable grant costs.

Archeological and Historic Preservation Act (AHPA)

This law applies if archeologically significant artifacts or similar items are discovered after an EPA-funded construction project has begun, and compliance may be coordinated with the NHPA, discussed above. The AHPA requires federal agencies to identify relics, specimens, and other forms of scientific, prehistorical, historical, or archaeological data that may be lost during the construction of federally-sponsored projects to ensure that these resources are not inadvertently transferred, sold, demolished or substantially altered, or allowed to deteriorate significantly. The recipient must ensure that subrecipients performing construction projects are aware of this requirement, and the recipient must notify EPA if the AHPA is triggered.

Y. OTHER FEDERAL REQUIREMENTS

In addition to other statutes outlined in these programmatic terms and conditions, the recipient must comply with all federal cross-cutting requirements. These requirements include, but are not limited to:

- Endangered Species Act, as specified in 50 CFR Part 402: Non-Federal entities must identify any impact or activities that may involve a threatened or endangered species. Federal agencies have the responsibility to ensure that no adverse effects to a protected species or habitat occur from actions under Federal assistance awards and conduct the reviews required under the Endangered Species Act, as applicable.
- Federal Funding Accountability and Transparency Act: Recipients of financial assistance awards must comply with the requirements outlined in 2 CFR Part 170, Reporting Subaward and Executive Compensation and in the General Term and Condition “Reporting Subawards and Executive Compensation.”
- Farmland Protection Policy Act: This statute requires EPA to use criteria developed by the Natural Resources Conservation Service (NRCS) to identify the potential adverse effects of Federal programs on farmland and its conversion to nonagricultural uses, to mitigate these effects, and to ensure that programs are carried out in a manner that is compatible with the farmland preservation policies of state and local governments, and private organizations. Recipients may need to work with EPA or NRCS, as appropriate, to ensure compliance.
- Coastal Zone Management Act: Projects funded under federal financial assistance agreements must be consistent with a coastal State's approved management program for the coastal zone.