

Request Proposal for Alternative Fuel Innovations Grants

Goals and Objectives

TDEC intends grant recipients will use funding provided under this program to help to:

- Positively impact Tennessee's public health and at risk communities
- Measure positive impacts to state air quality
- Increase long term alternative fuel (biodiesel blends of B20 and greater or E85) use and production in Tennessee
- Improve local governments' and universities' abilities to begin or expand use of alternative fuels

Funding Authority

Governor Bredesen signed Executive Order No. 33 on February 14, 2006, establishing an Interagency Alternative Fuels Working Group. As a result of this Working Group's recommendations, \$4,000,000 was appropriated to several state agencies to undertake alternative fuel activities in the sectors of public access to fuel, support for alternative fuel production and processing, local government innovations, and outreach and education. Of these total appropriated funds, \$1,000,000 was directed towards local innovations, whereby local governments and public universities could undertake projects that would increase alternative fuel use and or production for their fleets' use. Funding for these grants was appropriated for FY06-07 in Public Chapter 963.

Eligible Applicants

Each county government, incorporated municipality of the State of Tennessee, and public college/ university in Tennessee may submit applications for this grant. A city, county, and or public college/ university may apply jointly for a project in addition to their individual city, county, or college/ university project.

Eligible Activities

TDEC specifically seeks to build markets and demand for alternative fuel production in Tennessee through increased use of alternative fuels in universities and municipal levels of government. Examples of activities that may be funded include:

1. **Supplemental alternative fuel cost** – Up to one year of price differential costs associated with using alternative fuels for first time users. A ceiling of \$0.10 per gallon will be paid for either biodiesel blends of B20 and greater or E85.
2. **Vehicle or engine maintenance associated with introduction of alternative fuels** – Up to two fuel filter changes per vehicle can be claimed for vehicles fueled with biodiesel. Additional maintenance needs for vehicles or equipment associated with alternative fuel use can be claimed with appropriate documentation of need.

3. **Installation costs associated with refueling infrastructure which are not already covered by existing state grant programs** – Infrastructure costs may include the price of cleaning out existing or installation of new fuel tanks and associated piping and dispensers. Up to 80% of the total infrastructure costs will be eligible to receive state funding.
4. **Alternative fuel promotional materials to be posted in or on vehicles** – Informational materials for drivers and or the public (bumper stickers, hang tags, key chains, decals, or bus panel advertisements) that bring attention to the funded alternative fuel use are eligible for this grant.
5. **Other innovative capital or maintenance approaches that increase alternative fuel use and production** – These approaches may include small-scale alternative fuel production and use for non-resale purposes. Up to 80% of the total capital costs will be eligible to receive state funding.

Available Funding and Project Timeframe

A total of \$1,000,000 has been made available for this grant program to fund local government and university innovations in alternative fuel. All awarded funds must be spent within a one-year timeframe. Projects with a longer implementation timeframe must apply annually to receive additional funds. Availability of funds in consecutive years will depend on the amount of applications received and grants awarded in the previous years.

Award Ceilings

Applications for projects comprising of the Eligible Activities numbers one through four (1-4) will have a total grant ceiling of \$40,000. Projects involving capital purchases for Eligible Activity number five (5) will have a total grant ceiling of \$100,000. However, matches of at least 20% are required for all proposed capital or infrastructure purchases.

Application Submission Period

Grant applications shall be submitted at any time during the application submission period. The application submission period is open from February 15, 2007 to May 31, 2007. If funding exists after all grants have been awarded for this funding cycle, additional funding cycles may be initiated until the allocated \$1,000,000 has been exhausted. Applications submitted after the deadline or after the funds have been exhausted will be returned to the applicant.

Match Assurance

Non-state matching funds of at least 20% of the total infrastructure or capital project cost of the project are required for all applications. Matched funds can be in the form of in-kind services from the applicant or outside parties. A resolution or ordinance indicating the amount of funds requested, the source of said funds, and the applicant's commitment to match the requested amount must be included with the application for capital or infrastructure projects. This can alternatively be in the form of a signed and dated statement from the chief elected or appointed official (i.e. usually Mayor or agency director) is required, giving assurance that the applicant will match the requested funds and that the community is committed to completing the project.

Scoring Criteria

Projects will be scored based upon the following criteria:

- **Expected benefits to public health** (20 points) – Alternative fuels can improve conditions that impact public health. The grant application should describe how public health would be benefited by the proposed project.
- **Expected environmental benefits** (20 points) - Alternative fuels can improve air quality by reducing emissions from both stationary and mobile sources of pollution. The grant application should describe how the environment would be benefited by the proposed project. Preference will be given to applicants located in one of Tennessee’s non-attainment counties for ozone or PM2.5. Preference will also be given to projects that include additional air quality initiatives (e.g. anti-idling policies or additional efforts to reduce fuel consumption or after market treatment technologies (retrofits) designed to reduce vehicle emissions).
- **Viability for long term program success** (20 points) – Projects that have the greatest potential for long terms success will be given priority. The grant application should address the long term viability for sustaining alternative fuel use. Projects that demonstrate transferability and or scalability to allow for expansion of programs will
- **Expected benefits to at risk communities** (10 points) – Air quality and public health are of most concern in areas that are not in attainment according to U.S. Environmental Protection Agency designations. These areas can benefit the most from alternative fuel use and will be given priority over other projects. The grant application should describe the relationship to the proposed project’s public and environmental benefits for non-attainment areas of the state and how at risk communities would be most impacted.
- **Level of commitment to the project** (10 points) – Projects should be undertaken by experienced and committed staff who can ensure that multiple levels of the organization support the project. The grant application should describe how the organization is committed to achieving the goals of the project. Applicants who are Clean Cities members will receive strong consideration.
- **Commitment to communicate alternative fuel benefits to the public** (10 points) – Project success should be communicated to the public benefiting from alternative fuel use. Grant applications should describe how alternative fuel use and its benefits will be imparted to the public.
- **Transferability and scalability of projects** (10 points) – Projects that demonstrate transferability and scalability so that other levels of government and or the private sector might undertake similar projects will receive priority.

Application Format

All grant applications must include three items to be considered for funding. All applications must be submitted electronically in Microsoft Word format in size 12 font. The e-mail submission address is: greg.riggs@state.tn.us. The below three categories are:

1. **Project Narrative** – The project narrative must describe the proposed plan to be funded. It should include estimated numbers of gallons of alternative fuel that will be used or produced. It should describe what types of vehicles or engines will be using alternative fuels and the expected duration of use. It should include a description of the personnel responsible for supporting and completing the project. The narrative should address each of the scoring criteria below and state how the proposed project will meet the goals of said criteria. The project narrative should not exceed 5 pages in length.

2. **Project Budget** – The project budget should list all activities to be funded as line items in the budget table. It should also list any and all infrastructure and or capital costs that the award will cover. If cost-sharing is proposed, a brief statement concerning cost-sharing should be added to the budget justification, and estimated dollar amounts must be included in the appropriate categories in the budget table. Budget information should be supported at the level of detail described below:
 - a. **Equipment:** Identify all tangible, non-expendable personal property to be purchased that has an estimated cost of \$500 or more per unit and a useful life of more than one year. (Personal property items with a unit cost of less than \$500 are considered supplies.)
 - b. **Supplies:** “Supplies” means tangible property other than “equipment.” Identify categories of supplies to be procured (e.g., vehicle maintenance supplies or promotional materials such as flyers or stickers).
 - c. **Contractual:** Identify each proposed contract for services/analyses or consultants and specify its purpose and estimated cost. Contracts greater than \$25,000 must have a separate itemized budget and budget justification, not to exceed one additional page each, included as part of the application.
 - d. **Other:** List each item in sufficient detail for TDEC to determine the reasonableness of its cost relative to the activity to be undertaken. Note that subawards, such as those with other universities for members of the project team, are included in this category. Subawards greater than \$25,000 must have a separate itemized budget and budget justification, not to exceed one additional page each, included as part of the application.

3. Letters of Support/Letters of Intent

Letters of Support are required for any infrastructure or capital project. The letter should come from the chief elected or appointed official (i.e. usually Mayor or agency director), giving assurance that the applicant will match the requested funds and that the community is committed to completing the project.

Letters of Intent to provide resources for the proposed project or to document intended interactions are limited to one brief paragraph committing the availability of a resource (e.g., use of a person's time or equipment if outside of the staff identified in the project narrative) or intended interaction (e.g., sharing of property or as-needed consultation) that is described in the Project Narrative. Letters of intent are to be included as an addition to the budget justification documents. Note: Letters of intent or support must be part of the application; letters submitted separately will not be accepted.

Application and Approval

Applications may be submitted by county governments, municipal governments, state funded universities, or other political subdivisions of the state that are authorized to receive and expend funds. Applications may be submitted at any time of the year. A pre-application meeting or discussion is encouraged for each project. **To arrange a meeting, contact Greg Riggs at (615) 532-0567.**

Upon receipt, TDEC will review all applications for completeness and adherence to application requirements. A grant committee will review the proposed project and the benefits to be accomplished with the requested funds and evaluate it based upon the criteria stated below. The internal grant committee will be made up of members from the Tennessee Department of Environment and Conservation's Air Pollution Control Division and the Governor's Alternative Fuels Working Group. Each member from this grant committee will score applications according to the criteria listed above. Only applications with an average score of 75 or greater will be considered for funding. At least three members will review each grant application submitted.

Applicants will be notified by mail of their approval or denial within 90 days of their complete application receipt.

After applications have been approved, a state contract will be executed with the grantee describing the activities, payment and state requirements. All grantees must follow state and local public procurement procedures.

TDEC will send the Tennessee Department of Agriculture's Marketing Division all copies of submitted proposals, to explore alternative or supplemental funding through TDA for projects.

Itemized Budget for Alternative Fuel Innovation Grant Applications

	COST CATEGORIES	TOTAL PROJECT	
		State	Cost-Share
	a. Equipment (items \geq \$5000) Item 1 Item 2 Item 3		
	TOTAL EQUIPMENT		
	b. Supplies Item 1 Item 2 Item 3		
	TOTAL SUPPLY		
	c. Contracts No. 1 No. 2 No. 3		
	TOTAL CONTRACTUAL		
	d. Other Item 1 Item 2 Item 3		
	TOTAL OTHER COSTS		
	e. TOTAL PROJECT COST (sum of a through d)		
	f. TOTAL MATCHED FUNDS (list percentages of total equipment and or other capital or infrastructure purchases)		
	g. TOTAL REQUESTED FROM TDEC (subtract f from e)		