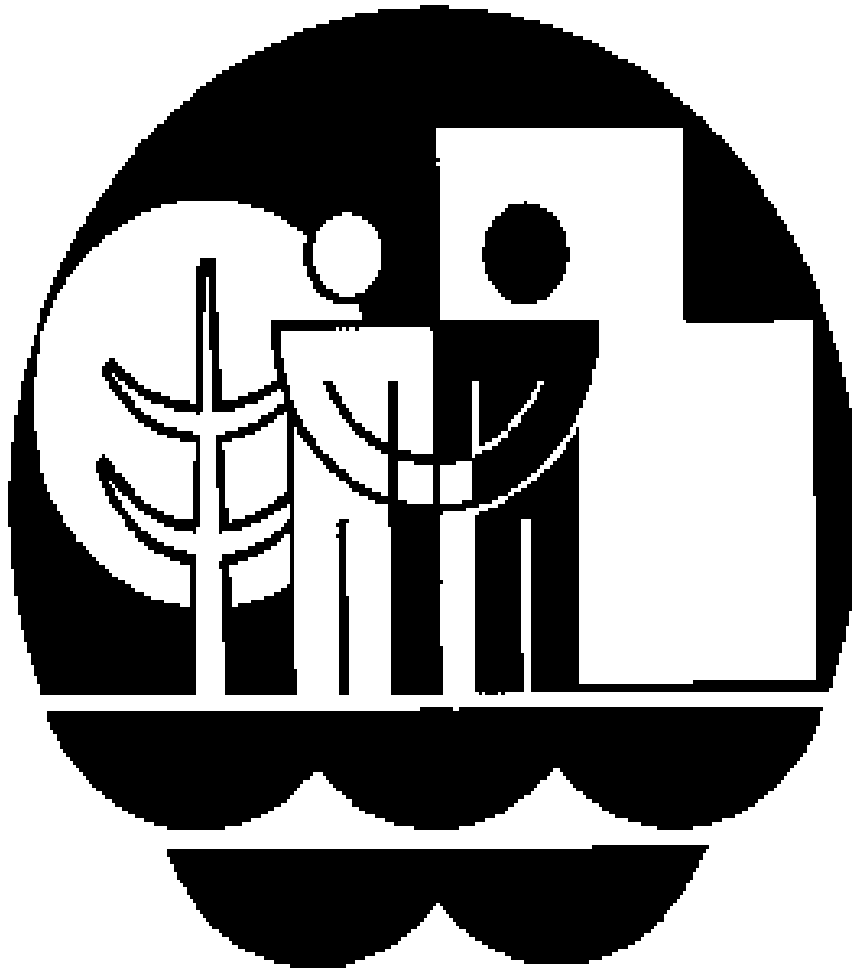


United States
Environmental
Protection Agency

Office of Regional Operations
and State/Local Relations
Washington DC 20460

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Sustainable Development Challenge Grant Application Guidance for FY 1996 Pilot Program



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I OVERVIEW

The Sustainable Development Challenge Grant Program is one of 25 major environmental reforms announced by President Clinton in March 1995 as part of the National Performance Review's *Reinventing Environmental Regulation* initiative. The Sustainable Development Challenge Grant program is designed to encourage people, organizations and businesses to work together in their communities to improve their environment while maintaining a healthy local economy.

This guidance contains the information needed to apply for a Sustainable Development Challenge Grant (SDCG) in August, 1996. This will be the first round of grant awards for this new program, and is being run as a pilot round. Because this is a pilot round, only a limited number of grants is anticipated, and application time will be unusually abbreviated. Evaluation of this pilot phase will inform the program design and procedures for implementation of the full scale FY 1997 program. Total funds available for this initial round are approximately \$500,000; applicants may seek grant funding up to \$100,000. For purposes of project selection, proposals will be compared to other proposals within one of two categories: (a) those up to \$50,000 and (b) those between \$50,001 and \$100,000. **Applications must be postmarked by August 1, 1996.**

If you have additional questions about submitting a proposal, please contact the Environmental Protection Agency (EPA) office for your area (see Section IX).

II. PURPOSE AND SCOPE

The Sustainable Development Challenge Grant program is a new competitive grant program developed by the U.S. Environmental Protection Agency (EPA) intended to encourage community, business, and government to work cooperatively to develop flexible, locally-oriented approaches that link efforts to enhance environmental quality management with sustainable development and revitalization. The SDCG program is intended to challenge communities to invest in a sustainable future.

EPA seeks proposals for projects that will:

- Catalyze community-based and regional projects to promote sustainable development;
- Build partnerships to increase community long-term capacity to protect the environment;
- Leverage public and private investments to enhance environmental quality by enabling sustainable community efforts to continue beyond EPA funding.

EPA intends these competitive grants to be catalysts that challenge communities to invest in a sustainable future, recognizing that sustainable environmental quality and economic prosperity are inextricably linked. EPA seeks to award grants that serve as seed funding to leverage private

investment and build partnerships that increase a community's long-term capacity to protect the environment and sustainable development. For purposes of this program, sustainable development is defined as ***“to meet the needs of the present without compromising the ability of future generations to meet their own needs.”*** This is the definition developed by the Brundtland Commission in 1987 and adopted by the President's Council on Sustainable Development (PCSD). The PCSD is a council comprised of corporate, government, and nonprofit representatives convened by President Clinton in June, 1993.

COMMUNITY ROLE IN SUSTAINABLE DEVELOPMENT CHALLENGE GRANTS

The Sustainable Development Challenge Grant Program has been created to fulfill one aspect of the recommendations of the PCSD report: the integration of environmental protection and economic goals at the community level. This grant program is designed to challenge communities to use EPA funds to leverage significant private and public investments to develop and implement community-based environmental programs.

One key goal of the program is to enlist and engage the support of community members in the projects that are funded so that they will be self-sustaining after the initial receipt of the SDCG funds.

III. DEFINITIONS

Sustainable Development - Sustainable development means integrating environmental protection, and community and economic goals. **Sustainable development meets the needs of the present generation without compromising the ability of future generations to meet their own needs.** The sustainable development approach seeks to encourage broad-based community participation and public and private investment in decisions and activities that define a community's environmental and economic future.

Community: “Community” means people within a geographic area who, as groups and individuals, share common interests related to their homes and businesses, their personal and professional lives. A community can be one or more local governments, a neighborhood within a small or large city, a large metropolitan area, a small or large watershed, an airshed, tribal lands, ecosystems of various scales, or some other specific geographic area with which people identify.

Stakeholder involvement - broad spectrum, multi-sector involvement of affected and interested groups or individuals, using an inclusive process that will allow for the informed and engaged participation of diverse interests and perspectives which characterize sustainable development.

Seed funds - a small amount of money designed to provide a springboard for an activity and to leverage other funds and support; grant dollars intended to initiate, but not sustain, programs or projects.

Sustainable future - a vision of the community which takes in to account the long term wants and needs of present and future residents. An approach to community planning which provides an integrated method of achieving mutual gains across economic and environmental sectors. A method which supports integrating community concerns and improves decision-making at all levels. A way to establish economic vibrance with the consent, understanding and full participation of the community without compromising quality of life for human and non-human species.

FY - Federal Fiscal Year (e.g., October 1, 1996 - September 30, 1997)

In-Kind Contributions: In-kind contributions are non-cash contributions to a project. Volunteer services, and donated personnel and supplies may be used toward your match and be calculated as part of the leveraging ratio. Examples of in-kind contributions might be:

- Corporate personnel or services such as environmental analysis services, legal work, planning and architectural design, market research, etc.
- nonprofit personnel or services such as publication layout and production, survey work, etc.
- government services to provide demographic or GIS analysis, etc.
- donated supplies such as equipment, office space, office supplies, postage, etc.

These examples are meant to be illustrative only. In-kind contributions toward preparation of the project proposal and completion of the final application should not be counted as part of the match/leverage.

IV. ELIGIBLE APPLICANTS

Eligible applicants include: 1) Incorporated nonprofit (or not-for-profit) private agencies, institutions and organizations; and 2) public entities, agencies, institutions and organizations, including those of state and local governments, and federally-recognized tribes and regional entities. While state agencies are eligible they are encouraged to work in partnership with community groups to strengthen their proposals. Coalitions of eligible organizations may also apply, as long as one organization is clearly identified to be the project lead and designated recipient for funding purposes.

Applicants are not required to have a formal Internal Revenue Service (IRS) nonprofit designation, such as 501(c)(3) or 501(c)(4), however they should present their letter of

incorporation or other documentation demonstrating their nonprofit or not-for-profit status with their proposal. Applicants who do have an IRS 501(c)(4) designation are not eligible for grants if they engage in lobbying, no matter what the source of funding for the lobbying activity. (No recipient may use grant funds for lobbying.) Further, profit-makers are not eligible to receive subgrants from eligible recipients, although they may receive contracts, subject to EPA's regulations on procurement under assistance agreements, 40 Code of Federal Regulations (CFR) 30.40 (for non-governmental recipients) and 40 CFR 31.36 (for governments).

EPA requires that all nonprofit organizations receiving grants be incorporated. In order to reach out to communities unfamiliar with government procedures, EPA will accept grant applications from incorporated organizations acting as a sponsor or umbrella for community groups that would otherwise be ineligible to apply directly. The sponsoring organization must specifically identify the community group that will actively manage the project.

An organization may submit more than one proposal, provided that the proposals are for separate and distinct projects. No organization, however, may receive funding for more than one proposal each year.

Ineligible applicants include: individuals, for-profit businesses, nonprofit organizations engaged in lobbying, and federal government agencies.

Partnership: Although not eligible for this challenge grant, EPA encourages individuals and for-profit businesses, as well as other government organizations, to participate as partners with eligible applicants. The nature of building sustainable environments where people live requires the involvement of a wide range of stakeholders, and the level and breadth of commitment to the proposed project by public and private organizations in the community will be a factor in selecting projects.

Leverage: Participation of people representing diverse interests is needed to make decisions about development that will sustain future generations. EPA's challenge within these grants calls for eligible applicants to match the total project costs with a **minimum 20 percent match** (see "Funding and Match Requirements," below) during EPA funding. Within one to three years, the activities financed under this grant program should be operating without EPA funding. Therefore, involvement by other stakeholders in the form of funding, volunteer services, or other participation will play a vital role.

V. ELIGIBLE ACTIVITIES

Sustainability projects recognize and plan for the unique needs and environmental and economic characteristics of a community. EPA encourages creative sustainability strategies and new forms of cooperation. To help stimulate such creativity, the following examples of potential projects are provided. These examples are intended to be illustrative only and are *not* meant to limit proposals

in any way. Project proposals may take many forms. EPA welcomes the submission of alternative types of projects that address the selection criteria.

- ◆ Demonstrate environmental and economic benefits in a rural community through the development of community-based agricultural pollution prevention practices. Reduced use of fertilizers and pesticides by area farmers should result in economic benefits in lower drinking water treatment and monitoring costs, and reduced water treatment costs for local businesses. It is also expected to lower human exposure to agricultural chemicals and minimize adverse impacts to habitat with associated quality of life benefits.
- ◆ Demonstrate the design and establishment of an eco-industrial park. Enlist the participation of local officials, environmental groups, and business interests in designing and establishing an eco-industrial park that will attract industries that can use each other's wastes as raw materials, and that pioneer environmentally sound technologies, thereby promoting new and existing locally based companies that are "zero dischargers". The goal would be to reduce costs for the businesses involved for water treatment, waste incineration, and land filling. These improvements would be intended to have positive long-term water and air quality benefits.
- ◆ Demonstrate a cooperative effort among business interests, environmental groups, and government agencies to design and implement a plan for managing timber lands in such a way that they continue to provide jobs and bring money into the local economy, but also protect critical habitats and sensitive species. As part of the plan development, wildlife agencies and organizations commit to conducting or funding the scientific research needed. The project will also explore opportunities for using extracted timber in local manufacturing and finished goods.
- ◆ Demonstrate the interrelationship between federal environmental mandates and sound urban redevelopment as an alternative to suburban sprawl. The project will demonstrate the benefits of development that uses existing urban infrastructure close to the urban core and also protects drinking water sources, air quality, and wildlife habitat. By providing open spaces for natural sumps for the treatment of stormwater runoff, green spaces can be provided to increase aesthetic value and recreational opportunities. The project will increase residential spaces with good access to public transportation, and will assess improvements in air quality, as well as the impact on use of other infrastructure, sewers, sidewalks and roads. The project will assess the environmental quality benefits gained from urban redevelopment.

Statutory Authority: EPA expects to award Sustainable Development Challenge Grants program under the following eight grant authorities: Clean Air Act section 103(b)(3); Clean

Water Act section 104 (b)(3); Resource Conservation and Recovery Act section 8001; Toxics Substances Control Act section 10; Federal Insecticide, Fungicide, and Rodenticide Act section 20; Safe Drinking Water Act sections 1442(a) and (b); National Environmental Education Act, section 6; and Pollution Prevention Act, section 6605.

As a threshold determination, to be selected for funding, a project must consist of activities within the statutory terms of these EPA grant authorities. Most of the statutes authorize grants for the following activities: “research, investigations, experiments, training, demonstrations, surveys and studies.” These activities relate generally to the gathering or transferring of information or advancing the state of knowledge. Grant proposals should emphasize this “learning” concept, as opposed to “fixing” an environmental problem via a well-established method. For example, a proposal to plant some trees in an economically depressed area in order to prevent erosion would probably not fall within the statutory terms “research, studies” etc. nor would a proposal to start a routine recycling program.

On the other hand, the statutory term “demonstration” can encompass the first instance of the application of a pollution control technique, or an innovative application of a previously used method. Similarly, the application of established practices may qualify when they are part of a broader project which qualifies under the term “research.”

As a second threshold determination, in order to be funded, a project’s subject generally must be one that is specified in the statutes listed above. For most of the statutes, a project must address the causes, effects, extent, prevention, reduction, and elimination of air, water, or solid/hazardous waste pollution, or, in the case of grants under the Toxic Substances Control Act or the Federal Insecticide, Fungicide and Rodenticide Act, to “carrying out the purposes of the Act.” While the purpose of this program’s grants will include the other two aspects of sustainable development and economic prosperity, the overarching concern or principal focus must be on the statutory purpose of the applicable grant authority, in most cases “to control pollution.” Note that proposals relating to other topics which are sometimes included within the term “environment” such as recreation, conservation, restoration, protection of wildlife habitats, etc., should describe the relationship of these topics to the statutorily required purpose of pollution control.

Allowable Costs

Even though a proposal may involve an eligible applicant, eligible activity, and eligible purpose, grant funds cannot necessarily pay for all of the costs which the recipient might incur in the course of carrying out the project. Allowable costs are determined by reference to the EPA regulations cited below and to OMB Circulars A-122, “Cost Principles for Nonprofit Organizations”, A-21 “Cost Principles for Education Institutions” and A-87, “Cost Principles for State, Local, and Indian Tribal Governments.” Some examples of costs which are allowable include: accounting, advertising, advisory councils, audit service, bonding, budgeting, building lease management, central stores, communications, compensation, personal services, salaries, equipment, supplies,

training, rental of office space, etc., as long as these are “necessary and reasonable.” Examples of unallowable costs include: entertainment costs, interest and other financial costs, legislative expenses, bad debts, and contingencies. These are more explicitly defined in the above referenced circulars.

Applicable Grant Regulations

40 CFR Part 30 (for other than state/local governments e.g. nonprofit organizations) (recently revised, see 61 Fed. Reg. 6065 (Feb. 15, 1996)), and Part 31 (for state and local governments and Indian tribes).

VI. PROJECT REQUIREMENTS AND EVALUATION CRITERIA

(A) Match Requirement: The program requires a non-federal match of at least 20%. The match can include both cash and in-kind commitments from public and private sources. In kind services must be identified and a cost analysis for these services must be documented.

(B) Leverage criteria: While a minimum match of 20% is required, proposals that leverage a larger amount of community investment will score higher. As with match requirements, the leverage can include both cash and in-kind commitments from public and private sources. It is one objective of the program that monies identified as leveraged funds constitute new monies being committed to the project for which EPA funding is being sought. Written affirmation that new monies or services are being committed from the community partner should be attached with the proposal and will be taken into consideration in reviewing projects.

(C) Project Duration: Funded projects are expected to complete proposed activities in a period of one to three years.

(D) Project Viability after EPA Funding: Within one to three years (whatever the project duration), the activities financed with this grant or activities building on those funded by this grant should be operating without EPA funding. It is one objective of this program that this grant catalyze commitment by other stakeholders to the project and its objectives beyond the limited period for which funding is being sought.

(E) After establishing that the proposed project satisfies the parameters for eligible applicants, eligible activities, project duration, and the matching requirements, EPA will employ the criteria described in this section in evaluating project proposals. The relative weights that will be assigned to each criteria are identified below. Long-term project viability and the leveraging ratio will be factored into the evaluation.

PROJECT SELECTION CRITERIA: After determining that the proposed project meets the two statutory threshold determinations described above under **Statutory Authority**, EPA will employ the following criteria in evaluating project proposals. The criteria are weighted to reflect importance. Proposals should address each of the criteria.

(1) Sustainability: 40 points

- o How well does the proposal integrate environmental protection and economic prosperity?
- o Does the proposal define the community it will benefit, either by geographic or political boundaries? Does the proposal define how it relates to regional sustainability?
- o Does the proposal take a comprehensive multi-media approach (e.g. air, water, land) to assess environmental quality and set priorities for action?
- o Does the proposal use a proactive environmental approach, for example, pollution prevention or watershed protection?
- o Will the proposal result in sustainable economic development benefits, such as more appropriate, efficient use of resources so that jobs created will be sustained, or the amount of money retained in the local economy will be maximized?
- o Does the proposal represent new solutions for the community, given their previous history and current circumstances?

(2) Community Commitment and Contribution: 30 points

- o Do the partners fully represent those in the community who have an interest in or will be affected by the project?
- o Will the proposal's outcomes and results benefit all affected groups in the community?
- o Does the proposal describe effective methods for community involvement to assure that all affected by the project are provided an opportunity to participate?
- o Does the proposal describe the depth and breadth of the community's support (financial and in-kind) for the proposal? Does it provide evidence of long-term commitment to the proposal?

3) Measurable Results: 30 points

- o Does the proposal describe the specific environmental and economic benefits to be gained by the community? What non-sustainable behaviors will be addressed by the proposal?
- o Does the proposal include achievable short-term (within three years) and long-term targets or benchmarks to measure the proposal's contribution to the community's sustainability? (These may be quantitative and/or qualitative.)
- o Does the proposal set goals for the proactive environmental approaches it employs?
- o After seed funds from EPA are exhausted, does the proposal demonstrate how the work will continue, or how it will evolve into or generate other sustainability efforts, either locally or regionally?
- o Will the experiences gained during the project be transferable to other communities?

VII. PREPARING AND SUBMITTING A PROPOSAL

Formatting Your Proposal

- Proposals should include a **one page cover sheet** that summarizes: the amount of assistance requested from EPA; the various entities or organizations that will be partners in the project; and the project's anticipated results. The cover sheet should also include the applicant's name, address, and phone number. Explain the relationship of the proposal to the criteria for project selection described in Section VI .
- Proposals should be **no more than 10 pages in length**, and preferably double-sided (i.e., 5 pages, printed on both sides of the paper.)
- Use no smaller than 10-point type and one-inch margins.
- Using headings and short paragraphs will make your proposal easier to read.
- Proposal should preferably be submitted on recycled paper, without binders or plastic covers.

Proposal Organization and Content

EPA recommends that you follow the outline below when preparing your proposal. The exact length of each section will vary by project, but do not omit any of the sections. EPA will compare the information you provide in the application to the ranking criteria described in Section VI in order to evaluate your proposal.

1. Project Title: The name of the project.

2. Applicant Information: Contact name, organization, full mailing address, phone number, fax number, and e-mail address (if available).

3. Project Abstract: A basic description of your project (who, what, where, why, and how) in one or two paragraphs. Include the amount of your request, the amount and cost analysis of match/leverage provided, and the total project cost in your abstract.

4. Project Goals: A narrative describing what the project intends to accomplish and how it will address the basic purpose (see Section II) and selection criteria (see Section VI) of the Sustainable Development Challenge Grants Program.

5. Project Tasks: An outline of the steps you will take to meet the project goals described above. This section should show EPA that you have thought your project through and know what you want to do to achieve your goals. All projects must include the submission of a final project report to EPA.

6. Project Results: Describe how you will measure the results of your project. How will you demonstrate that your goals have been met and tasks completed? Results can be measured quantitatively and/or qualitatively.

Quantitative Results are results that are measured and shown with numbers. Examples could include the number of kilowatt hours of energy saved, the funds invested in community sustainability leveraged by the project, the percentage increase in the number of species present, the number of hours volunteered by community members, or improvement in the number of days air quality standards are achieved.

Qualitative Results are results that are best described in words instead of numbers. Examples could include the extent to which different segments of the population participated in the project, how the local economy has improved as a result of the project, the intrinsic improvements in the community's environment, or how the project resulted in the adoption of more sustainable private or public sector practices.

7. Project Match/Leverage: List the primary project partners, with contact names, organizational affiliations, and phone numbers. This section should include only the partners that

are providing in-kind or financial commitments of the project. A formal commitment statement from the project partners who are providing the proposed match or leverage should be attached to your proposal. Do not include individuals and organizations that endorse your project, but will not be providing in-kind or financial resources.

Match Requirement:

To calculate the 20% **minimum** match requirement:

Total project budget x .20 = **Minimum** required match

Example where total project budget = \$60,000:

$$\$60,000 \times .20 = \$12,000$$

The **minimum** public or private contribution to the project for which funding is requested is \$12,000.

Leverage Ratio:

To calculate the leverage ratio:

$$\frac{\text{Total public and private commitments to the project}}{\text{EPA SDCG Grant funds requested}}$$

Example where EPA funds being sought are \$10,000 and public and private commitments are \$90,000:

$$\$90,000 / \$10,000 = 9$$

Schedule: Show when you expect to complete significant steps and milestones in your project. Use October 1, 1996 as the starting date of the project (the exact date can be negotiated with EPA if your project is selected.)

Funding Categories: Applicants may compete for funding in either of two categories for FY 96: 1) \$50,000 or less, and 2) between \$50,001 and \$100,000. Proposals will be compared to other proposals within their same funding category (i.e., a \$50,000 proposal will *not* compete against a proposal for \$100,000).

Duration: Funded projects are expected to be structured to complete proposed activities in a period of one to three years.

Match Requirement: This program is intended to provide money for significant public and private sector investment in sustainability activities. As a result, the program requires a non-

federal match of **at least 20%** of the total project budget. In other words, EPA funds can be used for no more than 80% of the total cost of the project. The match can come from a variety of public and private sources and can include in-kind services. In-kind services must be identified with a cost analysis provided.

Although a minimum match of 20% is required, your proposal will score higher if a larger amount of investment is leveraged. Please refer to Section VI(B) and Criteria #2 for more information.

VIII. PROCESS FOR AWARD OF GRANTS

Selection Process: A national review committee consisting of EPA headquarters and regional office representatives will rank all of the proposals based upon the selection criteria (listed in Section VI). Recommendations for funding will be made to senior EPA management.

Final Project Agreements: The selected applicants will be invited to work with EPA regional office contacts (listed in Section IX) to develop a Final Project Grant Agreement. Only the signing of a Final Project Grant Agreement between the applicant and the Regional Project Officer will constitute the acceptance of a project. EPA is also bound by 40 CFR Part 29 to conduct an intergovernmental review of grants to be awarded. This means that states will be contacted to review a grant that will be awarded in that state.

IX. EPA CONTACTS

For further information contact your EPA Regional Office listed below.

Regional Offices

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Paperwork Reduction Act

The information collection provisions in this Notice, for solicitation of proposals, have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act, 44 U.S.C. 3501 et seq. (ICR No. 1755.01 and OMB Approval No. 2010-0026). The approved Information Collection Request (ICR No. 1755.01) is in effect and will cover all burdens associated with Sustainable Development Challenge Grants. Copies of the ICRs (ICR Nos. 1755.01 and 1755.02) may be obtained from the Information Policy Branch, EPA, 401 M Street, S.W. (Mail Code 2136), Washington, DC 20460 or by calling (202) 260-2740.