

(Revisions of Aug. 6 in *italics* are on pp 15, 20, and 21)

July 29, 2002

Request for Applications from Large Privately-Owned Community Drinking Water Utilities

Grants for

- Vulnerability Assessments,
- Emergency Response Plans, and
- Security Enhancement Planning/Design

TITLE

The Environmental Protection Agency (EPA) gives notice of this Request for Applications (RFA) for Federal Grants for Vulnerability Assessments, Emergency Response Plans, and Security Enhancement Planning and Design at Large Privately-Owned Community Drinking Water Utilities.

IMPORTANT NOTE—

***** With respect to all items you provide in this grant application, do not provide specific discussion of any known or probable vulnerabilities at your facility or within your system. Do not provide any information in this application that would enable a hostile reader to gain knowledge that may be used to attack or damage your Utility.**

****UPDATES TO THIS RFA****

PLEASE PERIODICALLY REFER TO THE EPA WEBSITE CONTAINING THIS RFA FOR POSTINGS OF SUPPLEMENTAL INFORMATION RELEVANT TO APPLYING FOR THESE GRANTS.

SUMMARY AND PURPOSE OF THIS GRANT PROGRAM

Presidential Decision Directive (PDD) 63 issued on May 22, 1998, calls for “...vulnerability assessments...for each sector of the economy and each sector of the government that might be a target of infrastructure attack intended to significantly damage the United States...”, and “...within both the government and the private sector to sensitize people to the importance of security and to train them in security

standards...” Under PDD 63, EPA was designated the lead Federal agency to assess and address vulnerabilities of the Nation’s water supply infrastructure. Likewise, the Office of Management and Budget directed EPA to work with water Utilities to “undertake measures to safeguard water supplies from terrorist and seditious acts.”

In addition, Section 1433 was added to the Safe Drinking Water Act (SDWA) via Title IV of “The Public Health Security and Bioterrorism Preparedness and Response Act of 2002” (Public Law 107-188) signed on June 12, 2002. Section 1433(a) lays out requirements for community water systems including paragraph (1), which states that each community water system serving a population of greater than 3,300 persons must conduct an assessment of the vulnerability of its system to a terrorist attack or other intentional acts designed to disrupt the supply of safe drinking water. Paragraph (2) states that each community water system must certify to EPA that the system has conducted an assessment complying with paragraph (1) and submit to EPA a written copy of the assessment. In the case of systems serving a population of 100,000 or more, this certification and submission are to be made by March 31, 2003. Further, Section 1433(b) states that community water systems serving a population greater than 3,300 people are to put into place an Emergency Response Plan within 6 months after the Vulnerability Assessment is complete and to certify to EPA that the Plan has been completed.

Following the events of September 11, EPA received a supplemental appropriation to improve the safety and security of the Nation’s water supply. The funding is intended to reduce the vulnerability of community water systems to terrorist attacks and to enhance their security and ability to respond to emergency situations. In support of that goal, this grant program funds the following activities at the Nation’s largest privately-owned community water systems:

- o Development of a Vulnerability Assessment. This is the highest priority activity under this grant program, since it is the first step in understanding where your water system can be damaged by a terrorist attack.
- o Development of an Emergency Response Plan.
- o Plan and Design Security Enhancements.

EPA is soliciting grant applications from privately-owned community water systems, referred to as “Utilities” in this RFA, that serve 100,000 or more people on a regular basis and that are interested in applying for Federal grants to fund a Vulnerability Assessment. If your Utility already has a Vulnerability Assessment, your Utility may apply for funding for either or both of the other two work areas. EPA will award grants to all eligible Utilities. Each award will be up to \$115,000 to be used for the three allowable activities cited above; no cost-share is required.

STATUTORY AUTHORITY

Section 1433, added to the Safe Drinking Water Act via Title IV, “Drinking Water Security and Safety,” of “The Public Health Security and Bioterrorism Preparedness and

Response Act of 2002" (P.L. 107-188).

REGULATORY AUTHORITY

40 CFR Part 30, Uniform administrative requirements for grants and agreements with institutions of higher education, hospitals, and other non-profit organizations:
http://www.access.gpo.gov/nara/cfr/waisidx_01/40cfr30_01.html

(Note: 40 CFR Part 30 can also be applied to commercial organizations despite its title.)

ELIGIBILITY FOR THIS GRANT PROGRAM

Large privately-owned community water systems—those serving 100,000 or more people on a regular basis—are eligible to apply for this funding. Both non-profit and for-profit utilities may apply. If companies that own more than one Utility plan to apply for grants under this RFA, then they must submit a separate application for each Utility that serves 100,000 or more.

DEFINITIONS OF TERMS USED IN THIS GRANT PROGRAM:

For purposes of this grant program solicitation, we provide the following definitions:

– Vulnerability Assessment (V/A). The definition of a satisfactory V/A and its components are discussed in detail below, under “What constitutes an acceptable Vulnerability Assessment for the purposes of determining appropriate work the Utility will perform under this grant program?”

– Emergency Response Plan (ERP) is a guide for privately-owned community water utilities upon which actions and decisions can be based to govern the immediate response to an emergency, including how a Utility will remedy the problems caused by the emergency and recover from it. The intent of the ERP is to identify certain responsibilities delegated to various teams and employees, present details of the notification procedures, and describe alternate measures and response actions. The ERP is not intended to be inclusive for each situation or problem that arises, and it should be updated periodically for continued relevance and viability. It should also comply with applicable state and local ordinances and requirements.

– Security Enhancement Planning and Design relates to the procedures and counter-measures to address deficiencies identified in the Vulnerability Assessment. Activities eligible for support include engineering analysis, management planning, and other planning and design of:

- o Upgrades to detection, delay, and response systems;
- o Upgrades to Utility equipment and operations, e.g., building in redundancy, minimizing hazards, and improving treatment capabilities;
- o Additions and upgrades of security devices.

APPLICATION DUE DATES

EPA will consider all grant applications received by 4:00 p.m. Eastern Time, August 30, 2002, equating to 30 days' time from today, the date EPA is sending notification of this RFA to eligible Utilities. Proposals received after the due date may be funded, subject to continued availability of funds for this program.

Utilities ARE STRONGLY ENCOURAGED to apply for this program as soon as possible. This program is non-competitive, and all eligible Utilities that submit complete applications and satisfactory work plans as specified in this RFA will be considered for grant awards as quickly as possible. Utilities that submit applications early in the process may receive grant awards more quickly.

CONTACT FOR FURTHER INFORMATION

For further information, call the appropriate EPA Regional informational contact listed near the end of this RFA under **WHERE TO APPLY** or the EPA Drinking Water Hotline number at 1-800-426-4791. Please tell the Hotline operator that you are calling with a question about the "Grants Program to Privately-Owned Utilities for Vulnerability Assessments."

ELIGIBLE WORK ACTIVITIES

What activities will the Agency fund under this grant program?

The following activities are eligible for funding under this grant program:

1. Vulnerability Assessment (V/A). Your Utility may apply for funding to develop or complete a Vulnerability Assessment (V/A) as defined below. If your Utility has a satisfactory V/A, skip to Item 2, below. If your Utility has not completed a satisfactory V/A, or has a partially completed V/A, your Utility may apply for funding to develop and/or complete a V/A that meets the definition of a satisfactory V/A. Your Utility must use these grant funds to complete its V/A before proceeding with the next two work areas, below.

Your Utility may also expend a reasonable amount of these grant funds to train Utility staff in the performance of a V/A.

2. Emergency Response Plan (ERP). If your Utility already has a satisfactory V/A, or will complete a satisfactory V/A with funds received under item 1, above, your Utility should develop an ERP, as defined above in the Definitions of Terms. Your Utility may also apply for funding to amend or update its ERP to meet new requirements or security threats.

Your Utility may also expend a reasonable amount of these grant funds to train Utility staff in the development of an ERP.

3. Plans for and Designs of Security Enhancements. If your Utility has completed a satisfactory V/A, your Utility may apply for funding to plan and design security improvements that were identified in the V/A and/or were an outgrowth of the ERP. The funding MUST ONLY be applied to security enhancement planning/design and must NOT be used to fund construction or other physical improvements.

Your Utility may also expend a reasonable amount of these grant funds to train Utility staff in the development and design of appropriate security enhancements.

The total available grant funding offered under this Request for Applications may be used for the above work areas. If your Utility requires less than this amount to complete these three work areas, your Utility must apply for that reduced amount.

What constitutes a satisfactory Vulnerability Assessment for the purposes of determining appropriate work the Utility will perform under this grant program?

The Agency realizes that a V/A for a large privately-owned community drinking water utility is a technically complex undertaking. A V/A must be prepared taking into account that particular Utility's unique siting, water source, treatment methods, equipment, and other factors. EPA realizes that security and safety evaluations can and must change over time, based on knowledge of new threats, new available technologies to enhance security, and new regulations (local, state, or Federal) that may apply. Given these complexities and nuances, we offer the following definition of what the Agency will consider to be a "satisfactory" V/A, for the purposes of participation in this grant program.

The following components of a satisfactory V/A are intended to define a minimal requirement for a V/A that would assess and identify the most prudent measures and improvements to be undertaken by a Utility to provide a reasonable level of security and safety for continued uninterrupted operation as a water provider. The final responsibility for ensuring that your Utility has an adequate degree of security rests with your Utility.

A Satisfactory V/A is comprised of the following eight major elements and processes. A V/A is a systematic analysis used to determine the malevolent risks posed to the operations of water supply, treatment, and distribution systems. A satisfactory V/A is a thorough and systematic evaluation of the privately-owned community water utility system, characterized by the following elements:

1. Determination of water system objectives by:
 - o Identifying the important missions/functions of the system to be assessed,
 - o Identifying the undesirable consequences that could affect the

- missions/functions,
 - o Determining the assets that need to be protected to minimize the impacts of the undesirable events/consequences,
 - o Determining the malevolent acts that could reasonably cause these events/consequences.
2. Prioritization of adverse events/consequences affecting the water system and the surrounding community including:
 - o Loss of critical function and/or major service disruption,
 - o Intentional attack on public safety via water Utility assets, contamination of the water supply, and chemical releases or chemical theft.
 3. Definition of how the malevolent acts might be conducted, such as:
 - o Physical damage,
 - o Chemical, biological, and radiological contamination,
 - o Cyber attacks on the Supervisory Control and Data Acquisition (SCADA) or other process control systems,
 - o Interdependency disruptions (e.g., electrical, transportation, etc.)
 4. Assessment of the likelihood (qualitative probability) of such malevolent acts from defined threat sources (e.g. terrorist, insider, determined vandal, casual vandal, etc.)
 5. Systematic site characterization of the water system to include the collection of performance data on:
 - o Important facilities, processes, and assets,
 - o Physical protection system features of deterrence, detection, delay, and response,
 - o Cyber protection system features,
 - o Security policies and procedures and compliance with same.
 6. The approach to the V/A is “performance-based,” meaning that it evaluates the risk to the water system based on the effectiveness of the security system against the specific malevolent acts determined in the initial step.
 7. The V/A determines the most critical assets (targets) in a water system, details their interrelationships within other assets in the system, identifies the consequences of malevolent acts that could be directed against them, and evaluates the effectiveness of both existing and proposed protection systems.
 8. The V/A identifies a system’s vulnerabilities and provides a prioritized plan for security upgrades, modifications of operational procedures, and/or policy changes to mitigate identified risks to critical assets. The V/A also provides a basis for comparing the cost of protection against the risks posed.

The overall goal of the V/A is to develop recommendations that lead to a cost-effective, balanced security protection system with regard to the malevolent acts identified. Note that SDWA 1433(a)(1) states that "...The vulnerability assessment shall include, but not be limited to, a review of pipes and constructed conveyances, physical barriers, water collection, pretreatment, treatment, storage and distribution facilities, electronic, computer or other automated systems which are utilized by the community water system, the use, storage, or handling of various chemicals, and the operation and maintenance of such system..."

ASSEMBLING THE APPLICATION FOR THESE GRANTS

These instructions have been modified for this program only and do not apply to other Federal programs. To apply, you must **SUBMIT ALL OF THE FOLLOWING DOCUMENTS**, which will constitute a complete grant application. Each of the blank forms can be downloaded from this web site:

<http://www.epa.gov/ogd/AppKit/application.htm>

If any of the required forms are not submitted, EPA will contact you. Please make every effort to submit a complete application to avoid delays in processing your application. **NOTE:** Do NOT submit the application in any type of binder.

In addition, some of the Regions have web sites with grant application forms that can be filled in while viewing them online, then printed. One such site for grant application forms may be used by anyone and can be found at www.epa.gov/region03/grants/index.htm

After accessing the site, click on "application forms" at the left. Note that you need to have the full Adobe Acrobat software package on your local computer in order to retrieve any forms you save to your computer. If you have downloaded only a copy of Acrobat Reader, you will be unable to save your input when you save the form.

A. SF 424 APPLICATION FOR FEDERAL ASSISTANCE

The SF 424 is a standard Federal form to be used by applicants as a required cover sheet for this grant program. Please fill in the numbered blanks on the SF 424 with the following information:

1. Check the box marked "Non-Construction" under "Application."
2. Date application submitted to EPA and applicant's control number (if applicable to you).
3. Leave blank.

4. If your Utility is currently funded for a related project, enter present Federal identifier number. If not, leave blank.
5. Legal name of your Utility's organization, name of primary organizational unit which will undertake the grant activity, complete address of the applicant organization (including county), and name, telephone, FAX number, and email address of the person to contact on technical and administrative matters related to this application. The person named here need not be the same person named as the Authorized Representative on line 18.
6. Enter Employer Identification Number (EIN) as assigned by the Internal Revenue Service. You can obtain this number from your payroll office. It is the same Federal Identification Number which appears on W-2 forms.
7. Enter the appropriate letter in the space provided.
8. Check "New"
9. Enter "U.S. Environmental Protection Agency"
10. Enter "66.477"
11. Enter "Privately-Owned Water Utility Security Grant Program"
12. List only the largest areas affected by the project (e.g., State, counties, cities).
13. Enter the project period begin and end dates.
14. In (a) list the Number of the Congressional District (i.e., 2nd Congressional District) where the Utility's organization is located; and in (b) any District(s) affected by the program or project. If your Utility's project covers work in several locations, several Congressional Districts will be listed. If you are not sure about the Congressional District, call the County Voter Registration Department.
15. Amount requested or to be contributed during the funding/budget period by each contributor:
Line (a) is for the amount of money your Utility is requesting from EPA.
Lines (b-e) are for the amounts either your Utility or another organization is providing for this project. This is optional under this grant program. No cost-share is required, but if your Utility expects to use its own or other funding to complete allowed activities, it should be listed here. Note that cost-share funding must adhere to all federal grant requirements if a grant is awarded.
Line (f) is not applicable for this project
16. Circle "(YES)" EPA will manage this review. YOU DO NOT NEED TO

FORWARD A COPY OF YOUR APPLICATION TO THE STATE POINT-OF-CONTACT UNDER THIS PROGRAM. Leave the “date” line blank.

17. This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of debt include delinquent audit disallowances, loans and taxes.

18. The authorized representative is the person who is able to contract or obligate your Utility to the terms and conditions of the grant. A copy of the authorization that allows you to sign this application as official representative must be on file in the applicant’s office.

(BE SURE TO SIGN THIS AND ALL OTHER FORMS where a signature is required, preferably with **BLUE ink** so that originals are easy to recognize.)

B. SF 424 A, BUDGET INFORMATION–NONCONSTRUCTION PROGRAMS

This is a standard Federal form used by applicants for their basic budget. These instructions **have been modified** for this grant program only and do not apply to other Federal programs.

(DO NOT fill in Sections A, C, D, E, or F of SF 424A.)

Complete Section B - Budget Categories - Columns (1), (2) and (5).

Fill in the total requirements for funds by object class categories. Please round figures to the nearest dollar.

All applications should contain a breakdown by the relevant object class categories shown in Lines (a-h): columns (1), (2), and (5) of Section B. Some lines may not apply to your application, and no figure need be entered in that case.

- Include Federal funds in column (1)

- Include non-Federal funds in Column 2. **IMPORTANT NOTE ABOUT NON-FEDERAL FUNDS:** If your Utility elects to reflect non-Federal funds (otherwise known as a “cost-share”) in this application, the amount should be included in the budget in column 2 of this form. Note that if your Utility includes the cost-share in the budget, your Utility is obligated to expend the funds as shown. Since a cost-share is not required under this grant program, it need not be listed, and your Utility will not be obligated to expend those funds.

If your Utility does not elect to include its cost-share on the budget, make no entry in column 2.

- Put the totals in column (5).

Line 6(i) - Show the totals of lines 6(a) through 6(h) in each column.

Line 6(j) - Show the amount of indirect costs, if any. If your Utility does not already have an approved Indirect Cost Rate, you are required to provide appropriate documentation to support your indirect costs.

Line 6(k) - Enter the total of amounts of Lines 6(i) and 6(j).

Line 7 - Program Income - Enter \$0

C. SF 424 B, ASSURANCES--NON-CONSTRUCTION PROGRAMS

D. SF LLL, DISCLOSURE OF LOBBYING ACTIVITIES (as revised in 1996), IF APPLICABLE. Review the Certification Regarding Lobbying, cited below, to determine whether or not you need to complete the SF LLL.

E. CERTIFICATION REGARDING LOBBYING

F. FORM 5700-49, CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS

G. EPA FORM 4700-4, PREAWARD COMPLIANCE REVIEW REPORT

H. NARRATIVE STATEMENT (WORK PLAN) (This item -- and those that follow thru J -- is not a form found on the above-noted web site.)

Applicants must develop a work plan following the information below:

Please discuss the following in your work plan, preferably in the order listed below to expedite EPA review and lessen chances of reviewers needing to contact you for more information. **THE NARRATIVE IS LIMITED TO SEVEN TOTAL PAGES FOR ALL ELEMENTS NAMED BELOW; USE CONVENTIONAL BUSINESS-TYPEFACE (e.g., COURIER, TIMES NEW ROMAN), SINGLE-SIDED, SINGLE-SPACED TEXT, 12-POINT FONT MINIMUM:**

1. Work area(s) that will be performed under this grant (state all that apply):
 - A. Vulnerability Assessment (V/A)
 - B. Emergency Response Plan
 - C. Security Enhancement Planning and Design

In this section you may list as many work areas as you want to accomplish, but remember that the funds EPA will provide are limited, as stated earlier. If work costs will exceed the amount EPA provides, your Utility must provide the difference.

2. Technical Point of Contact (name, title, address, office phone number, fax phone number, Email address). This person should be capable of addressing EPA's requests for additional pre-proposal information, if

required. You should also provide an additional contact in case the primary contact is not available.

3. Amount your Utility will add to the EPA amount to complete the proposed work (cost-share). EPA does not require a cost-share for this assistance program. We encourage all Utilities to perform as much work as possible to at least complete the Vulnerability Assessment by supplementing EPA's funds with those from your Utility.
4. Description of your Utility's water service.

To be eligible for grants under this program, your Utility must be a privately-owned community water system that serves 100,000 or more people on a regular basis. In support of this requirement, provide the following information:

- a. Public Water System Identification Number (PWS ID);
- b. Number of water treatment facilities within your system;
- c. Annual Average Daily Flow in million gallons/day for your system (total including your retail and wholesale customers);
- d. Number of service connections and the geographic area where these connections are located;
- e. Average number of people served per connection;
- f. Total number of people regularly served by your system (if you include the number of persons served by another Utility that purchases your water on a regular basis, also include that Utility's PWS ID and the population served by those PWS IDs).
- g. Other narrative, as appropriate, that supports the assertion that your Utility serves 100,000 or more people on a regular basis.

5. Project Description–

*****NOTE***: FOR ALL ITEMS YOU PROVIDE IN THE PROJECT DESCRIPTION, OR ANYWHERE ELSE IN THIS GRANT APPLICATION, DO NOT PROVIDE SPECIFIC DISCUSSION OF ANY KNOWN OR PROBABLE VULNERABILITIES AT YOUR FACILITY OR WITHIN YOUR SYSTEM! DO NOT PROVIDE ANY INFORMATION IN THIS APPLICATION THAT MAY BE USED BY A HOSTILE READER TO ATTACK OR DAMAGE YOUR UTILITY. *****

Items to include in the Project Description:

Develop a Vulnerability Assessment If your Utility proposes to develop a V/A under this grant program, describe the steps it will take to develop the V/A, including the following items:

-- Technical discussion of V/A development. Include, at a minimum, the technical approach to be used and the methodology (e.g., model developed by Sandia National Lab, or other known authority on Vulnerability Assessments) upon which the V/A will be based. This section must demonstrate that the V/A will conform to the definition of a satisfactory V/A stated above. You should address each of the eight major elements of the V/A separately.

-- Qualifications the persons/company possess that demonstrate their capability to perform a V/A. Acceptable qualifications include proof of training in performing Vulnerability Assessments. Examples of suitable training courses include the training provided by Sandia National Labs, or companies trained by Sandia and licensed by them. Your Utility may also contract with entities that possess the technical qualifications to carry out all of the elements of a satisfactory V/A as defined earlier in this RFA.

Complete a Vulnerability Assessment If your Utility proposes to complete under this grant program a V/A that is already in progress, describe what your Utility will do to bring it up to the definition of a satisfactory V/A as presented earlier in this RFA.

Assertion that Your Utility Has a Completed V/A If you assert that your Utility has an acceptable V/A in place, you must describe how and why your Utility's V/A meets the definition of a satisfactory V/A presented earlier in this RFA. You must also describe the process it used to develop the V/A including the methodology applied.

Develop an Emergency Response Plan and/or Plan and Design Security Enhancements You should describe your Utility's plans to develop its Emergency Response Plan and/or its plans and designs to improve plant security.

IF YOUR UTILITY HAS A SATISFACTORY V/A, AN ERP, AND HAS COMPLETED PLANS/DESIGNS FOR SECURITY ENHANCEMENT, YOUR UTILITY SHOULD NOT BE APPLYING FOR THIS GRANT FUNDING.

6. Within 6 months of grant award, or by March 31, 2003 (whichever is earlier), your Utility must complete the V/A, subject to the grant Terms and Conditions. In addition, by March 31, 2003, your Utility must **also certify to EPA that your Utility has conducted a V/A that complies with SDWA 1433 (a)(1) and also submit a copy of the V/A to EPA.**

However, **Utilities need to wait for additional directions from EPA before submitting a copy of the V/A to EPA.** Note: SDWA 1433

requires EPA to develop by November 30, 2002, protocols to protect copies of the Vulnerability Assessments from unauthorized disclosure. If your Utility is awarded a grant under this program, EPA will contact you with instructions on how to submit a copy of your V/A.

If your Utility proposes to perform work other than a V/A, the schedule for completion of these other work areas should be described in this section of the work plan.

7. If applying for funding to prepare a combination of a V/A, an Emergency Response Plan (ERP), and/or security enhancements, you need to list the amount proposed to be spent on each of these work areas.

Note: SDWA 1433(b) requires your Utility to “...prepare or revise, where necessary, an emergency response plan that incorporates the results of vulnerability assessments that have been completed. Each such community water system shall certify to the Administrator, as soon as reasonably possible after the enactment of this section, but not later than 6 months after the completion of the vulnerability assessment under subsection (a), that the system has completed such a plan. The emergency response plan shall include, but not be limited to, plans, procedures, and identification of equipment that can be implemented or utilized in the event of a terrorist or other intentional attack on your system. The emergency response plan shall also include actions, procedures, and identification of equipment which can obviate or significantly lessen the impact of terrorist attacks or other intentional actions on the public health and the safety and supply of drinking water provided to communities and individuals. Community water systems shall, to the extent possible, coordinate with existing Local Emergency Planning Committees established under the Emergency Planning and Community Right-to-Know Act (42 U.S.C. 11001, et seq.) when preparing or revising an emergency response plan under this subsection.”

Note that Utilities are allowed to use a reasonable amount of this grant funding for the purpose of attending training in the performance of the three work areas.

8. All work under this grant program should be complete by December 31, 2003. The Vulnerability Assessment itself must be completed within 6 months of the grant award date or by March 31, 2003, **whichever is earlier**. The certification of V/A completion and a copy of the V/A must be submitted to EPA by March 31, 2003. **Do NOT, however, send a copy of the completed V/A until EPA provides additional information and directions on how to submit it.** In addition, the Emergency Response

Plan must be completed within 6 months of completion of the Vulnerability Assessment. You must certify to EPA by September 30, 2003, that your Utility has completed the ERP.

I. DETAILED ITEMIZED BUDGET

The application must also contain a detailed budget description, and should conform to the following:

Personnel: List all participants in the project by position title. Give the percentage of the budget period for which they will be fully employed on the project (e.g., half-time for half of a 6-month budget period equals 25%, full-time for half the budget period equals 50%, etc.). Give the annual salary and the total cost over the budget period for all personnel listed. Record the total also on Form 424A, Section B, Line 6a.

Fringe Benefits: Identify the percentage used, the basis for this computation, and the types of benefits included. Record also on Form 424A, Section B, line 6b

Travel: If travel is budgeted, show number of trips, destinations, and purpose of travel as well as costs. Record also on Form 424A, Section B, line 6c

Equipment: Identify each item to be purchased which has an estimated acquisition cost of \$5,000 or more per unit and a useful life of more than one year. Items with a unit cost of less than \$5,000 are deemed to be supplies. **REMEMBER THAT THESE GRANT FUNDS CANNOT BE USED TO FUND PHYSICAL PLANT IMPROVEMENTS OR CONSTRUCTION. ALLOWABLE EQUIPMENT INCLUDES ONLY THOSE ITEMS NEEDED TO COMPLETE A V/A, ERP, OR SECURITY PLANS/DESIGNS.** Examples of allowable equipment include, but are not limited to, equipment needed to process information concerning current plant conditions, and diagnostic software for SCADA systems. Record also on Form 424A, Section B, Line 6d.

Supplies: "Supplies" means all tangible personal property other than "equipment." The budget detail should identify categories of supplies to be procured (e.g., laboratory supplies or office supplies). Record also on Form 424A, Section B, line 6e.

Contracts: Identify each proposed contract and specify its purpose and estimated cost. Consultants, also, should be itemized here. As you consider your Utility's contractual needs, you may want to look at the Agency's procurement requirements under grants.

Please go to <http://www.epa.gov/epahome/cfr40.htm> . At that site, click on "Chapter 1," "Subchapter B", and "Part 30".

For your information, the maximum rate that EPA can reimburse for costs for individual consultants is based on the maximum daily rate for a Level IV of the Executive Schedule, which is currently \$498.32 per day (excluding overhead). The portion of consultant costs above this rate must be paid by your Utility. Record the total Contracts cost on Form 424A, Section B, line 6f.

Construction: Construction costs are not allowable for this program.

Other: List each item in sufficient detail for EPA to determine the reasonableness and allowability of its cost. NOTE: The Utility may use a reasonable portion of this grant funding to pay for training in the performance of a V/A, ERP, and Security Enhancement Planning/Design.

Indirect Costs: Your Utility is not required to charge indirect costs. If indirect charges are budgeted, indicate the approved rate and base. Please indicate how indirect charges were calculated for this project, and attach a copy of your current Utility's indirect cost rate agreement (next document noted below). If your Utility does not already have an approved Indirect Cost Rate, EPA will require your Utility to provide appropriate documentation to support indirect costs. Record total Indirect costs also on Standard Form 424A, Section B, Line 6j.

Note on Allowable Costs for this grant program: *The cost principles for awards under this program will be found in OMB Circular A-122 for nonprofit recipients and in the Federal Acquisition Regulations (FAR) for profit makers. The related information may be viewed on these web sites:*

OMB Circular A-122: <http://www.whitehouse.gov/omb/circulars/a122/a122.html>

Federal Acquisition Regulations: <http://www.arnet.gov/far/loadmainre.html>

EPA provides guidelines as well as a general example of a completed budget at <http://www.epa.gov/ogd/AppKit/budget%20sample.pdf>

When a grant is awarded, the agreement mailed out will include a document giving payment information.

J. COPY OF NEGOTIATED INDIRECT COST RATE AGREEMENT OR PROPOSAL IF AVAILABLE (ONLY REQUIRED IF THE RECIPIENT IS CHARGING INDIRECT COSTS)

K. DOCUMENTATION DEMONSTRATING THE QUALIFICATIONS OF THE PERSONS OR COMPANY TO COMPLETE THE PROJECT

Discuss the qualifications of persons (contractor, consultant, Utility in-house staff) who will perform the work, particularly in regard to the V/A, which is the most critical part of this grant program.

L. KEY CONTACT INFORMATION

Please include the full name, title, address, phone number, and email address of the following individuals responsible for the grant:

- o Authorized Representative - Original awards and amendments will be sent

to this individual for review and acceptance, unless otherwise indicated.

- o Payee - Individual authorized to accept payments.
- o Administrative Contact - individual to contact concerning administrative matters, i.e., indirect cost rate computation, rebudgeting requests, etc.

EPA will evaluate all proposals and make a reasonable effort to work with eligible Utilities to improve a deficient proposal so that it can be approved. Official notification of the actual grant award will be made to the Utilities by EPA's Grants Administration Division in accordance with standard Agency practices.

PREAWARD COSTS

Because of the Agency's desire to improve water Utility security as soon as possible, grant applicants will be permitted to charge costs incurred up to 90 days before the grant award for the three work activities comprising this grant program. Also, Utilities may use a reasonable portion of the grant funding to procure training to perform the work. Applicants must note that preaward costs are incurred at the risk of the applicant. If a grant is not awarded, for whatever reason, the Government is not liable for such costs.

WHERE TO APPLY

Utilities applying for these grants are to send complete applications to the following addresses and parties under BOTH 1. and 2. below. **NOTE:** Do NOT submit the application in any type of binder.

Since postal mail delays are to be expected that could inordinately delay EPA's receipt of applications, we require that applicants **use an express mail or courier service to transmit applications to these addresses.**

1. **Deliver signed original AND one copy to:**
US Environmental Protection Agency (4601M)
Attention: Private Water Utility Security Grant Program
Room 2104A EPA East Building
1201 Constitution Ave, NW
Washington, DC 20004
Phone: (202) 564-3750
2. **Also, deliver one copy to** the appropriate EPA Regional office program contact at the address noted below, depending on the state where your Utility is located.

EPA Region I -- CT, ME, MA, NH, RI, VT

Kevin Reilly (CMA)
Drinking Water Program
US EPA Region 1
One Congress Street
Boston, MA 02114-2023.

617-918-1694
E-Mail: reilly.kevin@epa.gov

EPA Region II -- NJ, NY, PR, VI

Gerard McKenna
Drinking Water Section
US EPA Region 2
24th Floor
290 Broadway
New York, NY 10007

212-637-3838
mckenna.gerard@epa.gov

EPA Region III -- DC, DE, MD, PA, VA, WV

Patti Kay Wisniewski
Drinking Water Branch (3WP22)
US EPA, Region 3
1650 Arch Street
Philadelphia, PA 19103-2029

215-814-5668
E-mail: wisniewski.patti-kay@epa.gov

EPA Region IV -- AL, FL, GA, KY, MS, NC, SC, TN

Dale Froneberger
Drinking Water Section
US EPA Region 4
61 Forsyth Street, SW
Atlanta, GA 30303

404-562-9446
E-Mail: froneberger.dale@epa.gov

EPA Region V -- IL, IN, MI, MN, OH, WI

Nicholas Damato (WG-15J)
Ground Water/Drinking Water Branch
US EPA Region 5
77 West Jackson Blvd.
Chicago, Illinois 60604

312-886-0190
E-mail: damato.nicholas@epa.gov

Region VI -- AR, LA, NM, OK, TX

Joan Brown
Chief, Assistance Programs Branch (6WQA)
US EPA Region 6
Suite 1200
1445 Ross Ave.
Dallas, TX 75202-2773

214-665-7110
E-mail: brown.joan@epa.gov

Region VII -- IA, KS, MO, NE

Ralph Flournoy
US EPA Region 7
Drinking Water/Groundwater Branch
901 N. 5th St
Kansas City, KS 66101

913-551-7374
E-mail: flournoy.ralph@epa.gov

Region VIII -- CO, MT, ND, SD, UT, WY

Marty Swickard
US EPA Region 8 (Mail Code P-W-MS)
999 18th Street
Suite 500
Denver, CO 80202-2466

303-312-7021
E-Mail: swickard.marty@epa.gov

Region IX -- AZ, CA, HI, NV

Corine Li
Drinking Water Office (WTR-6)
US EPA Region 9
75 Hawthorne Street
San Francisco, CA 94105

415-972-3560
E-Mail: Li.corine@epa.gov

Region X -- AK, ID, OR, WA

Gene Taylor
Drinking Water Unit (OW-136)
US EPA Region 10
1200 6th Ave.
Seattle, WA 98101

206- 553-1389
E-mail: taylor.genem@epa.gov

ADMINISTRATIVE TERMS AND CONDITIONS TO BE APPLIED TO THESE GRANTS

1. In accordance with Section 2(d) of the Prompt Payment Act (P.L. 97-177), Federal funds may not be used by the recipient for the payment of interest penalties to contractors when bills are paid late nor may interest penalties be used to satisfy cost sharing requirements. Obligations to pay such interest penalties will not be obligations of the United States.

2. The recipient understands that none of the funds for this project (including funds contributed by the recipient as cost sharing) may be used to pay for the travel of Federal employees or for other costs associated with Federal participation in this project. Except, however, if a Federal agency is selected through the recipient's procurement process to carry out some of the work as a contractor to the recipient, funds may be used to allow necessary Federal travel and other costs associated with Federal participation in this project.

3. The recipient agrees to comply with the MBE/WBE terms and conditions (will accompany the award package a grantee receives), which state, in part, that recipients must make positive efforts to utilize small businesses, minority-owned

firms, and women's business enterprises whenever possible, and also take several steps to further that goal. To view the full text of these procurement procedures under 40 CFR 30.44, go to <http://www.gpo.gov/nara/cfr/> and click on "Retrieve CFR sections by citation" then fill in the boxes with 40 (title), 30 (part), and 44 (section).

4. By accepting this agreement for the electronic method of payment through the Automated Clearing House (ACH) network using the EPA-ACH payment system, the recipient agrees to:

(a) Request funds based on the recipient's immediate disbursement requirements by presenting an EPA-ACH Payment Request to your EPA Servicing Finance Office (see EPA-ACH Payment System Recipient's Manual for additional information, *which will be sent to everyone awarded a grant under this program*).

(b) Provide timely reporting of cash disbursements and balances in accordance with the EPA-ACH Payment System Recipient's Manual; and

(c) Impose the same standards of timing and reporting on subrecipients, if any.

Failure on the part of the recipient to comply with the above conditions may cause the recipient to be placed on the reimbursement payment method.

5. As required by EPA regulations, the recipient agrees to submit a final Financial Status Report (FSR) (Standard Form 269) within 90 days after the end of this budget period to the following address:

U.S. Environmental Protection Agency
Las Vegas Financial Management Center
P.O. Box 98515
Las Vegas, Nevada 89193-8515

When the recipient submits a final FSR, the recipient will, in one of the following ways, make an adjustment for the amount of Federal funds, if any, received in excess of the EPA share of the reported total budget period costs:

- (a) If the recipient is paid through EPA-ACH, they shall, in accordance with the payment guidance dated May 1995 (will accompany the grant award package), refund excess assistance funds by either submitting a credit on a current EPA-ACH Payment Request or by sending a check to the lockbox address: U.S. Environmental Protection Agency, Las Vegas Financial Management Center, P.O. Box 371293M, Pittsburgh, Pennsylvania 15251.
- (b) If the recipient is paid by treasury check, they shall, in accordance with the payment guidance dated May 1995, refund excess assistance funds by

submitting a check to the lockbox address in paragraph (a).

If funds are due to the recipient at the time of submission of the final FSR, the recipient shall follow the procedures as outlined on the payment guidance to request the appropriate amount of funds from EPA.

6. EPA participation in the salary rate (excluding overhead) paid to individual consultants is limited to the maximum daily rate for a Level IV of the Executive Schedule, which is currently \$498.32.

7. The recipient agrees to provide EPA Form 5700-53, Lobbying and Litigation Certificate, as mandated by EPA's annual appropriations act. A chief executive officer of any entity receiving funds under this Act shall certify that none of these funds have been used to engage in the lobbying of the Federal Government or in litigation against the United States unless authorized under existing law. The certification must be submitted in accordance with the instructions provided by the EPA award official and is due 90 days after the end of the project period.

8. The recipient agrees to submit to the EPA Project Officer within 90 days after the expiration or termination of the approved project period a final report and at least one reproducible copy suitable for printing. The final report shall document project activities over the entire project period and shall describe the recipient's achievements with respect to stated project purposes and objectives. However, no details in the final report should be included that contain information that would enable a hostile reader to gain knowledge that may be used to attack or damage the Utility.

9. *In accordance with EPA guidance, OMB Circular No. A-122, and the Federal Acquisition Regulations, as appropriate, the recipient agrees that it will not use assistance funds (Federal or non-Federal share) for lobbying or political activities.*

10. *In accordance with Section 18 of the Lobbying Disclosure Act of 1995, P.L. 105-65, 109 Stat. 691, the recipient affirms either that:*

(a) it is not a nonprofit organization described in Section 501(c)(4) of the Internal Revenue Code of 1986; –OR–

(b) it is a nonprofit organization described in Section 501(c)(4) of the Internal Revenue Code of 1986 but does not and will not engage in lobbying activities as defined in Section 3 of the Lobbying Disclosure Act of 1995.

PROGRAMMATIC TERMS AND CONDITIONS

1. Non-disclosure of work products; involvement with and oversight by States; Reporting Requirements

The recipient agrees to submit the following to EPA:

- a signed statement at the end of the project period that the scope of work described in the recipient's application has been completed;
- a copy of the Vulnerability Assessment developed under this grant, but only after receiving instructions from EPA on how to submit the V/A;
- certification by March 31, 2003, that the V/A is complete; and
- certification by September 30, 2003, that the Emergency Response Plan is complete.

The recipient agrees that it may be required to brief an appropriate state representative(s), as designated by EPA, on the work products. These briefings will not be required if such state representatives cannot ensure that the information can be guarded from public release that could jeopardize the Utility's security.

The recipient shall take appropriate precautions to ensure that work products developed under this grant are not disclosed to parties who are not authorized to view the information. This same non-disclosure requirement shall apply to all underlying data and information that was collected and used to develop the work products.

If Federal legislation is enacted that requires community water systems to conduct and submit work products in addition to the Vulnerability Assessment to EPA, then EPA will notify the recipient of the new requirement(s) and the recipient's need to comply with the requirements set forth in such Federal legislation.

2. Continuance and completion of the three grant program work areas

If Federal funds remain upon completion of the work area(s) proposed in the recipient's original work plan, the recipient may request approval from the EPA Project Officer of a change in the work plan that includes additional work in the remaining grant work areas. For example, if the recipient's original work plans proposed the performance of a Vulnerability Assessment for \$115,000, but the recipient completes the Vulnerability Assessment for \$100,000, the recipient may request in writing the EPA Project Officer's approval to use the remaining \$15,000 to develop an Emergency Response Plan and/or to perform Security Enhancement Planning/Design.

3. Schedule for completing the items proposed

If the recipient proposes to complete a Vulnerability Assessment with EPA funds, the recipient must complete the Vulnerability Assessment by March 31, 2003, or within 6 months from the date of this grant award, whichever is earlier. If the recipient proposes to complete an Emergency Response Plan with EPA funds, the recipient must complete the plan by September 30, 2003, or within 6 months from the date of completion of the Vulnerability Assessment, whichever is earlier. All other work under this grant must be complete by December 31, 2003.

4. Recipient review of EPA website for updated information

The recipient agrees to visit the EPA website below at least once each week for EPA information on water security issues and on general technical and administrative guidance concerning the conduct of these grants. Updates on new legislation affecting water security issues will also be posted on this website.

[Http://www.epa.gov/safewater/security/large_grants/update.html](http://www.epa.gov/safewater/security/large_grants/update.html)

5. Recipient consultation with affected local officials and area-wide planning agencies

The recipient agrees to consult, as appropriate, with directly affected local elected officials and area-wide planning agencies in the development of Vulnerability Assessments, emergency response plans, and security enhancement planning and design activities to the extent consistent with security considerations.

6. Non-disclosure of information, data, and work products by contractors

The recipient shall require that any contractor or consultant, hired to perform work under this grant, take reasonable and prudent measures to safeguard all information used in the development of work products and all draft and final work products. The contractor shall not disclose this information to any party, without express consent by the recipient or as required by Federal law.