ENVIRONMENTAL PROTECTION AGENCY

[FRL–5825–6]

Sustainable Development Challenge Grant Program

AGENCY: Environmental Protection Agency (EPA).

ACTION: Solicitation of Proposals for FY 1997.

SUMMARY: The Environmental Protection Agency (EPA) is soliciting proposals for the FY 1997 Sustainable Development Challenge Grant (SDCG) program, one of President Clinton's ''high priority'' actions described in the March 16, 1995 report, ''Reinventing Environmental Regulation.'' The EPA has a total of $5 million dollars available for this program in FY 1997. Of the total resources available through this program in FY 1997, approximately 80% will support city/metropolitan-related projects. Other rural, tribal and non-metropolitan projects are encouraged and will be funded at approximately 20% of the total amount.

We are encouraging proposals that place an emphasis on city/metropolitan-related projects because approximately 80% of the U.S. population lives in metropolitan areas where the goals of a healthy environment compete with economic development, affordable housing, public safety, and mobility for attention from both government and the private sector. EPA's program to protect the health of Americans by protecting their community's air, water and land must acknowledge this reality. The SDCG program provides an opportunity to develop place-based approaches to problem solving related to current patterns of urban growth and public investment/disinvestment, patterns that accelerate loss of open space and wetlands, and increase consumption of fossil fuels for energy and transportation. Projects will be selected on a competitive basis using the criteria outlined below. Applicants may compete for funding in two ranges for FY 1997: (1) $50,000 or less, and (2) between $50,001 and $250,000. Proposals will compete with other proposals in the same range (i.e., a proposal for $50,000 will not compete with a proposal for $250,000). Applicants in each category are required to demonstrate how they will meet the minimum 20% match.

The Sustainable Development Challenge Grant program strongly encourages partnering among community, business and government entities to work cooperatively to develop flexible, locally-oriented approaches that link place-based environmental management, and quality of life activities with sustainable development and revitalization. This program challenges communities to invest in a sustainable future that links environmental protection, economic prosperity and community well-being. These grants are intended to: catalyze community-based projects to promote environmentally and economically sustainable development; build partnerships which increase a community's capacity to take steps that will ensure the long-term health of ecosystems and humans, economic vitality, and community well-being; and leverage public and private investments to enhance environmental quality by enabling sustainable community efforts to continue beyond the period of EPA funding. While EPA expects to award approximately 80% of the funds available for this program in FY 1997 to support projects that comprehensively address environmental and economic issues in cities and metropolitan areas which stimulate broad participation by engaging all sectors of the community, all applications which demonstrate the requisite criteria will be considered.

This document includes: background information on the Sustainable Development Challenge Grant program; a description of the FY 1997 program which incorporates comments received through the FY 1996 pilot program (both public and Agency comments/suggestions) on the design of the program; the criteria successful projects must meet; the process for selection of projects; and the program's relationship to other related EPA activities. Also included is a summary of projects funded under the pilot program. (More detailed information is available via Internet at: http://www.epa.gov/ecocommunity)

DATES: The period for submission of proposals for FY 1997 will begin upon publication of this **Federal Register** notice pursuant to the Information Collection Request (ICR No. 1755.01) approved by the Office of Management and Budget (OMB Approval No. 2010–0026) under the Paperwork Reduction Act. Project proposals must be postmarked by August 15, 1997 to be considered for funding.

ADDRESSES: Please provide three copies of your proposal to Pamela Hurt, U.S.EPA, Office of Air & Radiation (MC–6101), 401 M Street, SW., Washington, DC 20460.

APPLICATIONS: Proposal kits for FY 1997 are available via Internet at: http://www.epa.gov/ecocommunity or from EPA Headquarters and EPA Regional Offices. These kits will include more detailed guidance and may be requested in writing from your regional or headquarters representative, *or* by fax at 202–260–2555 *or* by voice mail at 202–260–6812. Although you may fax your request, these documents are not available by fax. EPA will notify applicants of selected proposals in writing and provide technical assistance in preparation of formal applications. Please do not duplicate requests. Proposals must include the following: 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 must also include the applicant's name, address, and phone number. The project proposal narrative must be limited to five (5) double-sided pages and explain the relationship of the proposal to the criteria for project selection described in this notice. Please follow the format provided in criteria section of this notice to structure your narrative. A detailed budget along with letters of commitment from stakeholders contributing either in-kind services or dollars must be attached to the proposal in order to be considered. Applicants must also include a copy of documentation demonstrating non-profit status or articles of incorporation. A plan for overall project evaluation must also be attached. The budget page, commitment letters, project evaluation plan, and non-profit status documentation will not count toward the 5 double-sided narrative page limit. Proposals lacking complete documentation will not be considered. Any other attachments to the proposal will be discarded.

FOR FURTHER INFORMATION CONTACT: Pamela A. Hurt, U.S. EPA, Office of Air & Radiation (MC 6101), 401 M Street SW., Washington, DC 20460, phurt@epamail.epa.gov or the regional representative for your state.

Regional Offices

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SUPPLEMENTARY INFORMATION:

Purpose

EPA intends these competitive grants to be catalysts that challenge communities to invest in a more sustainable future, recognizing that sustainable environmental quality, economic prosperity, and community well-being are inextricably linked. The Sustainable Development Challenge Grant program is an important opportunity for EPA to award competitive grants that leverage private and other public sector investment in communities (ranging in size from neighborhoods to cities to larger geographic areas such as watersheds or metropolitan areas) to build partnerships that increase the capacity of communities to ensure long-term environmental protection through the application of sustainable development strategies.

Overview of the Sustainable Development Challenge Grant Approach

The grant program encourages communities to recognize and build upon the fundamental connection between environmental protection, economic prosperity and community well-being. Accomplishing this linkage requires integrating environmental protection in policy and decision-making at all levels of government and throughout the economy. The SDCG program recognizes the significant role that communities have and should play in environmental protection. The program acknowledges that sustainable development is often best designed and implemented at a community level. This program also requires grantees to implement a stakeholder process to identify measurable milestones to assess progress towards integrating environmental and economic goals and community well-being.

Achieving sustainability is a responsibility shared by environmental, community and economic interests at all levels of government and the private sector. This emphasis on strong community involvement requires a commitment to ensuring that all residents of a community, of varying economic and social groups, have opportunities to participate in decision-making. Only through the combined efforts and collaboration of governments, private organizations, and individuals can our communities, regions, states, and nation achieve the benefits of sustainable development.

The EPA will implement this program consistent with the principles of Executive Order 12898, ''Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations'' (February 11, 1994). Projects funded must ensure that no one is subjected to unjust or disproportionate environmental impacts.

Linkages to Other Initiatives

The EPA initiated this program as a pilot effort in 1996. With only $500,000 in funding to distribute, the Agency received more than 600 proposals requesting $20,000,000 in assistance. Approximately 75% of the projects received were urban or urban-related. Through a highly competitive process and after careful review, ten projects were chosen for funding: Community Supported Agriculture in the Mid-Atlantic Region, Washington Smart Wood Certification Program, Sustainable Craft Industry in Appalachia, Building Materials Exchange in New Orleans, Sustainable Forestry in New Hampshire, Marketing the Economic Benefits of Sustainable Development in the Rappahannock River Watershed, Preserving Sustainability in Jefferson County Virginia, Eco-Park Development in Omaha, Implementing a Strategic Plan for Sustainable Development in South Carolina, Sustainable Neighborhood Design for the Desert Southwest. Projects descriptions are available via the Internet at http://www.epa.gov/ecocommunity/)

EPA and its state and local partners continue to refine how environmental protection is accomplished in the United States. The Agency recognizes that environmental progress will not be achieved solely by regulation, but also requires individual, institutional, and corporate responsibility, commitment and stewardship. The Sustainable Development Challenge Grant program is consistent with other community-based efforts EPA has introduced, such as the Brownfields Initiative, Project XL, the President's American Heritage Rivers Initiative, Watershed Protection Approach, Transportation Partners, the $mart Growth Network, and the Community-Based Environmental Protection Approach. All of these programs require broad community participation to identify and address environmental issues. EPA welcomes proposals for many different types of projects, however, approximately 80% of funds available in FY 1997 will support those proposals that address comprehensive environmental and economic issues in cities and metropolitan areas which stimulate broad community participation and apply innovative problem-solving techniques. The Sustainable Development Challenge Grant program is also a step in implementing Agenda 21, the Global Plan of Action on Sustainable Development, signed by the United States at the Earth Summit in Rio de Janeiro in 1992.

Through the Sustainable Development Challenge Grant Program, EPA also intends to further the vision and goals of the President's Council on Sustainable Development (PCSD), created in 1993 by President Clinton. The President charged the Council, composed of corporate, government, and non-profit representatives, to find ways to ''bring people together to meet the needs of the present without jeopardizing the future.'' The Council has declared this vision:

> Our vision is of a life-sustaining Earth. We are committed to the achievement of a dignified, peaceful and equitable existence. We believe a sustainable United States will have a growing economy that equitably provides opportunities for satisfying livelihoods and a safe, healthy, high quality of life for current and future generations. Our nation will protect its environment, its natural resource base, and the functions and viability of natural systems on which all life depends. (February 1996)

The Sustainable Development Challenge Grant program furthers this vision by encouraging community initiatives that achieve environmental quality with economic prosperity through public and private involvement and investment.

Examples of Potential Projects

EPA welcomes proposals for many types of projects, as demonstrated in the description of projects funded in the pilot year. The following are examples of the types of projects EPA could consider for funding. These examples

are only illustrative and are not intended to limit proposals in any way.

◆ Demonstrate the range of environmental, economic and community benefits associated with alternative development patterns. This project would examine drinking water quality, air quality, and wildlife habitat. For instance, open spaces may offer protection of water quality by acting as natural retention areas for the treatment of storm water runoff and increase aesthetic value and recreation opportunities. Elements of the project may include the comparison of the environmental, fiscal and community benefits of the purchase and trade of development rights, and alternative zoning provisions related to various densities and degrees of automobile, bicycle and pedestrian accessibility.

◆ Demonstrate a cutting edge approach to the cleanup and redevelopment of contaminated property. This project would demonstrate a comprehensive, interagency, inter-governmental approach to the challenges of abandoned, idled, or under used properties that blight the landscape of our urban centers. In addition to strategies being used at Brownfield assessment pilot sites across the country, it would move beyond the narrow limits of the Superfund law and include issues of contamination from oil fields and leaking underground storage tanks—currently excluded by the Superfund law, yet thought to be the cause of significant contamination. Instead of staying within the confines of land-based contamination, this effort would address issues with other environmental media, including water, non-point source permitting and non-point sources in air quality non-attainment areas relating to the siting of new businesses and industries.

Practical applications of environmental justice principles, public participation and environmental job training/workforce development strategies will be woven throughout the entire effort. Training will be provided for public officials as well as local citizens to ensure that local land use decision-making processes will be fair, open and inclusive.

◆ Demonstrate how a stakeholder group can comprehensively identify the multiple sources of pollution contributing to environmental problems within their watershed; collaboratively develop solutions to address these causes to the satisfaction of stakeholders; develop policy and financial support and commitment for the solution along with the plan to implement the necessary actions. Project elements may include: how you will organize and develop your stakeholders and community-based support; watershed-based problem identification, priority-setting and monitoring; the mix of voluntary and regulatory programs; the most promising approaches to the restoration of urban river corridors and wetlands; to identify and, to the maximum extent possible, eliminate EPA activities and programs that create unintended barriers and disincentives to sustainable revitalization.

◆ Support a regional bottom-up process for better managing rapid, sprawling development. Local governments along with public and private interests will join together to secure written agreements on actions to be taken to carry out the community's vision of a sustainable future, and to prepare a State of the Region report outlining the area's most significant challenges and opportunities for improving local conditions.

◆ Demonstrate the benefits of implementing metropolitan-wide transportation programs that promote sustainable development. Specific projects would examine new and innovative ways of integrating air quality, storm water and other urban wet weather flows management, transportation, and land use planning processes to effectively reduce vehicle miles traveled, thereby reducing congestion, lowering energy consumption, improving air quality, and reducing green house gas emissions. Specific pilots could focus on demonstrating effective methods of community collaboration and linkage with other planning efforts traditionally conducted at different jurisdiction levels (e.g. state, city, county). In addition, pilots could integrate a number of important, but to date, separate federal initiatives such as Federal Transit Administration's Livable Communities, Federal Highway Administration's Congestion Mitigation and Air Quality Program, Department of Energy's Clean Cities program, or the Department of Agriculture's Urban Resources Partnership along with various innovative transportation control measures. Both short and long-term strategies could be selected.

◆ Nature-based tourism: Demonstrate a cooperative effort among environmental groups, business interests, and community leaders to design and implement a community-based strategy for ecological-based tourism. The strategy would identify techniques to manage appropriate travel to, and recreation within, natural areas which are designed to contribute substantially to the area's conservation and improvement of the welfare of local people, through education and the dedication of tourism dollars to protect natural resources. The goal would be to support properly planned and managed nature tourism which will have minimal impacts on the environment, conserve and enhance social and cultural values, and improve the economic well-being of residents.

Selection Criteria

The proposed project must meet the two statutory threshold determinations described below in the Statutory Authority section, then EPA will also consider the following criteria, weighting each as indicated. Please format your proposal using the numbered sections below and addressing each bullet point listed.

(1) Sustainability: 50 Points

- How well does the proposal integrate environmental protection and economic prosperity and community well-being?
- Does the proposal address what type of sustainable behavior is desired, and what type of non-sustainable behavior needs to be changed?
- Does the proposal take into account a multi-media perspective and a regionally appropriate geographic solution to specific human or ecosystem environmental problems? Explain how the proposal aims to benefit a substantial or significant population or significant portion of a community or region?
- How does the proposal assure that economic activities do not exhaust or degrade the environment?
- Explain how the proposal will result in long-term environmental protection as well as sustainable economic vitality, (such as more appropriate, efficient use of resources and changes in consumption patterns) so that jobs created will be sustained, or the amount of money retained in the local economy will be maximized?
- How does the proposal represent new solutions for the community, given their previous history and current circumstances?

(2) Community Commitment and Contribution: 25 Points

- Explain how the partners fully represent those in the community who have an interest in or will be affected by the project?
- Will the proposal's outcomes and results benefit all affected groups to the maximum extent possible?
- Does the proposal describe effective methods for community involvement to

assure that all affected by the project are provided an opportunity to participate?

• Does the proposal describe the depth and breadth of the community's support (financial and in-kind) for the proposal? Does the community have in place the legal and regulatory authority they need to implement the project? Does it provide evidence of long-term commitment to the proposal? Are the EPA grant funds leveraged beyond the 20% match?

(3) Measurable Results: 25 Points

• Does the proposal describe the specific environmental, economic, and quality of life benefits to be gained by the community? Is there a plan to identify which non-sustainable behaviors will be addressed by the proposal and how will behavior change be measured?

• How does the proposal include significant achievable short-term (within three years) and long-term targets or benchmarks to measure the proposal's contribution to the community's environmental and economic sustainability? (These should be both quantitative and qualitative.)

• Does the proposal set goals for the proactive environmental approaches it employs?

• 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?

• Will the experiences gained during the project be transferable to other communities? If so, how?

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.

A proposal must meet the following 2 important criteria to be considered for funding. The first threshold determination for a project to be selected for funding, is that it 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, in itself, 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.''

The second threshold determination, in order to be funded, is that a project's focus 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.

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 and social equity.

Community: The scale used to define ''community'' under this challenge grant program will vary with the issues, problems, or opportunities that an applicant intends to address. The SDCG program recognizes the significant role that communities have and should play in environmental protection. ''Community'' means a geographic area within which different groups and individuals share common interests related to their homes and businesses, their personal and professional lives, the surrounding natural landscape and environment, and the local or regional economy. 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.

Metropolitan Area: A geographic area consisting of a large population nucleus together with adjacent communities which have a high degree of economic and social integration with that nucleus, generally these are cities of 50,000 or more population, or a total area in city and suburbs with a population of 100,000 or more. (U.S. Census Bureau)

Non-sustainable Behavior: Development, or land and water activities, management or uses, which limit the ability of humans and ecosystems to live sustainably by destroying or degrading ecological values and functions, diminishing the material quality of life, and diverting economic benefits away from long-term community prosperity and decreases the long-term capacity for sustainability.

Collaborative or Partnership Approach: A project which attempts to use various government and private programs, authorities, jurisdictions and sectors, to simultaneously achieve as many sustainability goals as possible, recognizing the interdependencies between environmental quality, community vitality and economic prosperity.

Who Should Apply

Eligible applicants include: (1) Incorporated non-profit (or not-for-profit) private agencies, institutions and organizations; and (2) public (state, county, regional or local) agencies, institutions and organizations, including those of federally-recognized Indian tribes. While state agencies are eligible they are encouraged to work in partnership with community groups to strengthen their proposals. Federal agencies are not eligible for funding, however, they are also encouraged to work in partnership with state and local

agencies on these projects. For instance, the Urban Resources Partnership places government resources into the service of community-led environmental projects.

Applicants are not required to have a formal Internal Revenue Service (IRS) non-profit designation, such as 501(c)(3) or 501(c)(4), however they must present their letter of incorporation or other documentation demonstrating their nonprofit or not-for-profit status. Failure to enclose the letter of incorporation or other documentation demonstrating their nonprofit or not-for-profit status will result in an incomplete submission and will not be reviewed. 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 sub-grants 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).

Funding Ranges and Match

Applicants may compete for funding in two ranges: (1) $50,000 or less, and (2) between $50,001 and $250,000. Applicants may submit multiple proposals, but each specific proposal must be for a separate and distinct project. No organization may receive funding for more than one proposal each year. In addition, projects awarded will be ineligible for future competition for this program.

This program is intended to provide seed money to leverage a broader public and private investment in sustainability activities. As a result, the program requires a minimum non-federal match of at least 20% of the project budget. EPA funds can be used for no more than 80% of the total cost of the project. EPA strongly encourages applicants to leverage as much investment in community sustainability as possible. The match can come from a variety of public and private sources and can include in-kind goods and services. No federal funds, however, can be used as matching funds without specific statutory authority.

Selection Process

EPA Regional Offices will assess how well the proposals meet the selection criteria outlined above. The Regional Offices will then forward their top proposals to Headquarters for review by a National Panel consisting of Headquarters and Regional representatives. The panel's recommendations will be presented to EPA Senior Management for final selection. In making these final selections such factors as geographic diversity, project diversity, costs, and project transferabililty may be considered.

What Costs Can Be Paid

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 Non-profit Organizations'', A–21 ''Cost Principles for Education Institutions'' and A–87, ''Cost Principles for State, Local, and Indian Tribal Governments.'' Generally, costs which are allowable include salaries, equipment, supplies, training, rental of office space, etc., as long as these are ''necessary and reasonable.'' Entertainment costs are an example of unallowable costs.

Applicable Grant Regulations

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

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.

This action does not impose annual costs of $100 million or more, will not significantly or uniquely affect small governments, and is not a significant federal intergovernmental mandate. The Agency thus has no obligations under sections 202, 203, 204 and 205 of the Unfunded Mandates Reform Act. Moreover, since this action is not subject to notice-and-comment requirements under the Administrative Procedure Act or any other statute, it is not subject to sections 603 or 604 of the Regulatory Flexibility Act.

Submission to Congress and the General Accounting Office

Under 5 U.S.C. 801(a)(1)(A) as added by the Small Business Regulatory Enforcement Fairness Act of 1996, EPA submitted a report containing this rule and other required information to the U.S. Senate, the U.S. House of Representatives and the Comptroller General of the General Accounting Office prior to publication of the rule in today's **Federal Register**. This rule is not a ''major rule'' as defined by 5 U.S.C. 804(2).

Dated: May 8, 1997.

Fred Hansen,

Deputy Administrator.

[FR Doc. 97–12789 Filed 5–14–97; 8:45 am]

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