

**APPENDIX D-4**  
**Beneficiary Eligible Mitigation Action Certification**



**If applicable, describe how the mitigation action will mitigate the impacts of NOx emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions (5.2.10).**

See Attached

**ATTACHMENTS**  
**(CHECK BOX IF ATTACHED)**

- Attachment A**      **Funding Request and Direction.**
- Attachment B**      **Eligible Mitigation Action Management Plan Including Detailed Budget and Implementation and Expenditures Timeline (5.2.4).**
- Attachment C**      **Detailed Plan for Reporting on Eligible Mitigation Action Implementation (5.2.11).**
- Attachment D**      **Detailed cost estimates from selected or potential vendors for each proposed expenditure exceeding \$25,000 (5.2.6). [Attach only if project involves vendor expenditures exceeding \$25,000.]**
- Attachment E**      **DERA Option (5.2.12). [Attach only if using DERA option.]**
- Attachment F**      **Attachment specifying amount of requested funding to be debited against each beneficiary's allocation (5.2.13). [Attach only if this is a joint application involving multiple beneficiaries.]**

**CERTIFICATIONS**

**By submitting this application, the Lead Agency makes the following certifications:**

- 1. This application is submitted on behalf of Beneficiary Minnesota, and the person executing this certification has authority to make this certification on behalf of the Lead Agency and Beneficiary, pursuant to the Certification for Beneficiary Status filed with the Court.**
- 2. Beneficiary requests and directs that the Trustee make the payments described in this application and Attachment A to this Form.**
- 3. This application contains all information and certifications required by Paragraph 5.2 of the Trust Agreement, and the Trustee may rely on this application, Attachment A, and related certifications in making disbursements of trust funds for the aforementioned Project ID.**
- 4. Any vendors were or will be selected in accordance with a jurisdiction's public contracting law as applicable. (5.2.5)**
- 5. Beneficiary will maintain and make publicly available all documentation submitted in**

**support of this funding request and all records supporting all expenditures of eligible mitigation action funds subject to applicable laws governing the publication of confidential business information and personally identifiable information. (5.2.7.2)**

**DATED:**

1/11/19



**David J. Benke**  
**Division Director**

**Minnesota Pollution Control Agency**

**[LEAD AGENCY]**

**for**

**Minnesota**

**[BENEFICIARY]**

## Appendix D-4– Supplemental Information Beneficiary Eligible Mitigation Action Certification

**Beneficiary:** Minnesota

**Lead Agency:** Minnesota Pollution Control Agency

**In support of funding request no. 3**

**MN Phase 1 DERA 1**

### Appendix D4 - Summary

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#### **Explanation of how funding request fits into Beneficiary’s Mitigation Plan (5.2.1):**

A detailed description of this project is described on pages 5-10 of Minnesota’s Beneficiary Mitigation Plan (see attached excerpt). This funding request will support the 2018 DERA program.

#### **Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):**

This DERA 1 Off-Road replacement and idle reduction grant will award 15 projects. Seven replacement projects will permanently remove from service seven pieces of off-road equipment that range from a 150 HP rubber tire loader, to a 2,500 HP mining truck. Four of the seven will be replaced with new, 2018 or 2019 model year diesel-powered vehicles, and three will be replaced with all-electric equipment or all-electric motor and charging system. The three all-electric replacement projects include two drayage or yard trucks and one scrapyard excavator.

The remaining eight projects are all locomotives adding idle reduction equipment. Three will be electric auxiliary power units (APUs) and five will be adding diesel APUs.

The Minnesota Pollution Control Agency anticipates the following emissions reductions as a result of DERA1 Off-Road project:

Pollutant	NOx	PM 2.5	GHG
Lifetime Tons of Pollution Reduced	2,196	157	11,622

#### **Estimate of Anticipated NOx Reductions (5.2.3):**

Lifetime NOx reductions will be 2,196 Tons

#### **Identification of Governmental Entity Responsible for Reviewing and Auditing Expenditures of Eligible Mitigation Action Funds to Ensure Compliance with Applicable Law (5.2.7.1):**

The Minnesota Pollution Control Agency (MPCA) is responsible for all Volkswagen projects in MN.

#### **Describe how the Beneficiary will make documentation publicly available (5.2.7.2):**

- All non-private documents will be publicly available through Minnesota's public facing website: [www.pca.state.mn.us/vw](http://www.pca.state.mn.us/vw).

The Minnesota Government Data Practices Act (MGDPA), found in [Chapter 13 of Minnesota statutes](#), is a Minnesota state law that regulates the handling of all governmental data that are collected, created, disseminated, maintained, received and stored by a political subdivision, state agency or statewide system regardless of their physical form, how they are stored or how they are used. The Minnesota Pollution Control Agency (MPCA) is a state agency and, therefore, subject to the requirements of the MGDPA.

There is a general presumption in the MGDPA that all governmental data are public unless there is a federal law, state statute or temporary classification that allows the data to be classified as not public. Some of the not public data types that may be included within the MPCA's grant application and award documentation include, but are not limited to, business data, personal information, security information, social security numbers, trade secret information etc.

The MPCA is statutorily obligated to maintain such data types as not public and, therefore, will not provide them when requested or present them on our public facing website. The MPCA will provide requesters with notification that the not public data are not being provided and will cite the federal law, state statute or temporary classification that allows for this not public classification.

**Describe any cost share requirements to be placed on each NOx source proposed to be mitigated (5.2.8):**

There is a maximum grant percentage for each eligible piece of off-road equipment being replaced. The grant amount is 25% for total replacement of equipment, or 40% for either engine replacement or adding idle reduction technology. Each off-road equipment owner is responsible for funding the remainder of the replacement for their projects.

**Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9):**

The Minnesota Pollution Control Agency contacted all necessary US Government agencies on Monday, Feb 12, 2018 as described in 4.2.8. The MPCA received replies from National Park Service and US Forest Service on Wed, Feb 14, 2018 acknowledging receipt of all necessary documents.

**If applicable, describe how the mitigation action will mitigate the impacts of NOx emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions (5.2.10):**

The MPCA is using our Environmental Justice and Department of Health mapping tools to help choose projects in areas that have historically borne a disproportionate share of the adverse impacts of NOx emissions.

# Minnesota's Plan

Minnesota's Beneficiary Mitigation Plan for submission to the Wilmington Trust of Wilmington, Delaware as required by the Environmental Mitigation Trust Agreement for State Beneficiaries as part of the Volkswagen Environmental Settlement.

## Introduction

Volkswagen's tampered diesel vehicles have emitted an estimated 600 tons of excess air pollution in Minnesota. The Minnesota Pollution Control Agency (MPCA) is committed to ensuring that Minnesota's funding from the Volkswagen settlement – \$47 million over 10 years – is used to improve air quality in our state, especially for those most vulnerable to its effects. Our goals are to mitigate the pollution from VW vehicles and reduce air pollution emissions, while moving Minnesota towards a cleaner transportation future.

## Purpose

This document is Minnesota's Beneficiary Mitigation Plan, a required step in the federal court settlement. To use settlement funds, states must specify how they plan to spend them in a plan submitted to the Trustee managing the funds for states. The federal settlement specifies the project types on which states can spend funds. However, within that structure, we can prioritize projects and initiatives that make the most sense for Minnesotans and reflect our state's priorities and goals. The plan must include:

- Minnesota's goals for the funds
- The types of vehicles and equipment Minnesota plans to replace with the funds
- How Minnesota will use the funds to benefit communities disproportionately impacted by air pollution
- Estimates of the emissions reductions that Minnesota expects to achieve with these funds

This document our plan for these funds, focusing on overall goals for the 10 years of the program and projected investments for the first two years (2018-2019). The MPCA intends to seek further input and revise the plan after the first two years of the program.

## Goals and targets

The MPCA solicited input from Minnesotans across the state on how the VW settlement funds should be spent, and used the feedback to set goals for the funds to guide us over the 10 years of the program. The MPCA will use the funds to achieve significant emissions reductions across the state, especially in areas that have been most impacted by vehicle pollution. Based on the number of violating VW vehicles registered in different parts of the state, we plan to target investing 60% of the settlement funds in the Twin Cities metropolitan area and 40% in Greater Minnesota. We will also maximize emissions reductions in areas disproportionately impacted by air pollution, both in the Twin Cities and across the state. We will prioritize bringing health benefits to Minnesotans by reducing their exposures to vehicle-related air pollution. We will balance these priorities with cost-effective management of the funds. (To learn more about Minnesota's goals and targets for its settlement funds, see page 13.)

## EXCERPT

# Grant program plan

The federal Volkswagen settlement outlines 10 specific activities on which states can use settlement funds. Most of these allowable projects involve replacing old heavy-duty diesel vehicles or equipment with new, cleaner vehicles or equipment. The new vehicles can use diesel or alternative fuels such as propane, compressed natural gas, or electricity. The old vehicles must be destroyed. States can also spend up to 15% of their settlement funds on electric vehicle charging stations. (See Appendix 1 for a summary of the settlement and Appendix 9 for the settlement language describing the types of vehicles and equipment replacements that can be funded.)

Using the input of Minnesotans, the analysis of project benefits, and MPCA staff expertise, the agency has developed this plan for the first phase of funding (2018-2019) from Minnesota's \$47 million allocation from the VW settlement. (See Appendix 4 for details of the input we have received through our engagement process and Appendix 5 for a summary of input we received on our draft plan.) All funds must be spent or committed to projects by October 2, 2027.

## Phased funding

Minnesota's \$47 million allocation will be invested over three phases. The phased plan will allow the agency to:

- Build in transparency and involve the public in reviewing and revising the plan between phases
- Learn which projects work best in Minnesota, and modify our requests for proposals in subsequent phases to focus the most effective projects
- Identify areas in need of additional assistance as we seek out proposals
- Track constantly changing vehicle technology and invest in the most effective at the time

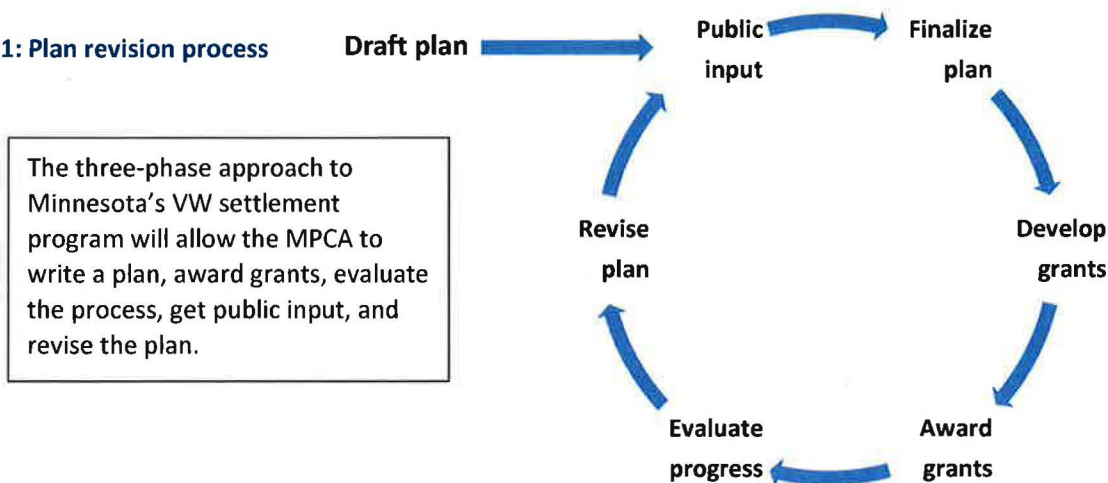
The first phase of funding will be a first step in achieving our 10-year goals for the program. The three phases of funding are:

**Phase 1: \$11.75 million (25% of overall funds) – 2018-2019** – Smaller amount of money to learn and ramp up. Phase 1 is the period addressed in this plan. We will solicit input and review and revise the plan after Phase 1.

**Phase 2: \$23.5 million (50% of overall funds) – 2020-2023** – Most of the funds will be spent during this period. We will develop the spending plan for Phase 2 after further public input. We will solicit input on spending priorities for Phase 3 and review and revise the plan after Phase 2.

**Phase 3: \$11.75 million (25% of overall funds) – 2024-2027** – Remaining funds allocated.

Figure 1: Plan revision process



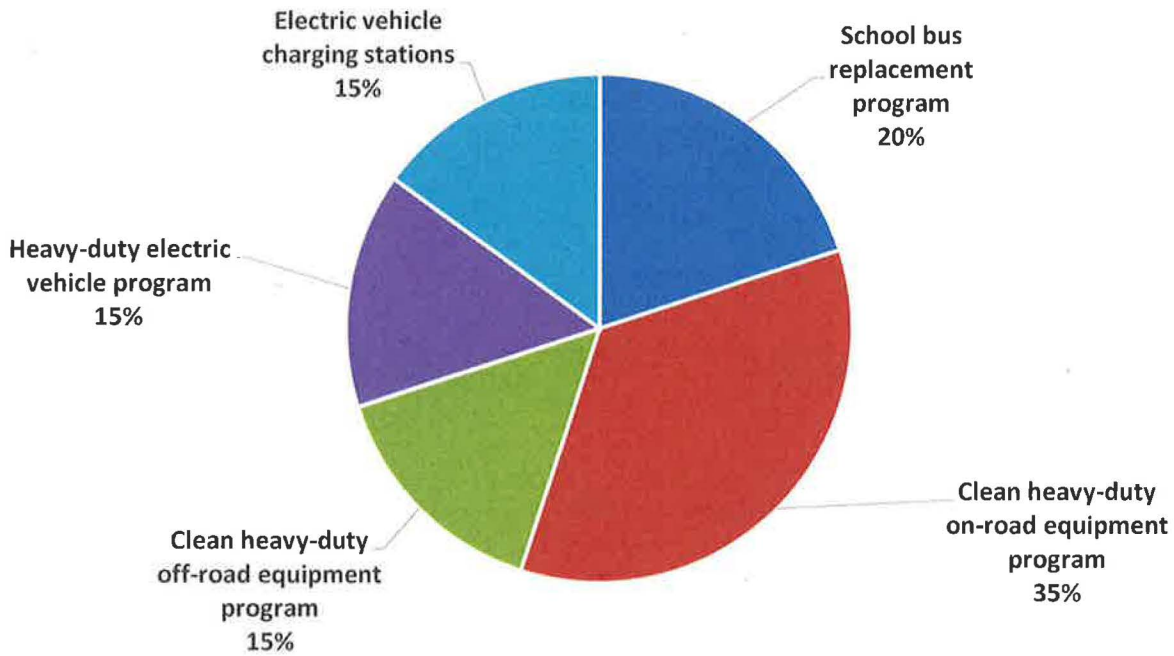


## EXCERPT

### Phase 1 of grants (2018-2019)

During the initial 2018-2019 period, the MPCA will allocate 25% of Minnesota's overall funding, or \$11.75 million. The state's ability to fund projects in each category at the target levels will depend on the applications received and interest by vehicle and equipment owners. The exact percentages may shift with demand. Table 1 reflects our preferred investment scenario, but if we do not receive sufficient applications in a category, the MPCA would shift funds between programs in Phase 1 or move funds into the next funding phase (2020-2023).

**Figure 2: Grant program funding allocations (2018-2019, Phase 1)**



# EXCERPT

Table 1: Summary of grant programs for 2018-2019 (Phase 1)

Grant program (2018-2019)	Settlement category	Eligible fuels	2018-2019 grants (Phase 1)			
			Targeted percent*	Targeted dollar amount	Approx. number purchased**	Estimated emissions reductions (tons)***
School bus replacement program	School buses	All (diesel, propane, natural gas, electric)	20%	\$2,350,000	127	NO <sub>x</sub> : 23-28 PM <sub>2.5</sub> : 1.0-1.7 GHGs: 292-585
Clean heavy-duty on-road vehicles program	Transit buses, class 4-8 trucks	All (diesel, propane, natural gas, electric)	35%	\$4,112,500	137	NO <sub>x</sub> : 494-564 PM <sub>2.5</sub> : 17-34 GHGs: 12,543-23,160
Clean heavy-duty off-road equipment program	Switcher locomotives, ferries, tugs, port cargo handling equipment, ocean-going vessel shore power, Diesel Emission Reduction Act (DERA)	All (diesel, propane, natural gas, electric)	15%	\$1,762,500	12	NO <sub>x</sub> : 619 PM <sub>2.5</sub> : 23 GHGs: 1,866
Heavy-duty electric vehicle program	School buses, transit buses, trucks, airport ground support equipment, forklifts	Electric	15%	\$1,762,500	14	NO <sub>x</sub> : 15-16 PM <sub>2.5</sub> : 0.5-1.0 GHGs: 1,855-4,508
Electric vehicle charging station program	Zero-emission vehicle infrastructure	Not applicable	15%	\$1,762,500	Fast chargers: 20 Level-2 chargers: 45	NO <sub>x</sub> : 1.1 PM <sub>2.5</sub> : 0.05 GHGs: 4,632
	<b>Total:</b>			<b>\$11,750,000</b>		<b>NO<sub>x</sub>: 1,152-1,228</b> <b>PM<sub>2.5</sub>: 41-60</b> <b>GHGs: 21,188-34,751</b>

\*Percentage of available settlement funds targeted at these activities for 2018-2019.

\*\*Each category includes an estimated mix of eligible vehicles and equipment types. These estimates provide an idea of how many vehicles of each type could be funded in Phase 1 in order to make emissions calculations, but do not reflect a preference for any vehicle or fuel type or funding targets or allocations within each grant program. (See Appendix 7 for methods.)

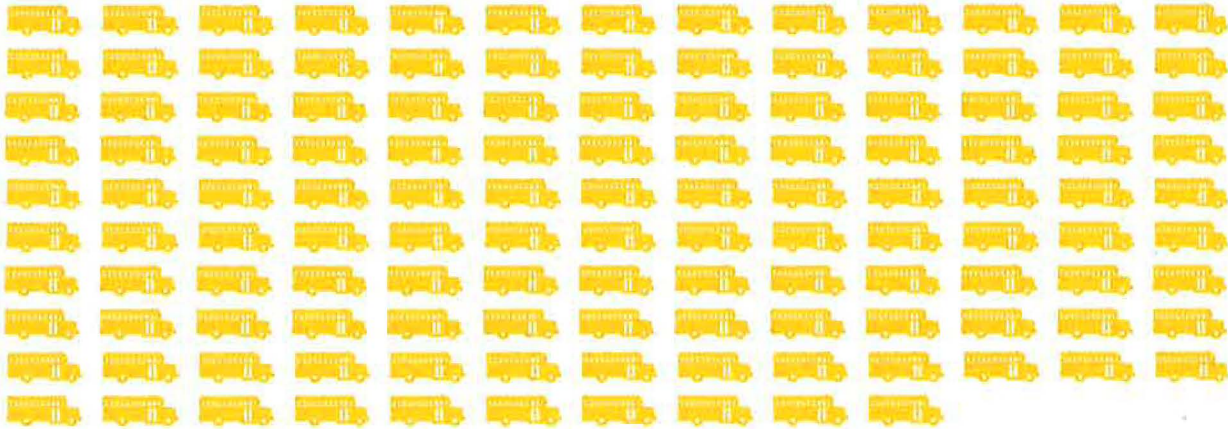
\*\*\*Emission benefits for projects funded in Phase 1 compared to emissions expected if the old vehicles were to continue to operate for their remaining useful life. Calculated for nitrogen oxides (NO<sub>x</sub>), fine particles (PM<sub>2.5</sub>), and greenhouse gases (GHGs). NO<sub>x</sub> and PM<sub>2.5</sub> emissions are calculated for tailpipe emissions only. GHG emissions benefits are calculated from well to wheel. (See Appendix 7 for calculation methods.)

# EXCERPT

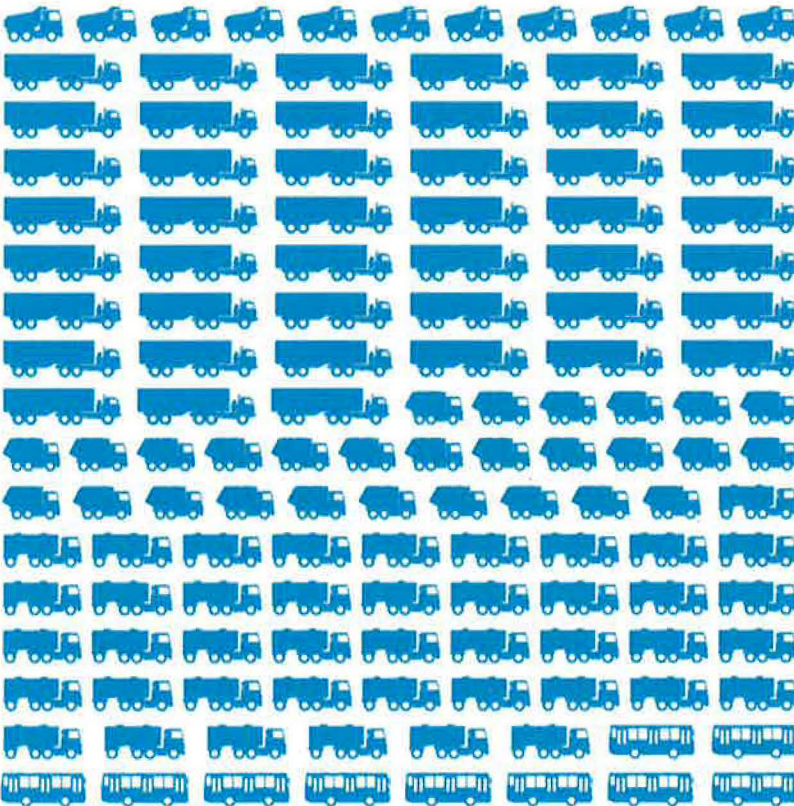
Figure 3: Grants from Phase 1 will replace hundreds of vehicles across the state.

## Out with the old: \$11,750,000 for new clean vehicles

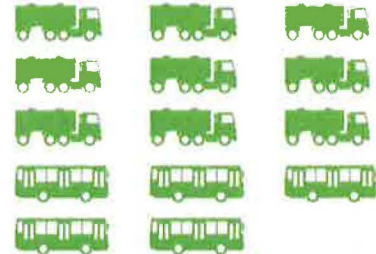
### 127 school buses



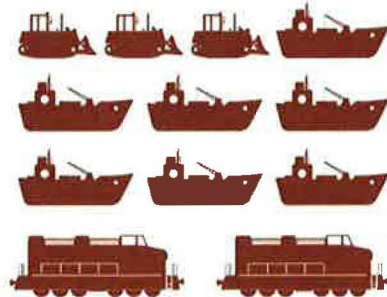
### 137 trucks and transit buses



### 14 heavy-duty electric



### 12 heavy-duty off-road



### Plus: 65 new electric vehicle charging stations



## EXCERPT

### Funding process

Projects will be funded through a competitive grant application process. The MPCA will develop a set of criteria for scoring projects and selecting those that best align with the plan goals.

In most cases, the settlement requires that most of the funds for vehicle and equipment replacement be provided by equipment owners; the smaller portion of the total cost of the new vehicle will be covered by VW settlement funds (see next section for allowable matches). Eligible applicants are people and organizations who either own heavy-duty diesel vehicles and equipment or install electric vehicle charging infrastructure. Applicants may include, but are not limited to, local governments, school districts, state government agencies, metropolitan planning organizations, transit authorities, tribes, private businesses, and non-profit organizations. Vehicle owners can also work with third parties to submit aggregated applications for multiple vehicles owned by different organizations.

Selected applicants will receive their funding as a reimbursement after their new equipment has been delivered and the MPCA has received confirmation that their old equipment has been destroyed. VW funds cannot be used for vehicles, engines, or electric vehicle charging stations that are purchased before a grant agreement is signed between the owner and the MPCA.

### Phase 1 Grant programs

Below are descriptions of the five grant programs the MPCA will administer during Phase 1.

#### School bus grant program – 20% (\$2,350,000)

**Estimated emissions reductions: nitrogen oxides (NO<sub>x</sub>): 23-28 tons; fine particles (PM<sub>2.5</sub>): 1.0-1.7 tons; greenhouse gases (GHGs): 292-585 tons**

This program will provide grants for the replacement of school buses up to \$15,000 each, or \$20,000 each for operators serving school districts where 40% of students are eligible for free or reduced-cost lunch. The MPCA will provide a list of districts eligible for additional funding.

**Eligibility:** All Minnesota school bus operators, both public and private. Groups of vehicle owners may work with third parties to submit aggregated applications. All fuel types, including diesel, propane, natural gas, and electric. Gasoline vehicles are not eligible for funding under the terms of the national settlement.

**Why school buses?** During the MPCA public engagement effort, a main theme was prioritizing projects that reduce pollution exposures for children and replacing aging school buses. Minnesota previously invested more than \$3 million in Project Green Fleet, retrofitting 3,500 diesel school buses with diesel oxidation catalysts, which reduced fine particle emissions by 20% on buses model years 2006 and older. But replacing even those buses with new ones now would provide a 95% reduction in emissions.

After receiving feedback from fleet owners, school districts, and school bus vendors on Minnesota's draft plan, we believe a \$15,000 grant would be enough incentive to replace outdated school buses. A \$15,000 grant level will allow Minnesota to replace a large number of buses and bring benefits to many school districts and children across the state. The \$15,000/\$20,000 grant amounts also improve the cost-effectiveness of these replacements (see Appendix 6 for more data on cost effectiveness).

#### Clean heavy-duty on-road vehicles grant program – 35% (\$4,112,500)

**Estimated emissions reductions: NO<sub>x</sub>: 494-564 tons; PM<sub>2.5</sub>: 17-34 tons; GHGs 12,543-23,160 tons**

This program will fund the replacement of transit buses and large and medium-sized (class 4-8) trucks up to \$40,000, or 25% of the overall cost of the vehicle, whichever is less. The funding cap reflects that vehicles in this category vary greatly in size and cost, from step vans to garbage trucks, and aligns with caps the MPCA has used for Minnesota's Diesel Emission Reduction Act program for many years.

**Eligibility:** Public and private organizations around the state. Groups of fleet owners may work with third parties to submit aggregated applications. All fuel types, including diesel, propane, natural gas, and electric. Gasoline vehicles are not eligible for funding under the terms of the national settlement.

**Why heavy-duty on-road vehicles?** This category represents the largest opportunity for emissions reductions. The heavy-duty on-road category contains diesel equipment that emits the most nitrogen oxides in Minnesota, including the approximately 46,000 on-road diesel trucks in the state eligible for funding (see Appendix 6 for data). These are also some of the most cost-effective vehicle replacements (see Appendix 6). Additionally, the majority of survey respondents cited trucks and buses as some of the vehicles they are most concerned about emitting diesel pollution in their neighborhoods (see Appendix 4).

### Clean heavy-duty off-road equipment grant program – 15% (\$1,762,500)

**Estimated emissions reductions: NO<sub>x</sub>: 619 tons; PM<sub>2.5</sub>: 23 tons; GHGs: 1,866 tons**

This program will fund the replacement of heavy-duty off-road equipment, including switcher locomotives, ferries, tug boats, and construction equipment eligible under the Diesel Emission Reduction Act (DERA). Based on the matching levels allowed by the settlement (see Appendix 9 for details), this program will fund projects up to the following levels:

- Ferries/tug boats/towboats: up to 40% to repower (replace the engine only)
- Switcher locomotives: up to 40% to repower and up to 25% for a new vehicle
- Ocean-going vessel shorepower: up to 25%
- Construction equipment through the DERA: up to 25% for replacement or up to 40% to repower to Tier 4.

**Eligibility:** Public and private organizations across the state. Groups of equipment owners may work with third parties to submit aggregated applications. All fuel types, including diesel, propane, natural gas, and electric. Gasoline equipment is not eligible for funding under the terms of the national settlement.

**Why heavy-duty off-road equipment?** Among the equipment types eligible for VW settlement funding, heavy-duty off-road equipment can be some of the largest emitters of air pollution (see Appendix 6 for data). Through MPCA's experience with DERA and conversations with equipment owners, we know that many of these engines are rarely upgraded without financial incentive. There are many old diesels in this category in Minnesota that have no pollution controls at all.

### Heavy-duty electric vehicle grant program – 15% (\$1,762,500)

**Estimated emissions reductions: NO<sub>x</sub>: 15-16 tons; PM<sub>2.5</sub>: 0.5-1.0 tons; GHGs: 1,855-4,508 tons**

This program provides funds for electric alternatives to heavy-duty vehicles and equipment. We anticipate particular interest in replacing transit buses, school buses, and airport ground support equipment. Heavy-duty electric vehicles are newer technology and significantly more expensive than other alternatives; organizations may therefore need more financial assistance to begin to adopt it. This grant program will provide an opportunity for our state to begin to adopt and learn about this technology.

**Eligibility:** Public and private organizations across the state. Groups of fleet owners may work with third parties to submit aggregated applications. All heavy-duty vehicles and equipment eligible for replacement by electric alternatives are eligible to apply for funding in this category. Airport ground support equipment and forklifts, which are only eligible for electric replacements under the terms of the national settlement will be considered in this category. Must replace diesel vehicle with all-electric vehicle.

**Why heavy-duty electric vehicles?** Support for more electric vehicles was the most common comment the MPCA received during its public engagement efforts. Public transit providers, school bus operators, airports, and utilities across the state all said the state should invest in this technology. Electric vehicles have no tailpipe emissions, and putting more of them on the road supports Minnesota's Next Generation Energy Act goals for reducing greenhouse gas emissions.



**ATTACHMENT B**

**PROJECT MANAGEMENT PLAN  
PROJECT SCHEDULE AND MILESTONES**

<b>Milestone</b>	<b>Date</b>
Request for Proposals announced (Phase 1 DERA 1)	Sept 11, 2018
Request for Proposal Closing – Application Deadline	November 16, 2018
MPCA selects potential grant recipients from eligible application pool	December 13, 2018
MPCA submits Funding Request to Trustee – Appendix D-4: Beneficiary Eligible Mitigation Action Certification including Attachments	December 21, 2018
Trustee Acknowledges Receipt of Funding Request	Receipt from Trustee
Trustee Allocates Share of State Funds	Transfer date
Grant agreements signed with selected entities	CY 2019, Q1
Grantee provides proof of destruction, invoices and other documents required for reimbursement	CY 2019, Q2-Q4
MPCA reviews, requests corrections if necessary, certifies project completion, and provides reimbursement	CY 2019, Q2-Q4
MPCA Reports to the Trustee on the status of and expenditures with Mitigation Actions completed and underway.	January 30 and July 30 thereafter

**PROJECT BUDGET**

<b>Budget Category</b>	<b>Total Project Budget</b>	<b>Share of Total Budget to be Funded by the Trust</b>	<b>Share of Total Budget paid by Federal DERA Program</b>	<b>Cost-Share, paid by fleet owners</b>
1. Equipment Expenditure	\$6,574,222	\$792,999	\$307,892	\$5,473,331
2. Contractor Support	\$83,644	\$18,897	\$64,747	\$0
3. Sub recipient Support	\$0	\$0	\$0	\$0
4. Administrative <sup>1</sup>	\$110,742	\$69,214	\$41,528	\$0
<b>Project Totals</b>	<b>\$6,768,608</b>	<b>\$881,110</b>	<b>\$414,167</b>	<b>\$5,473,331</b>
<b>Percentage</b>	<b>100%</b>	<b>13.0%</b>	<b>6.1%</b>	<b>80.9%</b>

<sup>1</sup> Subject to Appendix D-2 15% administrative cap

## PROJECTED TRUST ALLOCATIONS

	CY 2018	CY 2019
1. Anticipated Annual Project Funding Request to be paid through the Trust		\$881,110
2. Anticipated Annual Cost Share		\$5,473,331
3. Anticipated Total Project Funding by Year (line 1 plus line 2)		\$6,354,441
4. Cumulative Trustee Payments Made to Date Against Cumulative Approved Beneficiary Allocation	\$2,350,000	
5. Cumulative Outstanding Trustee Payments Requested Against Cumulative Approved Beneficiary Allocation	\$1,545,000	
6. Current Beneficiary Project Funding to be paid through the Trust (line 1)		\$881,110
7. Total Funding Approved (plus pending) for Beneficiary Eligible Mitigation Actions, inclusive of Current Action (sum of lines 4, 5, and 6)	\$3,895,000	\$881,110
8. Beneficiary Share of Estimated Funds Remaining in Trust	\$44,975,782	\$43,430,782
9. Net Beneficiary Funds Remaining in Trust, net of cumulative Beneficiary Funding Actions (line 8 minus lines 5 and 6)	\$43,430,782	\$42,549,672



**ATTACHMENT C  
DETAILED PLAN FOR REPORTING ON  
ELIGIBLE MITIGATION ACTION IMPLEMENTATION**

The Minnesota Pollution Control Agency (MPCA) will provide detailed reporting on this Environmental Mitigation Trust project in 2 ways:

1. Timely updates to MPCA's Volkswagen (VW) Environmental Mitigation Trust webpage ([www.pca.state.mn.us/vw](http://www.pca.state.mn.us/vw)) ;
2. Minnesota's semiannual reporting obligation to Wilmington Trust (the "Trustee")

MPCA maintains a VW Environmental Mitigation Trust specific webpage that has been designed to support public access and limit burden for the general public. The MPCA's VW specific webpage can be found at [www.pca.state.mn.us/vw](http://www.pca.state.mn.us/vw). Timely updates to the webpage will inform the general public on the projects' status as well as when these projects have been completed.

Subparagraph 5.3 of the Environmental Mitigation Trust Agreement for State Beneficiaries details Minnesota's Reporting Obligations: "For each Eligible Mitigation Action, no later than six months after receiving its first disbursement of Trust Assets, and thereafter no later than January 30 (for the preceding six-month period of July 1 to December 31) and July 30 (for the preceding six-month period of January 1 to June 30) of each year, each Beneficiary shall submit to the Trustee a semiannual report describing the progress implementing each Eligible Mitigation Action during the six-month period leading up to the reporting date (including a summary of all costs expended on the Eligible Mitigation Action through the reporting date). Such reports shall include a complete description of the status (including actual or projected termination date), development, implementation, and any modification of each approved Eligible Mitigation Action. Beneficiaries may group multiple Eligible Mitigation Actions and multiple sub-beneficiaries into a single report. These reports shall be signed by an official with the authority to submit the report for the Beneficiary and must contain an attestation that the information is true and correct and that the submission is made under penalty of perjury. To the extent a Beneficiary avails itself of the DERA Option described in Appendix D-2, that Beneficiary may submit its DERA Quarterly Programmatic Reports in satisfaction of its obligations under this Paragraph as to those Eligible Mitigation Actions funded through the DERA Option. The Trustee shall post each semiannual report on the State Trust's public-facing website upon receipt."

MPCA shall, in the next semiannual report following the Trustee's approval of this project, describe the progress implementing this Eligible Mitigation Action that will include a summary of all costs expended on the Eligible Mitigation Action through the reporting date. The report will also include a complete description of the status, development, implementation (including project schedule and milestone updates), and any modification to this Eligible Mitigation Action.



Attachment D

DETAILED COST ESTIMATES FROM SELECTED OR POTENTIAL VENDORS FOR EACH PROPOSED EXPENDITURE EXCEEDING \$25,000

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Project owners were asked to submit the total cost for each new project in their grant application.

Listed below are detailed equipment cost estimates for projects that are projected to have a grant expenditure above \$25,000. Note: Projects are reimbursement based on the final invoice with a 40% grant maximum on engine replacements and 25% grant max on vehicle replacements so these are not final costs.

<b>Project</b>	<b>Project Label</b>	<b>Projected grant equipment expenditure</b>	<b>Projected total project cost</b>
Mining truck replacement	1	\$326,688	\$3,808,992
Replace diesel engine in terminal tractor with electric engine	TT	\$141,377	\$353,444
Replace terminal tractor with all electric machine	HM	\$63,050	\$252,200
Locomotive APUs	5a, b, c, d	\$51,849	\$129,624
Replace loader with Tier 4	2a	\$68,182	\$279,546
Replace loader with Tier 4	2b	\$68,182	\$279,546
Replace loader with Tier 4	8	\$197,675	\$810,468
Replace diesel excavator with new electric material handler	BR	\$63,007	\$252,030
Replace compactor with Tier 4	6c	\$26,534	\$108,789
Replace loader with Tier 4	7c	\$29,695	\$176,985



## **Attachment E**

**1/10/2019**

**Note from Minnesota Pollution Control Agency (MPCA):**

**This document contains the original work plan approved by the EPA as well as the minor changes that were proposed in late December, 2018.**

**EPA staff did an initial review of these changes and gave informal approval over the phone with a formal email approval to be sent. However, the government shut down has prevented formal approval so this document is being presented with proposed changes shown in red text.**



**FISCAL YEAR 2018**

**STATE CLEAN DIESEL GRANT PROGRAM**

**WORK PLAN AND BUDGET NARRATIVE TEMPLATE**

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INSTRUCTIONS: States and territories applying for FY 2018 DERA State Clean Diesel Grant Program funding must use this template to prepare their Work Plan and Budget Narrative.

Please refer to the FY 2017-2018 STATE CLEAN DIESEL PROGRAM INFORMATION GUIDE for full Program details, eligibility criteria and funding restrictions, and application instructions.

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## SUMMARY PAGE

**Project Title:**

### Project Manager and Contact Information

**Organization Name:** MPCA

**Project Manager:** Mark Sulzbach

**Mailing Address:** 520 Lafayette Road

**Phone:** 651-757-2770

**Fax:**

**Email:** Mark.Sulzbach@state.mn.us

### Project Budget Overview:

	FY 2017*	FY 2018
EPA Base Allocation	\$243,318	\$276,111
State or Territory Matching Funds (if applicable)	\$	\$881,110
EPA Match Incentive (if applicable)	\$	\$138,056
Mandatory Cost-Share	\$	\$ (depends on projects)
<b>TOTAL Project</b>	<b>\$243,318</b>	<b>\$1,295,277</b>

\*FY 2017 budget is only for states and territories with open FY 2017 State DERA grants

### Project Period

October 1, 2018 – September 30, 2019

### Summary Statement

Note: In December 2018, MPCA has updated its DERA FFY 2018 budget to reflect staffing changes that reduced personnel and fringe costs while it increased Contractual/project costs. Total EPA and MPCA match funding remains unchanged. Typically, MPCA offers a broad range of on-road and off-road diesel categories in its DERA grant program. Because the VW settlement does not allow funding of off-road construction projects, we will be focusing MPCA's DERA program on off-road projects only and fill the gap left by the VW's consent decree. Minnesota will focus this year's DERA funding on both public and private off-road diesel fleet



projects 30 HP and larger and 2006 and older. All repowers, emission controls and idle reduction technologies must be certified by the U.S. EPA and or California Air Resources Board (CARB).

- Public and private off-road engines and equipment
- Idle reduction – for rail switchers and short-haul locomotives
- Emission control retrofits
- Off-road engine and vehicle replacements including marine, rail, industrial and construction equipment.

The focus will be on engine replacements and vehicle replacements, in an attempt to maximize the emission reduction per dollar spent. More information is at the MPCA's main Clean Diesel Web page: [www.pca.state.mn.us/cleandiesel](http://www.pca.state.mn.us/cleandiesel). MPCA will use a separate VW settlement grant to address diesel on-road trucks. We expect that grant to come out in late fall or early winter.

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## **SCOPE OF WORK**

### **STATE/TERRITORY GOALS AND PRIORITIES:**

MPCA management continues to support diesel emissions as a high priority target in its strategic plans for air pollution reduction. Health risk modeling data shows the highest diesel emissions occur in the seven-county metro-area. In addition, urban monitor readings are near the EPA standards for both PM<sub>2.5</sub> (fine particle pollution) and ozone. The modeling and the readings make the seven-county Twin Cities area a priority for diesel emission reduction work, though efforts are encouraged and implemented statewide.

MPCA is a founding partner in the Clean Air Minnesota (CAM) stakeholder group, and committed to the shared goal of reducing man-made fine particle pollution (PM<sub>2.5</sub> and ozone precursor emissions) by 10-percent from 2008 levels.

In addition, the MPCA and CAM are committed to environmental justice issues as it relates to air pollution and vehicle emissions.

- According to the MPCA's 2014 Emissions Inventory, used on several graphs that follow, on-road (highway), and off-road, vehicles and equipment make up 45-percent of the air pollution in Minnesota.
- State-wide, on-road diesel vehicles are about 4.8% of Minnesota on-road vehicles, but are responsible for almost 7% of on-road PM 2.5 emissions.
- Off-road diesel emissions are responsible for 67% of off-road PM<sub>2.5</sub> emissions in Minnesota.
- The last chart in this section shows the cancer risk from PM<sub>2.5</sub> and this chart also supports our emphasis and extra criteria points – for projects that operate in the Twin Cities area.

Since 2006, the MPCA Clean Diesel Grants Program has leveraged state and federal funds and collaborated with Environmental Initiative, a Clean Air Minnesota partner, on Project Green Fleet to reduce diesel emissions across the state. Among other diesel retrofit efforts, Project Green Fleet used state and private funding to retrofit all 3,108 eligible school buses in Minnesota, significantly reducing the exposure of children to harmful fine particles by 20 to 25-percent.

The combined efforts of the MPCA Clean Diesel Program and Project Green Fleet have supported approximately 4,700 engine improvements or replacements in Minnesota to help eliminate 45 tons of PM<sub>2.5</sub> pollution per year. MPCA has made big strides in upgrading diesel trucks across the state, and looking forward we will target construction, marine and rail equipment for upgrades through DERA. Diesel construction equipment can be especially old and dirty, and may often operate 16-24 hours a day sometimes near homes and businesses.

In 2017 and 2018 through DERA, MPCA has replaced or will replace 23-heavy-duty diesel engines and will add idle reduction technology to two rail switchers. MPCA is working to spread the word in hopes of attracting more off-road diesel equipment such as construction equipment, boats, and rail equipment.

In addition, Minnesota will have \$47 million from VW settlement funds to work with over the next 8-10 years. Minnesota may use a small percentage of these funds through DERA as mentioned, but will use the majority of VW funds for on-road trucks and buses.

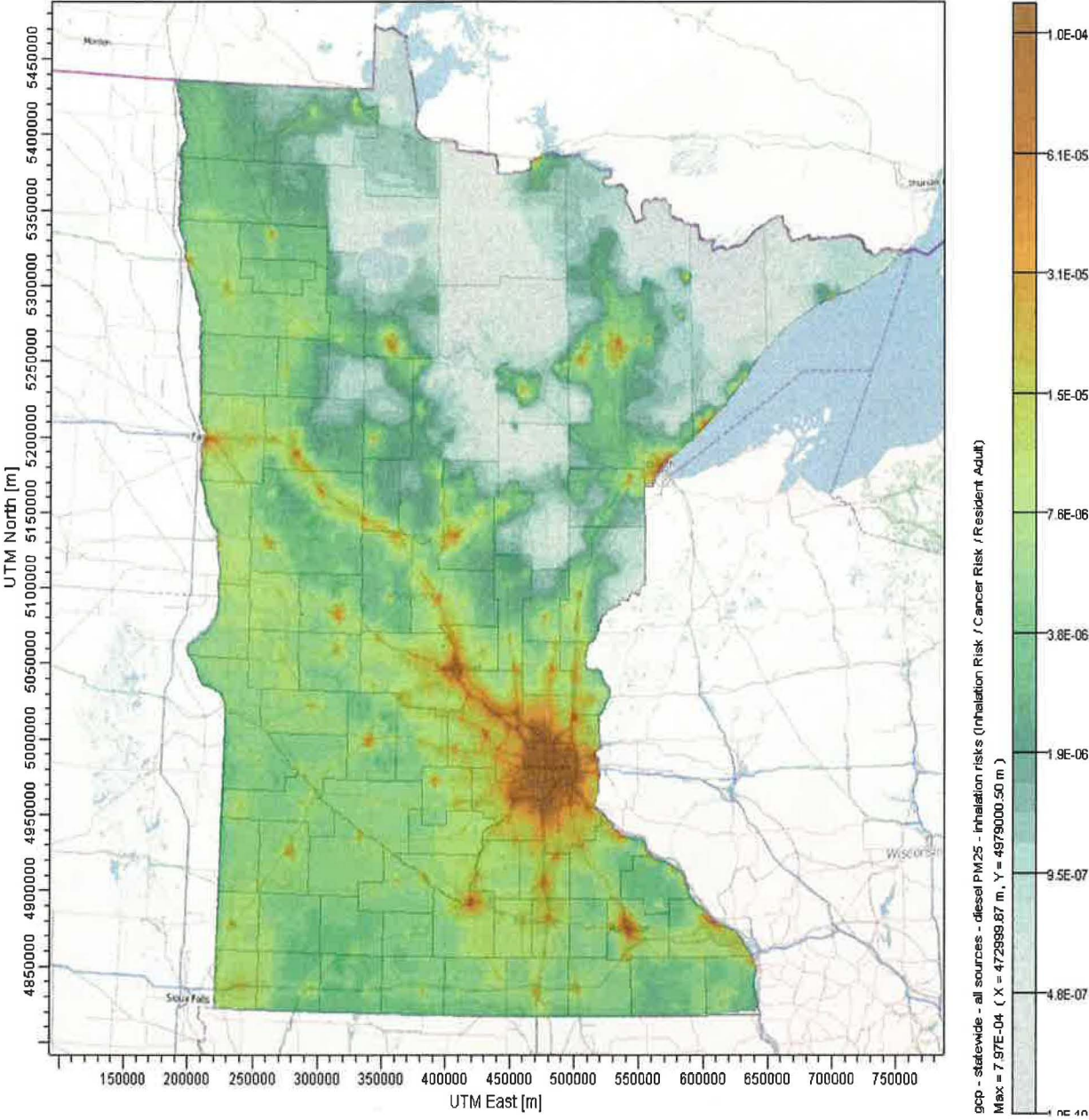
#### **STATE/TERRITORY GOALS AND PRIORITIES:**

Minnesota remains in compliance but has been close to both the PM<sub>2.5</sub> and ozone standards in recent years. It is important to note that the 2014 data presented in this report are *draft* and once finalized emissions become available they may differ significantly from current estimates. Initial estimates are recalculated based on federal economic data and other factors influencing emission sources.

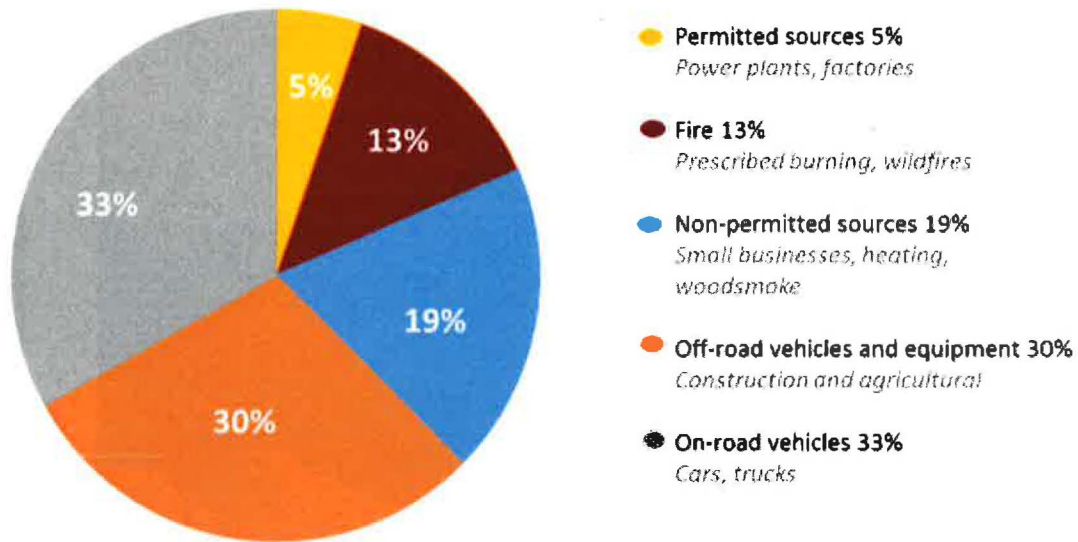
MPCA has tracked the total statewide emissions of four major criteria air pollutants from 2002 to 2016. During this time, estimated emissions of these pollutants have been reduced by almost 50-percent. While this report focuses on statewide total emissions, MPCA understands that some air pollutants are emitted disproportionately in areas of concern. MPCA is committed to addressing health and environmental inequities from mobile source pollution.

In 2014, most air pollution came from smaller, widespread sources, including vehicles, small businesses and construction equipment.

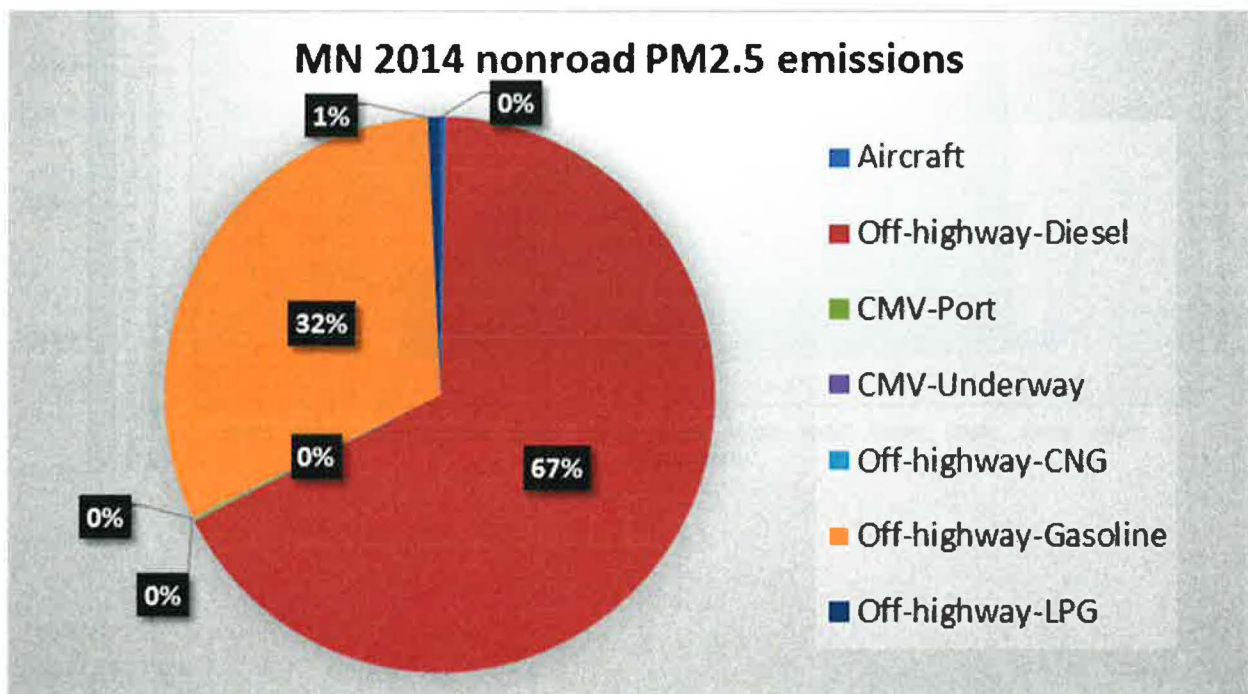
The following map of Minnesota shows the levels and locations of Inhalation Cancer Risk from ALL Diesel PM<sub>2.5</sub> in Minnesota with green representing low levels and orange and brown representing high levels.

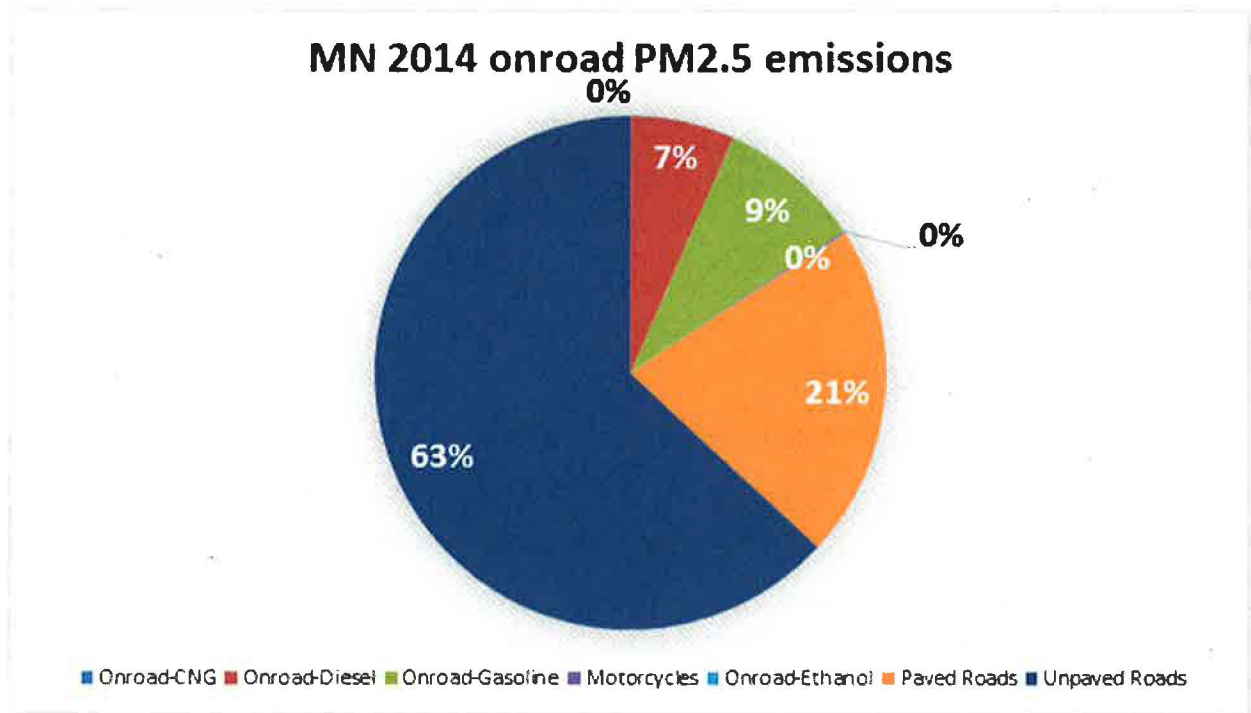


Below: sources of air toxics emissions in Minnesota, 2014 Draft data includes all state emissions from PM2.5, NOx, SO2 and VOCs. Off-road and on-road vehicles total 63%.



The 2014 Draft data chart below and on page 7 -- focus only on PM2.5 emissions. The first chart shows that *off-road diesel* represents 67-percent of all off-road PM2.5 emissions.





The chart above, shows that *on-road diesel*, despite representing just 4.8% of all on-road vehicles in Minnesota, emit nearly as much PM2.5 as all on-road gasoline vehicles (7% vs. 9%).

**VEHICLES AND TECHNOLOGIES:**

MPCA will offer competitive sub-grant awards to replace or repower a broad range of off-road diesel vehicle and equipment (including construction, marine and rail) for engines over 30 horsepower (HP). In addition, MPCA will offer idle reduction equipment for rail switchers and short-haul/switcher locomotives. All replacement vehicles, engines and emission-reducing technologies must be EPA/CARB-verified.

- **Fleets/Sector Targets**

**Our general target of off-road equipment will include construction, marine and rail.**

Minnesota state statutes requires the use of a competitive Request for Proposal (RFP) process in the award of sub-recipient grants and contracts, so we can only roughly estimate what types of fleets, and types of technologies, and what their emission reductions may be. Thus, we cannot guarantee what fleets/projects will apply and what fleets the MPCA will select. However, we will provide this information once the process is complete and MPCA has selected the fleets.

MPCA has worked with many different sectors within both on-road and off-road vehicle types in grant-sponsored emission reduction projects since 2005.

Reducing fine particle pollution, or PM<sub>2.5</sub>, is a top priority target for the MPCA. Diesel engines 2006 and older are prime emitters of PM<sub>2.5</sub>. The MPCA has directly implemented or funded clean diesel projects that have resulted in a reduction of 16.571 tons PM<sub>2.5</sub>, including pending awarded DERA projects - as of May 2018.

## **ROLES AND RESPONSIBILITIES:**

### **1. ROLES AND RESPONSIBILITIES:**

The MPCA will manage DERA funds by using sub-grants awarded through a competitive request for grant applications – open to all private and public entities opportunities in Minnesota.

All applications are screened by our Contracts unit. A team of three from our Resource Management & Assistance division scores projects that remain eligible. MPCA grant scoring has been strengthening its environmental justice emphasis and criteria along with health impacts. We will have revised criteria in these categories along with our emission cost per ton criteria. PM<sub>2.5</sub> remains the primary pollutant, but co-benefits from reducing other criteria pollutants and GHGs may also be utilized in scoring.

Sub-grantees work with the DERA program manager to develop a workplan/timeline and must sign a grant agreement - that outlines tasks and responsibilities for the project, as outlined below in the Timeline and Milestones section. No work can begin until the grant agreement (contract) is fully executed by both parties.

## **TIMELINE AND MILESTONES:**

- MPCA staff works on the DERA RFP draft – June - August 2018.
- MPCA staff works on final RFP draft – September 2018.
- Ideally MPCA staff launches new RFP – October 1, 2018; with 45-day application period
- MPCA staff screens and scores grant applications for eligibility based on established criteria by year's end.
- The MPCA announces awards by late December 2018 to mid-January 2019.
- The MPCA encumbers the award amount for each sub—grant January - March 2019 or sooner.
- Next, the MPCA creates a sub-grant agreement, including a work plan first reviewed by the grantee. The grantee then signs the agreement – mid-January to mid-March 2019, with some exceptions. (The work plan has key milestone dates for specific project work.)
- Once the MPCA signs the sub-grant, the MPCA executes the award – mid-February – mid-March, varies.

- Work begins as soon as the MPCA executes the grant agreement.
- Grants Manager writes publicity stories for awarded grants including Web page summaries and success stories.
- The Grants Manager works closely with each grantee contact:
  - Typically meets with each grantee if possible soon after the award or just after the grantee orders the work via a sit-down meeting and site visit.
  - The Grants Manager calls the grantee and or vendor every 2-3 weeks to check on progress and help troubleshoot issues – varies by project.
  - The Grants Manager conducts site visits at the end of the grant to record and verify the proper disabling of the old engine/vehicle chassis and take photos of the new vehicle/engine.
- The sub-grants are reimbursement grants - only available after approved work is completed and paid for by the grantee.
  - We require a paid-in-full invoice signed by the vendor and prefer photos of the destroyed engines and or chassis to accompany our disbursement request form.

## **DERA PROGRAMMATIC PRIORITIES**

- MPCA’s Clean Diesel Program establishes sub-grant criteria that encourage programmatic priorities. For example, to encourage emission reductions in the Twin Cities, MPCA gives extra application points for fuel used in the Twin Cities area.
- MPCA also requires a minimum amount of fuel used per year per diesel engine, with a prorated point scale for larger amounts of fuel used. Both of these fuel-use criteria help give higher scores to projects that will maximize resources for emission reduction.
- MPCA plans to add DERA criteria to address environmental justice and health exposure risks.

## **EPA’S STRATEGIC PLAN LINKAGE AND ANTICIPATED OUTCOMES/ OUTPUTS:**

- **Linkages:**
  - Linkage to EPA Strategic Plan: MPCA Clean Diesel efforts continue to support Goal 1 of EPA’s 2014-18 Strategic Plan. MPCA projects funded under this program focus on reducing emissions from diesel fleets, thereby reducing local and regional air pollution.

- MPCA Strategic Plan Goal Linked to EPA Strategic Plan: The MPCA's Strategic Plan has four goals for air quality. It identified diesel emissions as a top priority in air pollution targets. This priority is especially for the Twin Cities seven-county metro area, which has the highest monitor readings for both PM2.5 and ozone.
- The MPCA Strategic Plan also has identified reducing GHGs from transportation as a priority.
- The MPCA continues to request that our state legislature fund our clean diesel program. However, in light of the VW settlement funds any future legislative support is uncertain at this time.

- **Outputs:**

- All applicants for MPCA DERA grants must submit a fleet information spreadsheet that details the age, HP, fuel used per year, and other details that the MPCA can use to estimate potential diesel emission reductions using EPA's Diesel Emissions Qualifier. Therefore, all projects approved by the MPCA have measured emission reductions.
- MPCA clean diesel efforts continue to support Goal 1 of EPA's 2018-22 Strategic Plan. MPCA projects funded under this program focus on reducing emissions from diesel fleets, thereby reducing local and regional air pollution. One effort is to encourage the Minnesota Department of Transportation (MnDOT) craft language that encourages clean diesel vehicles and equipment be used on all large public construction projects. MPCA staff worked with MnDOT to draft language to start a dialogue. MPCA also created an on-road/off-road fleet survey, with help from Environmental Initiative (EI), for distribution to the Association of General Contractors of MN (AGC). AGC members are prime bidders on state projects. They did show a wide age range of pre-2007 equipment, but only five companies responded so the data is not conclusive.

- **Additional MPCA Goals:**

As mentioned earlier, the MPCA and EI sponsor *Clean Air Minnesota*, a coalition of public and private stakeholders across the state who work to proactively reduce air pollution. From these meetings, discussions, and research, diesel emissions remains a high priority.

- CAM has regrouped, following the Clean Air Dialogues, and meets quarterly to review, measure and report on air pollution reduction efforts, which Clean Diesel



remains a priority. MPCA has presented and reported about Clean Diesel projects several times in the past two years.

- As mentioned, the MPCA's first diesel emission priority was to reduce health risks for children by retrofitting every eligible school bus in MN, working with its partner EI.
  - Currently, MPCA's Clean Diesel program awards higher points for projects that operate more in the Twin Cities seven-county metro area because of the higher concentration of diesel emissions in that area.
  - Looking forward, with both DERA and VW settlement grants, MPCA will expand on its environmental justice and health criteria to further support agency and EPA goals in environmental justice and community involvement.
  - See page 8 of MPCA's VW Plan (<https://www.pca.state.mn.us/air/minnesotas-plan>) for details about MPCA's two-year Phase One – including \$2.3 million for School bus grant program, \$1.7 million for Heavy Duty Off-Road Program, \$4.1 million for Heavy Duty On-Road Program and \$1.7 million for Heavy Duty on-road Electric Vehicle grant program.
  - In an effort to increase the impact and efficiency of DERA grants, MPCA continues to use cost per ton among its DERA scoring criteria.
- **Outputs Measuring Progress:**
    - All applicants are required to submit a fleet information spreadsheet that details the age, HP, fuel used per year, and other hours or miles of operation details for each diesel-powered engine so the MPCA can estimate diesel emission reductions with the EPA Diesel Emission Quantifier.
    - The MPCA will work with grantees and vendors to create a project work plan that contains a schedule that becomes part of the grant agreement contract. Typically, the MPCA will periodically check the progress on large projects every two-weeks or in advance of project milestones.
    - On pp. 4-6 are a series of charts showing the PM2.5 contributed by diesel engines in Minnesota. Two of the charts show PM2.5 concentrations in MN and in Ramsey County.

- **Outcomes not related to specific projects**

- Short-term outcomes: The MPCA has added and updated clean diesel-related Web pages in the last few years to complement previous Web pages. The MPCA updates the main Clean Diesel Grants Webpage twice a year. The MPCA also sends out news releases with each clean diesel RFP including emailing the news release through an expanded Air Issues and Clean Diesel interested parties list via GovDelivery, as well as through our small business newsletter. We have the following three Web pages that promote clean diesel grants:
  - ❖ More information about the Clean Diesel Grants Program is at: <http://www.pca.state.mn.us/cleandiesel>.
  - ❖ Minnesota's DERA application page is at: <https://www.pca.state.mn.us/air/diesel-emissions-reduction-act-grants>.
  - ❖ More information about the Minnesota Clean Diesel Recovery Act can be found at: <http://www.pca.state.mn.us/foypcf5>.

The MPCA Clean Diesel Program continues to do outreach and educate various groups and businesses of its grant opportunities and the importance of diesel pollution reduction. MPCA gave nearly 20 public presentations regarding the VW settlement plan which included the DERA option.

- The MPCA Clean Diesel-focused email subscriber list has grown from 65 - seven years ago, to more than 1,000. For initial grant round announcements, the MPCA combines this list with the MPCA air quality list for a combined unduplicated list of interested parties numbering around 1,500.
- Meanwhile, the VW email list has been growing to several hundred.
- Medium-term outcomes. MPCA clean diesel grants and loans and some state funding gained for school buses that leveraged these grants has reduced PM<sub>2.5</sub> by 16.571 tons or the equivalent of 301,291 average cars.
- MPCA has been successful in attracting and implementing grants for replacing garbage trucks and other utility trucks and class 8 delivery trucks.
- Lately, we have been expanding our off-road grant project categories including marine projects and scrapyard/recycling equipment such as forklifts and material movers.
- MPCA is expanding a pilot anti-tampering outreach program – much of which is diesel-related. A small outreach team is now lead by enforcement staff and supported by mobile sources staff.

- It is important to remember that Minnesota is in attainment and therefore all actions are voluntary. Still, the CAM-MPCA message is clear that our state is extremely close to exceeding Federal air standards for both fine particles and ozone. This message is resonating with metro municipalities and counties and gaining traction with metro businesses as well. We hope to continue to build support via CAM stakeholders for emission reduction efforts beyond federal and VW grant-financed projects.
- **Long-term outcomes**
  - MPCA's long-term outcomes include keeping the state in attainment for all EPA criteria pollutants.
  - Funding is less of a challenge thanks to VW. Though rail owners are not motivated by 40% repower grants.
  - We continue to build support through stakeholders for diesel emission reduction efforts beyond grant-financed projects.
  - In recent years, we have tried to work closely with MnDOT and the MN Association of General Contractors (AGC) and developed and distributed fleet surveys to them. Unfortunately, we only received few surveys back, which means it is impossible to draw any hard conclusions.

#### **SUSTAINABILITY OF THE PROGRAM:**

- MPCA is a member of EPA's Ozone and PM2.5 Advance group, due to Minnesota's nonpoint air pollution efforts, despite being in attainment.
- We expect to use VW Settlement funds for our match the next several years. With MN eligible for \$47 million in VW settlement funds available for the next 8-10 years we see stable funding and fruitful results. See MPCA's VW Plan (<https://www.pca.state.mn.us/air/minnesotas-plan> )
- The MPCA publishes DERA grant projects awards on its Clean Diesel Web pages. MPCA also writes us clean diesel grant success stories and posts them on the Web. The MPCA promotes the DERA program through direct email, news releases and in talking points of various presentations by both MPCA management and staff.
- Similar efforts will be done for the numerous other emission reduction programs previously mentioned – that are, or will be, funded by VW settlement funds.

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**Itemized Project Budget**

Budget Category	FY 2017*			FY 2018			Total
	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)	
1. Personnel	24,000			<del>36,130</del> 24,675		<del>76,777</del> 52,435	<del>112,907</del> 77,110
2. Fringe Benefits	4,560			<del>11,562</del> 7,896		<del>24,569</del> 16,779	<del>36,131</del> 24,675
3. Travel				-		-	
4. Supplies				-		-	
5. Equipment				-		-	
6. Contractual	2,000			<del>2,000</del> 64,747		<del>0</del> 18,897	<del>2,000</del> 83,644
7. Program Income				-		-	
8. Other	204,838			<del>351,360</del> 307,892		<del>779,764</del> 792,999	<del>1,131,124</del> 1,100,891
<b>9. Total Direct Charges</b>	235,398			<del>401,052</del> 405,210		<del>881,110</del> 881,110	<del>1,287,162</del> 1,286,320
10. Indirect Charges	7,920			<del>13,115</del> 8,957		-	<del>13,115</del> 8,957
<b>Total</b>	243,318			414,167		881,110	1,295,277

\*FY 2017 budget is only for states and territories with open FY 2017 State DERA grants

## 2. Explanation of Budget Framework

### \* Personnel

FY 2018		
Budget Category	EPA	State or Territory Match (if applicable)
Clean Diesel Grants Manger - Planner Principal State - Annual Salary \$80,910 * .30 FTE, State Program Admin Princ - Annual Salary \$66,090 * .79 FTE	<del>36,130</del> 24,675	<del>76,777</del> 52,435
EPA Match Incentive (if applicable)		

### \* Fringe Benefits

FY 2018		
Budget Category	EPA	State or Territory Match (if applicable)
Actual Fringe Benefit calculation is 32% which includes Insurance, Retirement and FICA	<del>11,562</del> 7,896	<del>24,569</del> 16,779

- **Travel** – The MPCA will not take travel funding from the MPCA or EPA DERA funding.
- **Supplies** – The MPCA will not use the DERA budget for any supplies.
- **Equipment** – The MPCA will not use the DERA budget for any equipment.
- **Contractual** – The MPCA has allocated \$2,000 to host a workshop and/or use radio ads in order to both promote DERA and help potential applicants become familiar with the forms, eligibility and scoring criteria. Any amount not used for these purposes will be put back into project funding.

	FY 2018
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<b>Budget Category</b>	<b>EPA</b>	<b>State or Territory Match (if applicable)</b>
Contractor: Outreach help for DERA workshop or to advertise grant.	2,000 64,747	0 18,897

- **Other** – Minnesota uses a competitive grant program, so individual projects have not been identified, yet.

	<b>FY 2018</b>	
<b>Category</b>	<b>EPA</b>	<b>State or Territory Match (if applicable)</b>
Other:	351,360	779,764
Subaward:	307,892	792,999

- **Indirect Charges** – The MPCA uses the federally approved indirect rate of 27.5% applied to both salary and fringe rates. Only actual approved rates for each fiscal year will be assessed. The MPCA will not take indirect charges from the MPCA funding. Indirect amount for Voluntary Match will be covered by Administrative monies from VW settlement.
- **Administrative Costs Expense Cap** - MPCA will not exceed the 15% administration cap.

### **Matching Funds and Cost-Share Funds**

- State matching / overmatching funds of \$881,110 will come from Minnesota’s VW settlement funding of approximately \$47 million.
- Mandatory cost share funds for projects will come from grantees.

### **Funding Partnerships**

- No funding partnerships anticipated.