

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification

Idaho Funding Request #3

VRP02_EMA2_Class 4-8 Eligible Bus

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION
EMA-2_Class 4 - 8 Bus – Vehicle Replacement Program
State of Idaho, Department of Environmental Quality

SUMMARY

Explanation of how funding request fits into Beneficiary's Mitigation Plan (5.2.1):

This project is the Idaho DEQ Vehicle Replacement Program (VRP) for Class 4-8 school, shuttle, or transit buses. The State of Idaho Beneficiary Mitigation Plan (BMP), posted in May 2018 identified environmental priorities for the state that mitigation actions as described in Appendix D-2 could address, including air quality and public health. As described in Section 4.2 of Idaho's Beneficiary Mitigation Plan, Idaho will use trust funds as a rebate toward Project Sponsors' replacement of eligible buses, including Class 4-8 school buses, shuttle buses, or transit buses.

The Idaho DEQ has completed an application period for DEQ's Vehicle Replacement Program which includes vehicles under Eligible Mitigation Action (EMA) 1, 2, & 6. This D-4 is specific to EMA-2 and includes an attached advanced funding request for program administration; additional funding request to distribute funds from the Trust directly to the Project Sponsor will be sent as projects are completed.

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

The VRP for EMA-2, Class 4-8 buses will provide between 25%-45% of the cost to replace eligible buses in the form of a rebate once the new vehicle is purchased and the vehicle being replaced is properly scrapped. The Idaho BMP outlined a protocol to be used for project selection that prioritizes areas designated as air quality priority areas, prioritizes counties designated as NOx emission priority counties, as well as those projects that will impact areas with larger sensitive populations. The projects funded under EMA-2 will include areas within Idaho that are currently designated as non-attainment for PM2.5 (Franklin County), and that DEQ has identified as areas of concern (i.e., areas that have concentration near the NAAQS), including Ada, Canyon, and Lemhi counties. A portion of Franklin County, Logan UT/ID NAA, was designated as nonattainment for the 2006 24-hour PM2.5 NAAQS in 2009. Ada County has been identified by EPA as an area where the population is exposed to more than 2.0 µg/m³ of diesel PM2.5 emissions. DEQ has identified Lemhi County as an area of concern for PM2.5. Projects selected will reduce particulate matter emissions and ozone precursor emissions in these regions of poor air quality. While projects will be completed in these counties, DEQ will provide rebates statewide as applications are approved.

Estimate of Anticipated NOx Reductions (5.2.3):

For this particular D-4 associated with EMA-2 for eligible buses, the proposed replacements would reduce diesel engine emissions of nitrogen oxides, particulate matter, carbon monoxide, hydrocarbons, and carbon dioxide.

The estimated emission reductions were calculated for each application received using the EPA's Diesel Emission Quantifier and are based on information gathered on each application. Annual mileage and fuel usage for each vehicle was input into the model. Some additional assumptions or special notes related to the Diesel Emission Quantifier include:

- Estimated years of remaining life were calculated using the maximum number of years allowed in the model.

- Idling hours were based on the Diesel Emission Quantifier Default Values found in EPA document number EPA-420-B-10-035, which may be found here: <http://purl.fdlp.gov/GPO/gpo18652>
- ‘Annual miles driven’ was not based Diesel Emission Quantifier default values, but on information provided on each application.
- Where annual mileage travel was less than the default value, the annual idling hours applied in the model were calculated based on the percentage of the actual miles driven compared to the default value.

The Idaho DEQ has completed an application process associated with a Vehicle Replacement Program; applications were received for Mitigation Actions 1, 2, and 6. Applications received include total project costs of \$23,451,726.10, of which \$8,174,742.72 has been requested in VW Settlement Trust funding. The estimated lifetime emission from these applications if they were all funded is 274 tons of NOx; and if all applications were funded, the funding would go toward replacing 132 vehicles.

For this specific D-4, associated with EMA-2 and Class 4-7 eligible bus replacements, funding would go toward the replacement of approximately 83 vehicles to be replaced with new diesel, compressed natural gas, or all-electric powered vehicles. If all applications were funded, the anticipated total lifetime emission reduction for EMA-2 vehicles is approximately 106 tons of NOx, with an average cost of \$40,773 per ton on NOx emission reduced.

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 Idaho Department of Environmental Quality, Air Quality Division

Describe how the Beneficiary will make documentation publicly available (5.2.7.2).

As stated in Paragraph 7 of Idaho’s Appendix D-3 filing:

- (i) Information obtained by the Beneficiary is subject to public disclosure pursuant to the provisions of Idaho’s Public Records Act, Chapter 1, Title 74, Idaho Code, and IDAPA 58.01.21, Rules Governing the Protection and Disclosure of Records in the Possession of the Idaho Department of Environmental Quality.
- (ii) The Idaho DEQ has established a ‘Volkswagen Diesel Settlement’ website, which may be found at www.deq.idaho.gov/vw-settlement. The website provides information regarding the State Trust Agreement, Idaho’s Beneficiary Mitigation Plan, as well as the Idaho specific funding programs available. Documents submitted by Idaho DEQ to the Trustee will be available to the public on the DEQ’s VW Settlement website, including those submitted in support of each funding request. Stakeholders may subscribe to the page and receive automatic updates when new information is posted to the website. Information will also be available to the public on the Trustee website at <http://www.vwenvironmentalmitigationtrust.com>.
- (iii) In accordance with Sections 74-101 through 74-119, Idaho Code, and IDAPA 58.01.21, Rules Governing the Protection and Disclosure of Records in the Possession of the Idaho Department of Environmental Quality, any information submitted to the Beneficiary may be claimed as confidential by the submitter. It shall be the responsibility of the submitter to give notice of the existence of a claim of confidentiality on each page or other portion of information at the time of submittal, and such person shall have the burden of demonstrating that the information is confidential and exempt from disclosure under Idaho law.

Describe any cost share requirement to be placed on each NOx source proposed to be

mitigated (5.2.8).

Depending on the applicant (government or non-government) and the type of vehicle engine type to be purchased (diesel, compressed natural gas/propane, or all-electric) the cost share requirement will vary based on the follow table included in the DEQ application guide. In some cases a Project Sponsor may request less than what they are eligible to receive. Total estimated cost share dollars for EMA-1 are included in Attachment B, Project Budget.

EMA 2—Class 4-8 school buses, shuttle buses, or transit buses (eligible buses).

Replacement	Diesel	Alternate Fuel	All Electric^a
<u>School bus</u>			
Government	25%	40%	45%
Nongovernment	25%	25%	45%
<hr/>			
Government-owned shuttle/transit bus	40%	40%	45%
<hr/>			
Nongovernment-owned shuttle/transit bus	25%	25%	45%

a. DEQ will also fund 45% of the cost of infrastructure for charging new all-electric vehicles.

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

Idaho DEQ e-mailed Trust related documentation to recipients specified in subparagraph 4.2.8 on February 13, 2018.

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).

DEQ will review and score all completed applications received for eligible projects flowing a matrix provided in an application guidance document attached to the Vehicle Replacement Program application. Applications from areas designated as nonattainment, maintenance areas, or areas of concern will receive more points in the application review process. Also, projects in counties with higher diesel oxides of nitrogen (NOx) emissions currently impacting the public will be awarded points in this category. Points are scored based on a range of NOx emissions for the associated county, with more points being awarded to counties exposed to higher levels of NOx emissions.

The projects funded under this EMA-1 D-4 will include areas within Idaho that are currently designated as non-attainment for PM2.5 (Franklin County), and that DEQ has identified as areas of concern (i.e., areas that have concentration near the NAAQS), including Ada, Canyon, and Lemhi counties. A portion of Franklin County, Logan UT/ID NAA, was designated as nonattainment for the 2006 24-hour PM2.5 NAAQS in 2009. Ada County has been identified by EPA as an area where the population is exposed to more than 2.0 µg/m³ of diesel PM2.5 emissions. DEQ has identified Lemhi County as an area of concern for PM2.5. Projects selected will reduce particulate matter emissions and ozone precursor emissions in these regions of poor air quality. While projects will be completed in these counties, DEQ will provide rebates statewide as applications are approved.

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).

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.]

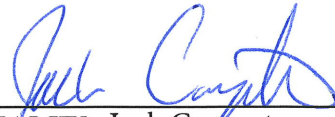
CERTIFICATIONS

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

1. This application is submitted on behalf of Beneficiary State of Idaho, 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: _____



[NAME] Jack Carpenter
[TITLE] Financial Officer
Idaho Department of Environmental Quality

[LEAD AGENCY]

for

State of Idaho

[BENEFICIARY]

ATTACHMENT B

Eligible Mitigation Action Plan including Detailed Budget and Implementation and Expenditures Timeline (5.2.4)

There will be two types of funding requests associated with this EMA-2 D-4, including the following:

1. Advanced funding request to provide to the Idaho Department of Environmental Quality (DEQ), enabling the DEQ to administer the DEQ's Vehicle Replacement Program.
2. Rebate funding request from the Trust directly to the Project Sponsor once all requirements of the VRP have been satisfied.

PROJECT SCHEDULE AND MILESTONES

Project Step	Milestone	Date
1	Lead Agency Provides Notice of Availability of Mitigation Action Funds	10/18/2018
2	Project Sponsor Submits Proposal to Lead Agency	01/30/2019
3	Lead Agency submits D-4 to Trustee	05/03/2019
4	Lead Agency Provides Initial Funding Decision Alerting Project Sponsor of Application Selection to Receive Funding	05/10/2019
5	Trustee Approves D-4	By 08/03/2019
6	Lead Agency Develops Agreement with Project Sponsor's Regarding Vehicle Replacement Projects, including eligible rebate amount, cost-share and scrappage requirements, and terms and conditions.	05/10/2019 – 08/03/2019
7	Trustee Acknowledges Receipt of Project Certification and Funding Direction for advance payment of Administrative category of proposed budget.	By 08/03/2019
8	Project Sponsor purchases new vehicle(s) and scraps vehicles to be replaced; provides detailed invoices for all claimed project costs, documentation for emission reduction estimates, required certification documents to Lead Agency to support direction to Trustee for Payment (Reimbursement, Direct-to-Project Sponsor), submits funding request to Lead Agency with appropriate documentation certifying satisfaction of Lead Agency/Project Sponsor Agreement	08/03/2019 (or Step 5 + 6-12 months)
9	Lead Agency completes review and certifies payment direction to Trustee (Reimbursement)	Step 8 + 5-10 business days.
10	Trustee Acknowledges Receipt of Direction for Payment(s) and completes Reimbursement payment to Project Sponsor.	Step 9 + 14 calendar days
11	Project Sponsor Certifies Project Completion	Step 10 + 5 business days
12	Lead Agency Reports Project Completion	Step 11 + 5 business days

PROJECT BUDGET			
Period of Performance			
Budget Category	Total Approved Budget	Share of Total Budget to be Funded by the Trust	Cost-Share, Project Sponsors
1. Equipment Expenditure	\$12,461,085.77	\$4,307,299.03	\$8,153,786.74
2. Contractor Support <i>(Provide List of Approved Contractors as Attachment with approved funding ceilings)</i>	\$	\$	\$
3. Subrecipient Support <i>(Provide List of Approved Subrecipients or Grant Awardees as Attachment with approved funding ceilings)</i>	\$	\$	\$
4. Administrative ¹	\$	\$112,664	\$
Project Totals	\$	\$	\$
Percentage	%	%	%

1. Subject to Appendix D-2 15% Administrative Cap

PROJECTED TRUST ALLOCATIONS: EMA-2			
	2019	2020	2021
1. Anticipated Annual Project Funding Request to be paid through the Trust	\$1,080,864	\$1,136,563	\$2,202,536
2. Anticipated Annual Cost Share	\$2,862,294	\$2,439,155	\$2,882,338
3. Anticipated Total Project Funding by Year (line 1 plus line 2)	\$3,943,158	\$3,575,718	\$5,084,874
4. Cumulative Trustee Payments Made to Date Against Cumulative Approved Beneficiary Allocation	\$4,135,905	\$5,216,769	\$6,353,332
5. Current Beneficiary Project Funding to be paid through the Trust (line 1)	\$1,080,864	\$1,136,563	\$2,202,536
6. Total Funding Allocated to for Beneficiary, inclusive of Current Action by Year (line 4 plus line 5)	\$5,216,769	\$6,353,332	\$8,555,868
7. Beneficiary Share of Estimated Funds in Trust	\$17,349,037	\$17,349,037	\$17,349,037
8. Net Beneficiary Funds Remaining in Trust, net of cumulative Beneficiary Funding Actions (line 7 minus line 6)	\$12,132,268	\$10,995,705	\$8,793,169

ATTACHMENT C

Detailed Plan for Reporting on Eligible Mitigation Action Implementation (5.2.11)

The DEQ will provide detailed reporting on this funding request under the DERA option in three ways:

1. Timely updates to the DEQ's Volkswagen Diesel Settlement website.
2. Semi-annual reporting to the Trustee as required by subparagraph 5.3 of the Environmental Mitigation Trust for State Beneficiaries.

DEQ Website

The Idaho Department of Environmental Quality maintains a website describing the DEQs activities associated with the Volkswagen Diesel Emissions Environmental Mitigation Trust for State Beneficiaries. The website may be found here: <http://www.deq.idaho.gov/vw-settlement>. Information associated with DEQ's VW programs, applications and application guides, as well as a description of the VW Beneficiary Mitigation Plan, and community outreach activities. Documents submitted by Idaho DEQ to the Trustee will be available to the public on the DEQ's VW Settlement website, including those submitted in support of each funding request. Stakeholders may subscribe to and receive automatic updates when new information is posted to the website.

All application material, reimbursement requests, and required documentation submitted by applicants and funding recipients for the DEQ's DERA program are archived in the DEQ Enterprise Content Management System and are available to the public through the State Online Public Records Request, which may be accessed through the DEQ online form (<http://www.deq.idaho.gov/contact-us/public-records-request/online-prr-request-form/>).

Semi-Annual Reports to the Trustee

As required by subparagraph 5.3 of the Environmental Mitigation Trust Agreement for State Beneficiaries, DEQ will submit a report to the Trustee within 6 months of the first disbursement and thereafter no later than January 30 and July 30 for the preceding 6-month periods. These reports will describe the progress implementing this and any other Eligible Mitigation Action ongoing during the reporting period. These reports will include a summary of all costs expended and a complete description of the status (including the actual or projected termination date), development, implementation, and any modification of the Eligible Mitigation Action. These semi-annual reports to the Trustee will be posted on the DEQ website for public access.

ATTACHMENT D**Detailed cost estimate from selected or potential vendors for each proposed expenditure exceeding \$25,000**

The Idaho Department of Environmental Quality received vehicle estimates from Project Sponsors applying for VW settlement funds through the DEQ's Vehicle Replacement Program. DEQ received 41 Vehicle Replacement Program applications for the replacement of 132 vehicles. Attached are estimates for applications associated with EMA-2 exceeding \$25,000. These estimates do not convey an entitlement to applicants; funding decisions will be made after application reviews are completed.

Applicant Organization	City	County	EMA	Project Description	Veh Qty	Total Project Cost	Total VW Project Cost	Vehicle Cost Estimate	VW Settlement Request Estimate	Funding Request %
Aberdeen School District #58	Aberdeen	Bingham	2	1 diesel bus for new diesel bus.	1	\$90,375	\$22,593	\$90,375	\$22,593	25%
South Lemhi School District #292	Leadore	Lemhi	2	2 diesel buses for new diesel buses.	2	\$91,660	\$22,915	\$91,600	\$22,915	25%
Kamiah School District # 304	Kamiah	Idaho & Lewis	2	Replace 1 diesel school bus with new diesel bus.	1	\$93,897	\$23,474	\$93,897	\$23,474	25%
Emmett School District	Emmett	Gem	2	Replace 1 diesel school bus with new diesel bus.	1	\$95,000	\$23,750	\$95,000	\$23,750	25%
Lewiston Ind. School District, Bus	Lewiston	Nez Perce	2	Replace 1 diesel school bus with a new diesel bus	1	\$103,500	\$24,840	\$103,500	\$24,840	24%
Basin School District #72	Idaho City	Boise	2	1 diesel buses for new diesel bus.	1	\$99,865	\$24,966	\$99,865	\$24,966	25%
Moscow School District	Moscow	Latah	2	Replace 1 diesel bus with a new gas bus.	1	\$107,038	\$26,759	\$107,038	\$26,759	25%

Applicant Organization	City	County	EMA	Project Description	Veh Qty	Total Project Cost	Total VW Project Cost	Vehicle Cost Estimate	VW Settlement Request Estimate	Funding Request %
Ririe Joint School District #252	Ririe	Bonneville / Jefferson	2	1 diesel buses for new diesel bus.	1	\$109,195	\$27,298	\$109,195	\$27,298	25%
West Bonner County School District #83	Priest River	Bonner	2	2 diesel school buses for new diesel buses.	2	\$190,703	\$47,675	\$94,743 - \$95,960	\$23,685 - \$23,990	25%
Oneida School District #351	Malad City	Oneida	2	2 diesel school buses for new diesel buses.	2	\$192,534	\$48,133	\$96,267	\$24,066	25%
Student Transportation of America	Meridian	Ada	2	Replace 3 diesel school buses with new diesel buses	3	\$234,216	\$58,554	\$78,072	\$19,518	25%
Shelley School District #60	Shelley	Bingham	2	3 diesel buses for new diesel buses.	3	\$265,890	\$66,471	\$88,630	\$22,157	25%
First Student	Meridian	Ada	2	Replace 4 diesel school buses with new diesel buses	4	\$344,712	\$86,178	\$86,178	\$21,544	25%
West Side School District	Franklin	Franklin	2	2 diesel buses for new propane bus.	2	\$215,996	\$86,400	\$107,998	\$43,199	40%
Boundary County School District #101	Bonners Ferry	Boundary	2	Replace 6 diesel school buses with new diesel buses	6	\$603,306	\$150,826	\$97,551 - \$103,551	\$24,388 - \$25,138	25%
Brown Bus Company	Nampa	Canyon	2	8 diesel school buses for new diesel buses	8	\$638,888	\$158,088	\$79,861	\$19,781	25%
Treasure Valley Transit, Inc.	Nampa	Canyon	2	4 diesel buses for new diesel buses.	4	\$640,000	\$160,000	\$160,000	\$40,000	25%

Applicant Organization	City	County	EMA	Project Description	Veh Qty	Total Project Cost	Total VW Project Cost	Vehicle Cost Estimate	VW Settlement Request Estimate	Funding Request %
Student Transportation of America	Meridian	Ada	2	Replace 10 diesel school buses with new diesel buses	10	\$780,721	\$195,180	\$78,017	\$19,518	25%
Madison School District #321	Rexburg	Madison	2	Replace 5 diesel school buses with new propane buses	5	\$495,950	\$198,380	\$99,190	\$39,676	40%
Madison School District #321	Rexburg	Madison	2	Replace 5 diesel school buses with new propane buses	5	\$495,950	\$198,380	\$99,190	\$39,676	40%
ISU - Office of Research	Pocatello	Bannock	2	Replace 1 diesel transit bus with a new diesel bus	1	\$514,819	\$205,927	\$514,819	\$205,927	40%
Jefferson Joint School District #251	Rigby	Jefferson	2	10 diesel school buses for new diesel	10	\$1,124,980	\$281,250	\$112,498	\$28,125	25%
Glenns Ferry School District #192	Glenns Ferry	Elmore	2	6 diesel school buses with new CNG buses	6	\$1,001,889	\$400,755	\$165,998 - \$171,899	\$66,399 - \$68,759	40%
Mountain Rides Transportation Authority	Ketchum	Blaine	2	Replace 3 diesel transit buses with new electric buses	3	\$3,930,000	\$1,768,500	\$1,310,000	\$589,800	45%
Totals					83	\$12,461,085	\$4,307,297			