

Missouri Department of dnr.mo.gov

NATURAL RESOURCES

Michael L. Parson, Governor

Carol S. Comer, Director

AUG 27 2019

Mr. Russell L. Crane
Volkswagen Environmental Mitigation Trust
c/o Wilmington Trust, N.A. as Trustee
1100 North Market Street
Attn: Capital Markets & Agency Services
Wilmington, DE 19890

Dear Mr. Crane,

The Missouri Department of Natural Resources has enclosed a correction to Missouri Funding Request #5 through the Volkswagen Environmental Mitigation Trust (Project ID: Cat 2-EMA6 FY19-001). The department originally sent Missouri Funding Request #4 and #5 in January of 2019, and each request covered the cost of four new replacement trucks (four large trucks and four medium trucks). However, upon review of the final documentation for these projects, three of the trucks included in Missouri Funding Request #5 were incorrectly characterized as medium trucks, as opposed to large trucks. The error occurred because the fleet had reported the gross vehicle weight rating of the trucks in kilograms instead of pounds.

This correction removes the cost and emission reductions for those three vehicles from this Missouri Funding Request #5, leaving one medium truck replacement from the original funding request. The correction is administrative in nature, and is intended to ensure that Missouri's D-4 submission accurately reflects the Volkswagen Trust eligible mitigation action numbers for the vehicles that were replaced. No additional funds are requested at this time.

The department is sending the enclosed correction electronically through Intralinks. The enclosure fulfills the requirement of a hard copy as required by paragraph 5.2 of the Trust Agreement.

Thank you for attention to this matter. If you have any questions regarding this submission, please contact Emily Wilbur, with the department's Air Pollution Control Program at P.O. Box 176, Jefferson City, MO 65102 [REDACTED].

Sincerely,

AIR POLLUTION CONTROL PROGRAM

Darcy A. Bybee
Director

DAB:cm

Enclosure



APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification

Missouri Funding Request #5 (Correction)

Project ID: Cat 2-EMA6 FY19-001

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary State of Missouri

Lead Agency Authorized to Act on Behalf of the Beneficiary Missouri Department of Natural Resources

(Any authorized person with delegation of such authority to direct the Trustee delivered to the Trustee pursuant to a Delegation of Authority and Certificate of Incumbency)

| | |
|---|---|
| Action Title: | DOC Medium Truck Replacements – FY2019 |
| Beneficiary's Project ID: | Cat 2-EMA6 FY19-001 |
| Funding Request No. | 5 |
| Request Type: (select one or more) | <input type="checkbox"/> Reimbursement <input type="checkbox"/> Advance <input checked="" type="checkbox"/> Other (specify): <u>Correction to original funding request</u> |
| Payment to be made to: (select one or more) | <input type="checkbox"/> Beneficiary <input checked="" type="checkbox"/> Other (specify): <u>Trust Funds already disbursed; no additional funds requested</u> |
| Funding Request & Direction (Attachment A) | <input type="checkbox"/> Attached to this Certification <input type="checkbox"/> To be Provided Separately <input checked="" type="checkbox"/> Other (specify): <u>Attachment A was included in original funding request; not included in this correction</u> |

SUMMARY

| | | |
|--|--|--|
| Eligible Mitigation Action Type | <input checked="" type="checkbox"/> Appendix D-2 item (specify) <u>Item 6: Class 4-7 Local Freight Trucks (Medium Trucks)</u> <input type="checkbox"/> Item 10 - DERA Option (5.2.12) (specify and attach DERA Proposal): | |
| Explanation of how funding request fits into Beneficiary's Mitigation Plan (5.2.1): | | |
| Missouri's BMP allocates \$6 million government-owned truck repowers and replacements. Missouri's plan also acknowledges and complies with the state's legislative appropriations process. Missouri's BMP says that in state fiscal year 2019, the department will facilitate a payment up to \$1 million in VW Trust Funds to the Missouri Department of Corrections (DOC) to implement eligible mitigation actions pursuant to the VW Trust agreement. The mitigation action DOC is implementing through this funding request falls under Missouri's Award Category 2, Government Trucks, thus pursuant to the BMP this funding request will count towards the total funding amount dedicated to this award category in the BMP. | | |
| Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2): | | |
| Diesel-to-diesel replacements reduce NO _x emissions and have a co-benefit of reducing particulate matter. This project supports the upgrading of the state-owned fleet. This project will reduce local diesel emissions exposure, while also decreasing regionally transported NO _x pollution that contributes to the formation of ground-level ozone pollution. | | |
| Estimate of Anticipated NO_x Reductions (5.2.3): | | |
| Missouri has used the EPA's Diesel Emissions Quantifier to calculate the emission reductions this project will achieve. The results are below. | | |
| Project Summary | Total VW Trust Funds Requested (\$) | Lifetime NO_x Reductions (tons) |
| DOC Medium Truck Replacements (5 trucks) | \$96,360 | 1.5 |
| 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): | | |
| Missouri Department of Natural Resources | | |
| Describe how the Beneficiary will make documentation publicly available (5.2.7.2). | | |
| The Missouri Department of Natural Resources, as lead agency for the state of Missouri implementing the Environmental Mitigation Plan, has established a webpage on the VW Trust and mitigation actions, https://dnr.mo.gov/env/appcp/vw . | | |
| Describe any cost share requirement to be placed on each NO_x source proposed to be mitigated (5.2.8). | | |
| No cost share requirement will be placed on the DOC for implementation of the eligible mitigation actions included in this funding request. As allowed by the VW Trust, beneficiaries may use VW Trust funds to cover up to 100 percent of the cost of a replacement for an eligible government-owned medium truck. | | |
| Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9). | | |
| On February 28, 2018, the Department notified the Department of Interior, including the National Park Service and U.S. Fish and Wildlife Service, and the Department of Agriculture, including the Forest Service of the availability of VW funds for locations within Missouri. The Department did not receive notice from any other federal agency indicating interest in these funds. | | |
| If applicable, describe how the mitigation action will mitigate the impacts of NO_x emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions (5.2.10). | | |
| The trucks DOC is replacing through this funding request operate on highways including high traffic areas along with numerous other mobile emission sources, meaning these areas bear a disproportionate share of the air pollution burden. | | |


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 Missouri, 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)



[SIGNATURE]

[DATE]

DARCY BYBEE

[NAME]

AIR POLLUTION CONTROL
PROGRAM DIRECTOR

[TITLE]

MISSOURI DEPARTMENT OF
NATURAL RESOURCES

[LEAD AGENCY]

For

STATE OF MISSOURI

[BENEFICIARY]

ATTACHMENT B

Beneficiary Eligible Mitigation Action Certification – Missouri Funding Request #5 (Correction)
Project ID: Cat 2-EMA6 FY19-001

**Eligible Mitigation Action Management Plan Including Detailed Budget and
Implementation and Expenditures Timeline**

PROJECT MANAGEMENT PLAN

PROJECT SCHEDULE AND MILESTONES

| Milestone | Date |
|---|---|
| DOC places purchase order for new trucks | December 2018 |
| DNR Submits D-4 | January 2019 |
| DOC accepts delivery of new trucks and submits invoice to DNR | May 2019 |
| DNR provides payment to DOC and DOC provides payment to truck vendor | May 2019 |
| DOC scraps the old trucks per the requirements of the Trust | May-June 2019 |
| DNR reports to Trustee on status of and expenditures with mitigation actions completed and underway | Within 6 months of first disbursement; Jan. 30 and July 30 thereafter |

PROJECT BUDGET

| Period of Performance: <u>July 2018 – June 2019</u> | | | |
|---|-----------------------|---|--|
| Budget Category | Total Approved Budget | Share of Total Budget to be Funded by the Trust | Cost-Share, if applicable (Project Sponsors) |
| 1. Equipment Expenditure | \$96,360 | \$96,360 | \$0 |
| 2. Contractor Support <i>(Provide List of Approved Contractors as Attachment with approved funding ceilings)</i> | \$0 | \$0 | \$0 |
| 3. Subrecipient Support <i>(Provide List of Approved Subrecipients or Grant Awardees as Attachment with approved funding ceilings)</i> | \$0 | \$0 | \$0 |
| 4. Administrative ¹ | \$0 | \$0 | \$0 |
| Project Totals | \$96,360 | \$96,360 | \$0 |
| Percentage | 100% | 100% | 0% |

¹ Subject to Appendix D-2 15% administrative cap.

Beneficiary Eligible Mitigation Action Certification – Missouri Funding Request #5 (Correction)
Project ID: Cat 2-EMA6 FY19-001

PROJECTED TRUST ALLOCATIONS

| | FY 2019 (July 2018-June 2019) | FY 2020 | FY 2021-28 |
|--|---|----------------|-------------------|
| 1. Anticipated Annual Project Funding Requests to be paid through Trust | \$ 7,348,201 | \$ 14,723,117 | \$ 19,080,733 |
| 2. Anticipated Annual Cost Share | \$ 9,630,831 | \$ 18,708,813 | \$ 24,088,846 |
| 3. Anticipated Total Project Funding by Year (line 1 plus line 2) | \$ 16,979,032 | \$ 33,431,930 | \$ 43,169,579 |
| 4. Cumulative Trustee Payments made to Date Against Cumulative Approved Beneficiary Allocation | \$ - | \$ 7,348,201 | \$ 22,071,318 |
| 5. Current Beneficiary Project Funding to be paid through the Trust (line 1) | \$ 7,348,201 | \$ 14,723,117 | \$ 19,080,733 |
| 6. Total Funding Allocated to Beneficiary, inclusive of Current Action by Year (line 4 plus line 5) | \$ 7,348,201 | \$ 22,071,318 | \$ 41,152,051 |
| 7. Beneficiary Share of Estimated Funds Remaining in Trust | \$ 41,152,051 | \$ 33,803,850 | \$ - |
| 8. Net Beneficiary Funds Remaining in Trust, net of cumulative Beneficiary Funding Actions (line 7 minus line 5) | \$ 33,803,850 | \$ 19,080,733 | \$ - |

ATTACHMENT C

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

Records of the applicant, selected projects, and financial reports will be made available on the department VW webpage in the form of a report to coincide with reporting requirements listed in the trust. Records may also be obtained through the state sunshine request portal.

ATTACHMENT D

Detailed cost estimates from selected or potential vendors for each proposed expenditure exceeding \$25,000 (5.2.6)

Beneficiary Eligible Mitigation Action Certification – Missouri Funding Request #5 (Correction)
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The Missouri Department of Corrections purchased the replacement truck included as part of the eligible mitigation action implemented through this funding request. The actual cost for the new truck is listed below:

\$96,360.05

