



STATE OF HAWAII

VOLKSWAGEN SETTLEMENT ENVIRONMENTAL MITIGATION TRUST AGREEMENT

SEMI-ANNUAL REPORT (July 1 – December 31, 2019)

*Prepared and submitted by the Hawaii State Energy Office within the State of Hawaii
Department of Business, Economic Development, and Tourism*

January 2020

State of Hawaii
Volkswagen Settlement Semi-Annual Report (July – December 2019)


Beneficiary	State of Hawaii
Lead Agency	Department of Business, Economic Development, and Tourism
Reporting Period	July – December 2019

Summary of All Costs

Beneficiary Project ID	Project	Total Funds Obligated	Total Funds Expended to Date
VW - 0010 - 0001	ACTION 10 DERA FY17/18 HONOLULU TRANSIT BUS REPLACEMENT	\$ 230,087	\$ 11,074.00
VW - 0010 - 0002	ACTION 10 DERA FY19 ELECTRIC BUS ASSISTANCE PROGRAM	\$ 316,494	\$ 0
VW - 0009 – 0003	ACTION 9 LIGHT DUTY ZEV SUPPLY EQUIPMENT	\$ 1,218,750	\$ 0

Date Submitted	Submission/Status
October 2017	Court approves final Trust Agreement (Trust Effective Date)
January 2018	Trustee deems the State of Hawaii a Beneficiary
ongoing	HSEO evaluates and analyzes the Eligible Mitigation Actions
February 2018	HSEO seeks public input on the Eligible Mitigation Actions
March 1, 2019	Hawaii’s Beneficiary Mitigation Plan submitted to and approved by the Trustee
ongoing	HSEO and its partners execute the determined environmental mitigation projects
July 19, 2019	D-4 Funding Request for Project 1 submitted to and approved by the Trustee
August 2, 2019	First Disbursement of Trust Funds – Project 1 DERA FY17/18 Honolulu Transit Bus Replacement
September 6, 2019	D-4 Funding Request for Project 2 submitted to and approved by the Trustee
September 21, 2019	Second Disbursement of Trust Funds – Project 2 DERA FY19 Electric Bus Assistance Program
December 16, 2019	D-4 Funding Request for Project 3 submitted to and approved by the Trustee
December 24, 2019	Third Disbursement of Trust Funds – Project 3 Light Duty ZEV Supply Equipment

Program details on following pages.

<p>The information in this report is true and correct and submission is made under penalty of perjury.</p>	 <hr/> Donna Mau Energy Program Manager	<p style="color: blue;">1/23/2020</p> <hr/> Date
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Project 1 Update – Action 10 DERA FY 17/18 Honolulu Transit Bus Replacement

On May 19, 2019, HSEO submitted a D-4 Funding Request to the Trustee for \$230,087. The funding request was approved by the Trustee on July 19, 2019. Trust funds were disbursed to the State of Hawaii on August 2, 2019.

In Q2 2020, The City and County of Honolulu, Department of Transit Services (DTS) and Oahu Transit Services (OTS) will introduce a new three-mile bus route for TheBus to be named “the Downtown Health Circular”. The City and County of Honolulu, DTS and OTS, plan to operate the route with two (2) battery electric buses. Hawaii State Energy Office (HSEO) will utilize VW Trust Funds and Department of Health, Clean Air Branch (DOH-CAB) DERA funds to assist with the procurement of the two (2) battery electric buses. The funds from the D-4 funding request will allow the DOH-CAB to receive \$113,088 of EPA DERA FY 17 matching incentive funds for the project.

The City and County of Honolulu DTS is clarifying vehicle specifications and finalizing the electric bus solicitation with their Purchasing Department. The estimated date for the bid solicitation to open is March 2020.

HSEO and DOH-CAB are finalizing their Memorandum of Agreement for the project and DOH-CAB and City and County of Honolulu DTS are drafting the subgrant agreement for DERA FY17/18 programming.

The project deadline has been extended from the initial deadline of March 31, 2020 due to delays of bus procurement. DOH-CAB will be submitting a request for extension with the U.S. EPA for the DERA program. No other modifications have been made to this project.

Project Budget

Budget Category	Total Funds Expended to Date	Total Approved Budget	Share of Total Budget to be Funded by the Trust	Cost-Share, DERA FY17/18 EPA Allocation	Cost-Share, City and County of Honolulu
Equipment Expenditure	\$ 11,074	\$ 1,524,000	\$ 195,574	\$ 471,244	\$ 857,182
Administrative @ 15%		\$ 34,513	\$ 34,513	\$ -	
Project Totals		\$ 1,558,513	\$ 230,087	\$ 471,244	\$ 857,182
Percentage		100%	15%	30%	55%

Project 2 Update – Action 10 DERA FY 19 Electric Bus Assistance Program

On July 8, 2019, HSEO submitted its second D-4 Funding Request to the Trustee for \$316,494. The funding request was approved by the Trustee on September 6, 2019. Trust funds were disbursed to the State of Hawaii on September 21, 2019.

The Electric Bus Assistance Program will utilize \$316,494 of Trust Funds and \$158,247 of DERA FY19 matching incentive funds from DOH-CAB to provide incentives up to 40% of bus costs to awarded fleet owners. Fleet owners would be required to cover the remaining cost-match of each battery electric bus purchased. The program will replace at least two (2) diesel buses in its first year with an anticipated NOx emission reduction of 2.89 tons.

HSEO is currently developing and drafting a Request for Proposal for the statewide Electric Bus Assistance Program, which will offer financial assistance to private and/or public fleet owners looking to replace older, diesel buses with battery electric buses (Eligible Class 4-8 School Bus, Shuttle Bus, or Transit Bus). The program is being developed to fulfill the goals and requirements of the Trust and the DERA FY19 program. The program will be a competitive process, scoring on criteria such as vehicle engine model eligibility, NOx reductions, diesel vehicle replacement, project/fleet sustainability, community benefits, and areas of service. The Request for Proposal is still pending internal review and the estimated date for the solicitation to open is March 2020.

HSEO and DOH-CAB are finalizing their Memorandum of Agreement for this initial project and ongoing partnership for Hawaii’s DERA state allocation.

The initial project is estimated to run until December 2020 and is anticipated to recur on an annual basis. No modifications have been made to this project.

Project Budget

Budget Category	Total Funds Expended to Date	Total Approved Budget	Share of Total Budget to be Funded by the Trust	Share of Total Budget to be Funded by DERA State Allocation	Cost-Share, (DERA Grant)
Equipment Expenditure	\$ 0	\$ 1,050,000	\$ 269,020	\$ 158,247	\$ 622,733
Administrative @ 15%		\$ 47,474	\$ 47,474	\$ -	
Project Totals		\$ 1,097,474	\$ 316,494	\$ 158,247	\$ 622,733
Percentage		100%	29%	14%	57%

Project 3 Update – Action 9 Light Duty Zero Emission Vehicle (ZEV) Supply Equipment

On October 16, 2019, HSEO submitted its third D-4 Funding Request to the Trustee for \$1,218,750. The funding request was approved by the Trustee on December 16, 2019. Trust funds were disbursed to the State of Hawaii on December 24, 2019,

HSEO plans to utilize these Trust funds to contribute towards the purchase, installation, and maintenance of approximately 20-30 light duty electric vehicle (EV) charging stations, which may include a mix of Level 1 chargers, Level 2 chargers, and DC fast chargers. The program will focus on locations (1) available to the public at government owned properties; (2) available at workplaces; or (3) that support charging network connectivity. The funded EV charging stations will help to expand Hawaii’s statewide EV charging network and support the state’s fleet electrification efforts.

HSEO plans to allocate a portion of the Trust funds for EV charging infrastructure in strategic locations which support economically efficient deployment and utilization of EV charging infrastructure from a holistic energy system perspective. The program seeks to support workplace or daytime charging infrastructure to align with peak solar generation periods. Ideal EV charging infrastructure will also serve the needs of both private personal EVs and public fleets, maximizing charging infrastructure utilization and increasing EV adoption.

HSEO also plans to allocate funds to EV charging infrastructure projects that support the expansion of Hawaii’s EV charging network to areas not yet serviced, ideally along Hawaii’s federally recognized Alternative Fuel Corridors. The funding allocation for EV charging infrastructure will take into consideration support of EV adoption within the four major counties of Hawaii, existing charging station ports, and stakeholder engagement.

The program and projects are anticipated to run through December 2025. No modifications have been made to this project.

Project Budget			
Budget Category	Total Approved Budget	Share of Total Budget to be Funded by the Trust	Cost-Share (if applicable) *
Charging Stations	\$ 1,035,939	\$ 1,035,939	TBD
Holistic EV Charging Infrastructure Deployment		\$ 635,939	
Statewide EV Charging Network Connectivity Infrastructure		\$ 400,000	
Administrative @ 15%	\$ 182,811	\$ 182,811	TBD
Project Totals	\$ 1,218,750	\$ 1,218,750	TBD