

Missouri Department of dnr.mo.gov

NATURAL RESOURCES

Michael L. Parson, Governor

Carol S. Comer, Director

JAN 14 2020

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's fifteenth funding request through the Volkswagen Environmental Mitigation Trust (Project ID: Cat 4-EMA6 FY20-001). The department originally sent Missouri's fourteenth and fifteenth funding requests in April of 2019, for large private trucks and medium private trucks, which together make up Missouri's funding category 4. These initial funding requests anticipated an even split of the \$6 million dedicated to the funding category by Missouri's Beneficiary Mitigation Plan between the two eligible mitigation actions. After receiving and reviewing applications, the department is correcting the split to reflect the actual distribution of projects.

This correction updates the cost of the medium private trucks to match the awarded projects and adds a more accurate estimation of NO_x reduction based on specific truck replacement details gathered during the application process. This 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 previously sent the enclosed D-4 submission electronically through Intralinks. The enclosure is to fulfill the requirement of a hard copy as required by paragraph 5.2 of the Trust Agreement.



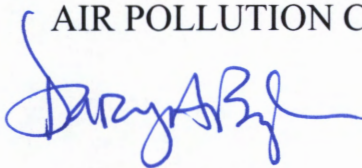
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Mr. Russell L. Crane
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Thank you for attention to this matter. If you have any questions regarding this submission, please contact Emily Wilbur, with the department's Air Pollution Control Program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

Sincerely,

AIR POLLUTION CONTROL PROGRAM



Darcy A. Bybee
Director

DAB:cm

Enclosure

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification

Missouri Funding Request #15 (Correction)

Project ID: Cat 4-EMA6 FY20-001

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:	Medium Private Trucks – FY2020
Beneficiary’s Project ID:	Cat 4-EMA6 FY20-001
Funding Request No.	15
Request Type: (select one or more)	<input type="checkbox"/> Reimbursement <input checked="" type="checkbox"/> Advance <input type="checkbox"/> Other (specify): _____
Payment to be made to: (select one or more)	<input checked="" type="checkbox"/> Beneficiary <input type="checkbox"/> Other (specify): _____
Funding Request & Direction (Attachment A)	<input type="checkbox"/> Attached to this Certification <input checked="" type="checkbox"/> To be Provided Separately

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 to privately owned truck repowers and replacements, which includes eligible mitigation action (EMA) categories 1 and 6. This funding request will fund medium privately owned truck projects under EMA category 6 throughout the state. The project will reduce NO _x emissions and encourage upgrades for privately owned fleets in Missouri, which are both specific goals listed in Missouri’s BMP.	
Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2): Medium truck repowers and replacements reduce NO _x emissions and have a co-benefit of reducing particulate matter. 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. Encouraging upgrades for privately owned fleets can reduce operation and maintenance costs thus increasing the company’s sustainability and encouraging more private sector fleet upgrades in the future.	
Estimate of Anticipated NO_x Reductions (5.2.3): This funding request represents approximately 12 percent of the total funding Missouri has dedicated to private trucks. The department used project specific information and the EPA Diesel Emissions Quantifier and determined the magnitude of lifetime NO _x reduction from these medium private trucks to be approximately 57 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): 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/apcp/vw .	
Describe any cost share requirement to be placed on each NO_x source proposed to be mitigated (5.2.8). The minimum cost share to be covered by the fleet owners that will receive funds as part of this funding request will be sixty percent of the actual cost of the project for repowers and seventy-five percent of the actual cost of the project for replacements. Some fleet owners may cover more than this minimum amount.	
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). Trucks operate in areas with disproportionately higher concentrations of diesel emissions such as truck depots, construction sites, and highways. These types of areas bear a disproportionate share of the air pollution burden from mobile emission sources, and these projects will help reduce emissions in these areas with higher concentrations of diesel emissions.	

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 #15
Project ID: Cat 4-EMA6 FY20-001

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

PROJECT MANAGEMENT PLAN

PROJECT SCHEDULE AND MILESTONES

Milestone	Date
DNR provides notice of availability of mitigation action funds	Aug 2019
Due date for project sponsors to submit proposals to lead agency	Oct 2019
DNR provides approval of successful project sponsors' proposals	Nov 2019
Project sponsors complete procurement and submit purchase orders	Project approval + 1 month
DNR submits attachment A to cover annual admin and project awards	Project approval +1 month
Trustee provides funds to DNR as requested in the attachment A	Project approval +1.5 months
Trucks delivered to project sponsors	Project approval + 3 months
Project sponsors submit evidence of vehicle scrapping, invoices, proof of payment, and other documents required for reimbursement	Project approval + 3.5 months
DNR reviews, requests corrections if necessary, certifies project completion, and provides reimbursement	Project approval + 4 months
DNR reports to Trustee on status of and expenditures with mitigation actions completed and underway	Jan. 31 and July 31 each year

This process will repeat again next state fiscal year (July 2020-June 2021).

PROJECT BUDGET

Period of Performance: <u>July 2019 – June 2021</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	\$2,782,546.52	\$695,636.63	\$2,086,909.89
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	\$28,985	\$28,985	\$0
Project Totals	\$2,811,531.52	\$724,621.63	\$2,086,909.89
Percentage	100%	24.0%	76.0%

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

Beneficiary Eligible Mitigation Action Certification – Missouri Funding Request #15

Project ID: Cat 4-EMA6 FY20-001

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 #15

Project IDs: Cat 4-EMA6 FY20-001

Medium Truck Replacement Projects

Size	Diesel	Propane	Compressed Natural Gas	Electric
Class 4	\$60,000 - \$100,000	\$65,000 - \$110,000	\$75,000 - \$120,000	\$125,000 - \$200,000
Class 5	\$75,000 - \$120,000	\$80,000 - \$130,000	\$85,000 - \$140,000	\$150,000 - \$250,000
Class 6	\$80,000 - \$140,000	\$85,000 - \$145,000	\$90,000 - \$150,000	\$175,000 - \$275,000
Class 7	\$90,000 - \$180,000	\$95,000 - \$190,000	\$100,000 - \$200,000	\$225,000 - \$350,000

The department reviewed invoices for class 4-7 trucks that fleets have applied for in recent funding programs the department administered. Trucks are classified by their gross vehicle weight rating. The type of fuel that powers the engine affects the price of the truck. Special equipment and the intended use for the trucks also affect the price (lifts, hydraulics, pumps, plows, dump beds, etc.)

