



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).

Please see Summary Attachment

**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 Kansas, 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: 10-01-2019

Lee A. Norman MD  
[NAME] *LN*  
[TITLE]

Kansas Department of Health and Environment

[LEAD AGENCY]

for

State of Kansas

[BENEFICIARY]

Beneficiary: State of Kansas

Lead Agency: Kansas Department of Health and Environment

D-4: 2

## **Summary Attachment Beneficiary Eligible Mitigation Action Certification**

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

This funding request addresses VW EMT action category 10. Diesel Emission Reduction Act (DERA) Option.

The lead agency (KDHE) will use trust funds for the non-federal voluntary match, pursuant to Title VII, Subtitle G, Section 793 of the DERA Program in the Energy Policy Act of 2005 (codified at 42 U.S.C. § 16133).

The federal allocation for Kansas, voluntary match from the VW trust and the federal bonus will be used in the following projects.

- Kansas Clean Diesel Program school bus replacements (partial reimbursement per federal requirement)
- Kansas Clean Diesel Program non-road construction engine and or equipment replacements (partial reimbursement per federal requirement)

Both categories are eligible under DERA pursuant to all DERA guidance documents available through the EPA. VW trust funds will not be used to meet the non-federal mandatory cost share requirements, as defined in applicable DERA program guidance, of any DERA grant.

### **Detailed description of the proposed Eligible Mitigation Action, including its community and air quality benefits (5.2.2):**

The activity offers program support awards for replacing school buses and non-road construction engines/equipment through two separate funding opportunities using the established Kansas Clean Diesel Program. Attachment E is the Kansas Clean Diesel Program workplan. The workplan provides a detail description of the work process and includes a timeline that is reportable to the Region 7 EPA DERA grant coordinator. Air quality benefits include a reduction of oxides of nitrogen (NOx), PM2.5, hydrocarbons, CO and CO2. Awards for project support reduce these emissions across the state.

**Estimate of the NOx reductions anticipated as a result of the proposed Eligible Mitigation Action (5.2.3):**

NOx reductions were calculated using the Diesel Emission Quantifier for school buses and for non-road equipment on September 25, 2018.

<b>Table 1. Initial estimated NOx reduction</b>	
<b>Category</b>	<b>NOx reduced over life time of equipment</b>
School Bus Replacements	13.3 tons initial estimate
Non-road Engine/Equipment replacements	35.3 tons initial estimate

NOx reduction estimates will be recalculated at close out of the project and reported as a final estimate.

**Identification of the specific governmental entity responsible for reviewing and auditing expenditures of Eligible Mitigation Action funds to ensure compliance with applicable law (5.2.7.1):**

Reviewing and auditing expenditures is a KDHE work process. The payout document is prepared by the project manager. The payout is entered into the system for electronic funds transfer. The payout is reviewed by fiscal staff before it is approved. Names of all authorized instructors and confirmers are listed on the Kansas Delegation of Authority and Exhibit A forms that were submitted to the trust.

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

To the extent allowable under Kansas law, KDHE is committed to providing documentation submitted by applicants and recipients of Eligible Mitigation Action funds to the public. KDHE will post this documentation on its KS VW Settlement webpage. Electronic and paper copies of these documents can be requested by the public under the Kansas Open Records Act.

**Describe any cost share requirement to be placed each NOx source proposed to be mitigated (5.2.8).**

Cost share is required per cooperative agreement between KDHE and EPA for Clean Diesel/DERA activities. The limits for awards as stated in item 5.2.6 (Attachment D of this PDF) flow through to the awardee and are established in a written agreement that is signed by the Secretary of KDHE and the awardee. Paid receipts are required to be submitted to KDHE and new equipment and equipment destruction must be verified in person or by photo before reimbursement is made to the awardee.

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

KDHE provided the Department of the Interior, Department of Agriculture and a compiled list of tribal contacts and federal land contacts within Kansas with the following notification via e-mail:

*Re: Notice of Availability of Mitigation Action Funds pursuant to Section 4.2.8 of the Environmental Mitigation Trust Agreement for State Beneficiaries, in In re: Volkswagen "Clean Diesel" Marketing, Sales Practices, and Products Liability Litigation, MDL No. 2672CRB (JSC) (Dkt. No. 2103-1)*

*This communication is provided to your Federal Agency pursuant to Section 4.2.8 of the above-cited Trust Agreement (copy attached hereto). Please be advised that the Beneficiary Mitigation Plan for the State of Kansas may provide for the availability of funds for which your Federal Agency or other parties could apply for proposed projects for use on lands within your Agency's custody, control, or management (including, but not limited to, Clean Air Act Class I and II areas). The review, consideration and written determinations relating to each such application or request will be subject to the terms of the underlying settlement agreement documents, all applicable laws and regulations of this jurisdiction, and any additional procedures or other measures that will be developed, adopted and published by this jurisdiction relating to the handling of requests or applications for project funding. For further information, please visit our VW Settlement website at <http://www.kdheks.gov/bar/air-monitor/dieselgrant/dieselvw.html>.*

Kansas does not have Class I or Class II designated areas.

**If applicable, a description of how the Eligible Mitigation Action mitigates 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 Bureau of Air at KDHE operates the KS Air Monitoring Network. Ozone and particulate matter (PM) exceedances have occurred in past years but none of the Kansas monitors currently violate the health-based standards for these criteria pollutants. Oxides of nitrogen (NOx) are also a concern though current effort has not detected any exceedances of the health-based standard. Concerns about human exposure to diesel emissions in areas where the concentrations are likely to be increased have lead the KS Clean Diesel Program staff to target school buses for improvements. School buses operate in neighborhoods and school settings where there is an increased risk of exposure to the public. Likewise, construction workers are exposed to emissions at job sites no matter the work location. Finally, using the VW EMT funds, there will be a greater impact than with DERA funding alone for both sectors addressed in the workplan.

**ATTACHMENT B**

**PROJECT MANAGEMENT PLAN - 2**

**PROJECT SCHEDULE AND MILESTONES**

<b>Milestone</b>	<b>Date</b>
KDHE named lead agency	12/2016
KDHE holds an informal request for information period	11/2017 to 12/2017
Kansas certified for beneficiary status	1/30/2018
KDHE provides notification to federal agencies	3/2018
KDHE posts EMT plan for formal comments	6/1/2018 to 7/2/2018
KDHE uploads final plan to 3 <sup>rd</sup> party trust	8/6/2018
KDHE submits 1 <sup>st</sup> funding request to 3 <sup>rd</sup> party	8/20/2019
KDHE submits 2 <sup>nd</sup> funding request to 3 <sup>rd</sup> party	9/1/2019
KDHE will do the following: For Construction - Update existing application and guidance for distribution of the allocated funding. Prep state program partners with promotional material. For School bus – Update existing application and guidance for distribution of the allocated funding. For Both - Post applications and guidance to webpage. Encourage sharing of information by program partners. Provide guidance via public Q & A on webpage.	10/2019 and 11/2019
KDHE will do the following: Continue promotion of opportunity and providing guidance. Verify eligibility to participate as applications are received, initiate scoring process for applications, based on emission reductions and benefits. School bus - Continue promotion of opportunity and providing guidance. Verify eligibility to participate as applications are received, calculate emission reductions and benefits. Quarterly report to EPA.	12/2019
KDHE will do the following: For Construction - Close application process. Continue to score projects as above. Inform selected applicants. School bus – Close application process. Inform selected applicants. Issue written agreements, request participants photograph and send photos of old equipment. Wait for districts to return all required documents.	1/2020
KDHE will do the following: For Construction - Issue written agreements. Wait for return of all required documents, request participants photograph and send photos of old equipment, encourage awardees to begin bid process. School bus – finalize written agreements. Encourage awardees to begin bid process.	2/2020
KDHE will do the following: For Construction – Continue as above. School bus – Continue as above. Quarterly report to EPA.	3/2020
KDHE will do the following: For Construction – Finalize written agreements, approve bids, authorize ordering. School bus – Finalize written agreements, approve bids, authorize ordering.	4/2020 and 5/2020
KDHE will do the following: For Construction – Continue as above. School bus – continue as above. Quarterly report to EPA.	6/2020
KDHE will do the following: Continue as above. New school buses may arrive during this quarter. Quarterly report to EPA.	7/2020, 8/2020 and 9/2020

KDHE will do the following: Continue as above. New construction equipment and more school buses may arrive during this quarter. Quarterly report to EPA.	10/2020 through 12/2020
KDHE will do the following: More new construction equipment and more school buses may arrive during this quarter. Quarterly report to EPA.	1/2021 through 3/2021
KDHE will do the following: Verification process of new equipment and decommission of old continues. Reimbursements prepared for eligible equipment costs. Quarterly report to EPA.	4/2021 through 6/2021
KDHE will do the following: Continue as above for remaining projects. Final quarterly report to EPA, begin final report.	6/2021 through 9/2021

Reporting to the third party trust will also occur per the prescribed schedule described in 5.3 of Attachment A of the final trust document.

### PROJECT BUDGET

Period of Performance: 10/1/2019 to 12/31/2021				
Budget Category	Total Approved Budget	Share of Total Budget to be Funded by the Trust	DERA 2019 10/1/2019 to 9/30/2021	Mandatory Cost Share
1. Equipment expenditure	\$0.00	\$0.00	\$0.00	\$0.00
2. Contractor Support	\$0.00	\$0.00	\$0.00	\$0.00
3. Subrecipient Support	\$2,613,979.54	\$2,177,775.79	\$436,203.75	\$1,900,000 estimated
4. Administrative	\$182,913.46	\$140,981.21	\$41,932.25	\$0.00
Project Totals	\$2,796,893.00	\$2,318,757.00	\$478,136.00	Unknown at This time
Percentages	100%	83% (mandatory match not included)	17% (mandatory match not included)	Unknown at this time

1. DERA 2019 (FFY2020). VW trust provides the match required for KDHE to qualify for grant bonus funds.
2. Cost share for school buses is mandatory per EPA grant agreement. It is anticipated that cost share from awardees for the entire project will be approximately \$1,900,000 or greater.
3. Subrecipient Support = Project support allocated to awardees
4. Administrative is subject to Appendix D-2 15% cap and includes salary/fringe and indirects. For D-4 number 2 administrative is approximately 6.1% for the VW trust portion.<sup>1</sup>

<sup>1</sup> Federal indirect rate = 20.3% at the beginning of the grant period.



**PROJECTED TRUST ALLOCATIONS:**

	<b>2017</b>	<b>2018</b>	<b>2019 (1)</b>	<b>2019 (2)</b>	<b>2021</b>
1. Anticipated Annual Project Funding Request to be paid through the Trust	-	-	\$309,795.36	\$2,318,757.00	-
2. Anticipated Annual Cost Share	-	-	Approximately \$2,000,000	Approximately \$1,900,000	-
3. Anticipated Total Project Funding by Year (line 1 plus line 2)	-	-	Approximately \$2,722,352.36 DERA, VW Trust and cost share	Approximately \$4,696,893.00	-
4. Cumulative Trustee Payments Made to Date Against Cumulative Approved Beneficiary Allocation	-	-	\$0	\$309,795.36 Requested on 8/20/2019	-
5. Current Beneficiary Project Funding to be paid through the Trust (line 1)	-	-	\$309,795.36	\$2,318,757.00	-
6. Total Funding Allocated to for Beneficiary, inclusive of Current Action by Year (line 4 plus line 5)	-	-	\$309,795.36	\$2,628,552.36	-

7. Beneficiary Share of Estimated Funds Remaining in Trust	\$15,662,238.80	\$15,662,238.80	\$15,662,238.80	\$15,662,238.80  \$15,352,443.44 after 1 <sup>st</sup> request is processed.	-
8. Net Beneficiary Funds Remaining in Trust, net of cumulative Beneficiary Funding Actions (line 7 minus line 6)	\$15,662,238.80	\$15,662,238.80	\$15,352,443.44	\$13,033,686.44	-

## **Attachment C**

### **Kansas Department of Health and Environment (KDHE)**

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

The current project for 2019 (FFY2020) involves federal DERA funds intermingled with the VW trust allocation for Kansas. Reporting requirements for both entities will be largely satisfied by following federal reporting requirements in which project activities are reported quarterly. Kansas Department of Health and Environment (KDHE) reports quarterly to EPA and provides a final write up after close out. The contents of the quarterly report include expenditures and outputs including written agreements finalized, bid approvals, equipment verifications and equipment decommission. The final report includes updated emission reductions, all project costs and cost-share contributed by the awardee. In addition to federal requirements, KDHE will provide a semi-annual report directly to the trust no later than six months after receiving each disbursement. After that KDHE will adhere to the prescribed schedule described in 5.3 of Attachment A of the final trust document. These reports will also be posted to the KS VW Settlement webpage for public viewing.<sup>1</sup>

Anticipated report dates directly to the trust:

- April 2020 (estimated date, six months after funding is received)
- October 2020
- April 2021
- October 2021 (project funds will have been spent)

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<sup>1</sup> <http://www.kdheks.gov/bar/air-monitor/dieselgrant/dieselvw.html>

**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.]**

It is likely that many of the awards will be over \$25,000. Vendors are chosen by the awardee and approved by KDHE to assure state bid competition laws are followed.

School districts and awardees in the non-road category are required to match projects per federal rules. All awardees order their equipment and are reimbursed after all project requirements are verified by KDHE.

Reimbursement awards will follow federal requirements that are listed in the FY2019 State Clean Diesel Grant Program Information guides.<sup>1</sup>

<b>DERA/Clean Diesel Eligible Activity</b>	<b>Federal Reimbursement Limit (what is awarded)</b>	<b>Minimum Mandatory Cost-Share (Awardee responsibility)</b>
School bus replacement	25%	75%
Non-road engine replacement	40%	60%
Non-road equipment replacement	25%	75%

For example, school districts are currently submitting bids for similar new buses and the range of costs varies according to type, inclusions of idling reduction equipment and other requirements specific to each district’s request.

Range: \$118,521 to \$85,027

Average: \$95,186

Average award: \$24,000 for projects containing one bus

Project costs for non-road equipment will depend on the pieces chosen for award and if it is an engine replacement or a total replacement.

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<sup>1</sup> This document is available on the EPA Clean Diesel webpage.

**ATTACHMENT E**

**FISCAL YEAR 2019 – 6/11/2019**

**STATE CLEAN DIESEL GRANT PROGRAM**

**WORK PLAN AND BUDGET NARRATIVE TEMPLATE**

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**SUMMARY PAGE (6/11/2019)**

**Project Title: Kansas Clean Diesel Program 2019 (10/1/2019 to 9/30/2021)**

**Project Manager and Contact Information**

**Organization Name: KS Dept of Health and Environment – Bureau of Air**

**Project Manager: Kathleen Waters**

**Mailing Address: 1000 SW Jackson Street, Suite 310, Topeka, KS 66612**

**Phone: 785-296-1575**

**Fax: 785-559-4256**

**Email: kathleen.waters@ks.gov**

**Project Budget Overview:**

	<b>FY 2019</b>
EPA Base Allocation	\$318,757
State or Territory Voluntary Matching Funds (if applicable)	\$2,318,757 (VW Trust)
EPA Match Incentive (Bonus) (if applicable)	\$159,379
Mandatory Cost-Share	\$1,900,000 <sup>1</sup>
<b>TOTAL Project Cost</b>	<b>\$4,696,893</b>
Other Leveraged Funds	\$0.00

**Project Period**

October 1, 2019 – September 30, 2021

**Summary Statement**

The Kansas Department of Health and Environment (KDHE) will continue implementing the Kansas Clean Diesel Program. Past DERA and ARRA activities date back to 2008 using both the competitive and state allocation funding sources. Projects funded include locomotive repowers, idling reduction technologies for long haul Class – 8 vehicles, particulate pollution reduction technologies, nonroad engine replacements, and early school bus replacements. The program was shelved in 2014 due to limited available personnel to run the program. The program was rebooted

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<sup>1</sup> Estimate

in 2016 with a focus on early school bus replacements. In 2017 KDHE was named the lead agency for VW mitigation trust activities in Kansas. The required trust spending overview included using trust funds to match DERA funds for program expansion.

The 2019 grant period will again use funds from the VW Trust per the requirements of the federal DERA grant and option number 10 in Appendix D-2 of the final partial consent decree. Two separate competitive processes will be used to make awards for participant support costs in the school bus and non-road construction equipment sectors.<sup>2</sup>

### **School Buses Process**

The program will use the allocated funding to offer partial reimbursement for the purchase of new school buses to replace buses that will be retired and decommissioned ahead of the normal attrition schedules. The projects will be selected using a random number drawing after the entities and vehicles are verified as eligible by KDHE staff.

### **Construction Equipment Process**

The program will use allocated funding to offer partial reimbursement for the purchase of eligible construction equipment that replaces eligible old equipment and or engine replacement to a higher tier. These projects will be selected using a scoring matrix.

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## **SCOPE OF WORK**

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

The Bureau of Air at KDHE operates the KS Air Monitoring Network. Ozone and PM exceedances have occurred in past years but none of the Kansas monitors currently violate the health-based standards for these criteria pollutants. Oxides of nitrogen are also a concern though current efforts have not detected any exceedances of the health-based standard. Concerns about human exposure to diesel emissions in areas where the concentrations are likely to be increased have lead the KS Clean Diesel Program staff to target school buses for improvements. KDHE will expand benefits of the projects by continuing to include non-road construction equipment. Non-road equipment makes up 25% of the total mobile source emission for NOx in Kansas (NEI2014). With 50% occurring in JO County. Equipment operates in neighborhoods and in business settings where there is an increased risk of exposure to the public. Likewise, construction workers are exposed at job sites no matter the setting. Finally, using the VW EMT, there will be a greater impact than with DERA funding alone for both sectors addressed in this workplan.

### **VEHICLES AND TECHNOLOGIES:**

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<sup>2</sup> The Kansas Plan for the VW Environmental Mitigation Trust is available on the KDHE website: <http://www.kdheks.gov/bar/air-monitor/dieselgrant/dieselvw.html>

The following paragraphs provides details as to what type of projects will be process and what entity is eligible.

**Eligible entity:**

For School buses - Public school districts in Kansas that are eligible to receive federal funding.  
For Construction Equipment - Government and non-government entities in Kansas that are eligible to receive federal funding.

**Eligible vehicles projects: District Owned School Buses and Non-Road Construction Equipment.**

- **District Owned School Buses:** KHDE will make awards for support costs for the partial reimbursement of eligible school buses operated by unified school districts in Kansas. Eligible engine model years include 1996 to 2006 and 2007 to 2010 are eligible if the replacement vehicle is all electric powered. Per EPA guidance, no funds awarded under the (federal) Program shall be used to replace a school bus with engine model year 1995 and older or replace school buses with engine model year 2007 - 2010 other than with an all-electric (zero emission) vehicle or replace school buses with engine model year 2010 or newer. The engine(s) of the bus/buses that will be retired and replaced through this award will be required to be rendered permanently incapacitated (no fleet expansion). The retiring bus/buses must have at least three years of remaining usefulness. All retiring buses replaced through this award must be replaced with buses that contain engines certified to be the latest engine model year. Finally, any new bus must be used for the same purpose as the bus it replaced through this award.

**Number of buses per award:** Each school district may submit one application for the partial reimbursement of up to five buses. As with past opportunities, KDHE program staff reserve the right to adjust awarded projects on any selected application.

- **Non-Road Construction Equipment:** KDHE will make awards for support costs for the partial reimbursement of engine replacements and or equipment replacements on eligible non-road construction equipment<sup>3</sup>. Eligible entities are government and non-government entities. Per EPA guidance, no funds awarded under the Program shall be used to retrofit, replace or upgrade or replace a nonroad engine operates less than 500 hours per year. No funds awarded under the Program shall be used to retrofit, upgrade or replace a nonroad engine that is 50 HP or less and engine model year 2005 or older, or between 51-300 HP and engine model year 1995 or older, or 301 HP or greater and engine model year 1985 or older. Refer to Table 2 on the following page for further explanation.

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<sup>3</sup> Nonroad equipment includes pieces such as but not limited to cranes, graders, loaders, excavators.



**Table 2. Nonroad Engine Funding Restrictions**

Current Engine Horsepower	Current Engine Model Year (EMY) and Tier	Vehicle/Equipment Replacement: EMY 2019+				
		Compression Ignition Tier 0-2	Compression Ignition Tier 3-4i	Compression Ignition Tier 4	Spark Ignition Tier 2	Zero Emission
0-50	2006 and Newer; Unregulated – Tier 2	No	No	Yes	Yes	Yes
51-300	1996 and Newer; Tier 0 – Tier 2	No	Yes*	Yes	Yes	Yes
51-300	1995 and Newer; Tier 3	No	No	Yes	Yes	Yes
301+	1986 and Newer; Tier 0 – Tier 2	No	Yes*	Yes	Yes	Yes
301+	1986 and Newer; Tier 3	No	No	Yes	Yes	Yes
Current Engine Horsepower	Current Engine Model Year (EMY) and Tier	Engine Replacement: EMY 2019+**				
		Compression Ignition - Tier 0-3	Compression Ignition - Tier 4	Spark Ignition - Tier 2	Zero Emission	
0-50	2006 and Newer; Unregulated – Tier 2	No	Yes	Yes	Yes	
51-300	1996 and Newer; Tier 0 – Tier 3	No	Yes	Yes	Yes	
301-750	1986 and Newer; Tier 0 – Tier 3	No	Yes	Yes	Yes	
751+	1986 and Newer; Tier 0 – Tier 2	No	Yes	Yes	Yes	

\*Tier 3 and Tier 4 interim (4i) allowed for vehicle/equipment replacement only when Tier 4 final is not yet available from OEM for 2019 model year equipment under the Transition Program for Equipment Manufacturers' (TPEM). \*\*Previous engine model year engines may be used for engine replacement if the engine is certified to the same emission standards applicable to EMY 2019.

**ROLES AND RESPONSIBILITIES:**

DERA funds will be used for awards for project support offered by KDHE to Kansas school districts and owners of eligible construction equipment. The following provides clarification on project responsibilities of the grantee and the participant. Increases in funding equals an increase in workload, therefore KDHE has included three additional partial FTEs to share some of the tasks.

Grantee responsibilities = KDHE tasks

There is one KDHE employee assigned to the KS Clean Diesel Program. Kathleen Waters (Environmental Program Administrator) has had continuous involvement with the EPA Clean Diesel Program since inception. KDHE will award eligible school districts for eligible school bus replacements per the terms and conditions of the cooperative agreement with EPA. KDHE will also award eligible entities for eligible engine or equipment replacement per the terms and conditions of the cooperative agreement with EPA. These awards are in the form of project support and are made as reimbursements. Reimbursements will be processed after all program requirements are met, normally by electronic disbursement. This includes but is not limited to the following state programmatic activities: All initial and final reporting requirements to EPA, preparation of application, outreach to state program partners for promotion, Q&A updates on the KDHE webpage, award eligibility assurance per SAM.gov, match requirement met by the participant, written agreement issuance, verification of bid process, agreed upon purchase of new vehicle, and decommission of replaced vehicle. Written agreement tasks will be handled by a Public Service Administrator whose primary task is to handle other such Bureau of Air agreements and contracts. Fiscal reports and fund appropriation will be handled by a Program Analyst. Program oversight and back up coverage will be handled by an Environmental Program Administrator Sr with experience in handling large DERA grant award related tasks.

Participant responsibilities = Participant tasks

Written agreement for award distribution will include a workplan of the agreed upon tasks each entity must perform to be eligible for partial reimbursement per the terms and conditions of the cooperative agreement between EPA and KDHE. This includes but is not limited to the following activities: Agreement to provide required match, bid process undertaken, agreement/workplan adherence and submission of all required documents, and purchase receipts.

#### **TIMELINE AND MILESTONES:**

October and November 2019: For Construction - Update existing application and guidance for distribution of the allocated funding. Prep state program partners with promotional material. For School bus – Update existing application and guidance for distribution of the allocated funding. For Both - Post applications and guidance to webpage. Encourage sharing of information by program partners. Provide guidance via public Q & A on webpage.

December 2019: For Construction - Continue promotion of opportunity and providing guidance. Verify eligibility to participate as applications are received, initiate scoring process for applications, based on emission reductions and benefits. School bus - Continue promotion of opportunity and providing guidance. Verify eligibility to participate as applications are received, calculate emission reductions and benefits. Quarterly report to EPA.

January 2020: For Construction - Close application process. Continue to score projects as above. Inform selected applicants. School bus – Close application process. Inform selected applicants. Issue written agreements, request participants photograph and send photos of old equipment. Wait for districts to return all required documents.

February 2020: For Construction - Issue written agreements. Wait for return of all required documents, request participants photograph and send photos of old equipment, encourage awardees to begin bid process. School bus – finalize written agreements. Encourage awardees to begin bid process.

March 2020: For Construction – Continue as above. School bus – Continue as above. Quarterly report to EPA.

April and May 2020: For Construction – Finalize written agreements, approve bids, authorize ordering. School bus – Finalize written agreements, approve bids, authorize ordering.

June 2020: For Construction – Continue as above. School bus – continue as above. Quarterly report to EPA.

July and September 2020: Continue as above. New school buses may arrive during this quarter. Quarterly report to EPA.

October to December 2020: Continue as above. New construction equipment and more school buses may arrive during this quarter. Quarterly report to EPA.

January 2021 to March 2021: More new construction equipment and more school buses may arrive during this quarter. Quarterly report to EPA.

April 2021 to June 2021: Verification process of new equipment and decommission of old continues. Reimbursements prepared for eligible equipment costs. Quarterly report to EPA.

July 2021 to September 2021: Continue as above for remaining projects. Final quarterly report to EPA, begin final report.

## **DERA PROGRAMMATIC PRIORITIES -**

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

The program goal to reduce diesel emissions is supportive of Objective 1.1, Improve Air Quality, in the EPA Strategic Plan (2018 to 2022). Clean Diesel activities are workplan items in the KDHE 105 cooperative agreement for FY2020 and FY2021. These activities are expanded by offering assistance through this allocation. Activities under this agreement also support DERA Programmatic Priorities to reduce exposure to diesel emissions in areas of air quality concern. This award opportunity will be offered throughout the state and in the priority counties identified by EPA at: <https://www.epa.gov/sites/production/files/2018-12/documents/fy19-priority-county-list-2018-12-7.pdf>

Anticipated Outputs <sup>4</sup>		Estimated Outcomes for School Buses <sup>5</sup>	
Program expansion document to promote program to partners	1 document reaching entities that operate construction equipment	Gallons of fuel saved Annual / Lifetime	1,020/5,100
Updated website	Beginning middle and end	Tons CO Annual / Lifetime	0.823/4.117
Agreements written	12 to 15 for school districts and at least 5 for construction entities	Tons PM Annual / Lifetime	0.130/0.648
Number of buses purchased	15 to 20	Tons NOx Annual / Lifetime	1.733/8.666
Number of fuel operated heaters purchased and installed	15 to 20 (possible)	Tons CO2 Annual / Lifetime	11.5/57.4
Number of old engines decommissioned	15 to 20 for school districts, the total for construction entities is unknown at this time	Tons HC Annual / Lifetime	0.355/1.776
		Health Outcomes Examples speak to the range in reduced health care costs due to PM.	Wyandotte County = \$110,000 Saline County = \$21,000 Wallace County = 5,400

The Outcomes listed in the table above consider school buses for simplicity as there is only one category in the Diesel Emission Quantifier. For non-road construction equipment past projects KDHE has fund include excavator and rubber tire dozer total replacements and load, scraper and grader engine only replacements. Emissions reduced for these types of projects varies due to operating hour and horsepower of the project engine. For example, a 2000 model year 175 hp excavator replacement or engine replacement reduces emissions by an estimated five tons per year or an estimated 24 tons over the remaining life of the excavator. KDHE has focused on school bus replacements for several grant cycles and needs to ascertain current costs of new construction equipment and engines before a closer emission reduction is known for that sector in the 2019 grant cycle.

<sup>4</sup> Mostly related to the school bus replacement portion.

<sup>5</sup> School buses only, the write up discusses possible outcomes based on past projects. Outcomes were calculated using the Diesel Emission Quantifier, school bus year 2003, default settings for fuel use and 108 for annual idling hours. KDHE also anticipates that 15 will be the minimum amount of bus replacements.

**SUSTAINABILITY OF THE PROGRAM:**

Clean Diesel activities have continued in KS even as KDHE opted to shelve the award component and not participate in the allocation opportunities. Idling reduction at schools using policy and technology is discussed during school environmental education events, health fairs, and mobile source discussions. KDHE program staff also promotes EPA school bus rebate opportunities to our program partners. These activities continue as part of the 105 workplan when awards are not offered and are reportable 105 workplan activities. When awards are offered, KDHE uses less than the eligible amount for KS Clean Diesel Program personnel expenses. Routine contact with participants is also performed in and outside of EPA cooperative agreement period to monitor project equipment and to promote the benefits of participating in a clean diesel project.

The participants will be recognized on the KDHE website.

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**BUDGET NARRATIVE**

**Itemized Project Budget**

Budget Category	EPA Allocation	Mandatory Cost-Share	Voluntary Match (if applicable)		Line Total
			VW Mitigation Trust Funds	Other Funds	
1. Personnel	24,128	0	90,147.20	0	114,275.20
2. Fringe Benefits	7,238.40	0	27,044.16	0	34,282.56
3. Travel	990.00	0	0	0	990.00
4. Equipment	0	0	0	0	0
5. Supplies	2,500	0	0	0	2,500
6. Contractual	0	0	0	0	0
7. Other	436,203.75	1,900,000	2,177,775.79	0	4,513,979.54
<b>8. Total Direct Charges (sum 1-7)</b>	<b>471,060.15</b>	<b>1,900,000</b>	<b>2,294,967.15</b>	<b>0</b>	<b>4,666,027.30</b>
9. Indirect Charges	7,075.85	0	23,789.85	0	30,865.70
<b>10. Total (Indirect + Direct)</b>	<b>478,136</b>	<b>1,900,000</b>	<b>2,318,757</b>	<b>0</b>	<b>4,696,893</b>
11. Program Income	0	0	0	0	0
12. Other Leveraged Funds*	0	0	0	0	0

\*Do not include Other Leveraged Funds on SF-424 or SF-424A

**Explanation of Budget Framework**

- **Personnel - List all staff positions by title. Give annual salary, percentage of time assigned to the project, and total cost for the budget period.**

Bureau of Air (BOA) is using the EPA allocation to pay for program administration for the timeframe 10/1/2019 to 9/30/2021. Program expansion using VW trust includes other KDHE employees in BOA and a breakdown is included in Attachment A of this document.

Title	Hourly rate	%FTE	Salary
Environmental Program Administrator (Waters)	\$29/hr	0.2FTE	\$24,128.00
		<b>Total = 0.2FTE</b>	<b>Total = \$24,128.00</b>

- **Fringe Benefits - Identify the percentage used, the basis for its computation, and the types of benefits included**

Bureau of Air (BOA) is using the EPA allocation to pay for program administration for the timeframe 10/1/2019 to 9/30/2021. Program expansion using VW trust includes other KDHE employees in BOA and a breakdown is included in Attachment A of this document.

Fringe is calculated at 30% of salary –

Title	30% of salary = Fringe
Environmental Program Administrator (Waters)	\$7,238.40
	<b>Total = \$7,238.40</b>

- **Travel - Specify the mileage, per diem, estimated number of trips in-State and out-of-State, number of travelers, and other costs for each type of travel.**

Travel for 1 employee to verify projects deliverables and or attend meetings, \$0.33 per mile for 3,000 miles, unspent line item is normally moved to Other.

**Supplies - “Supplies” means all tangible personal property other than “equipment”.**

Office supplies, possible camera or laptop replacement, unspent line item is normally moved to Other. It is likely that a new tablet will be purchased.

- **Equipment - Identify each item to be purchased which has an estimated acquisition cost of \$5,000 or more per unit and a useful life of more than one year.**

No Equipment

- **Contractual - Identify each proposed contract and specify its purpose and estimated cost.**

No Contractual

- **Other - List each item in sufficient detail for EPA to determine the reasonableness and allowability of its cost.**

Awards for support costs for School Buses  
 Awards for support costs for Construction Equipment

- **Indirect Charges - If indirect charges are budgeted, indicate the approved rate and base.**

Approved rate for Indirects = 20.3%, includes – Personnel, Fringe, Travel, Equipment, and Supplies.

**Administrative Costs Expense Cap**

The KDHE total for administrative costs = \$34,856.40. The amount is less than the 15% maximum for the base allocation and bonus.

**Matching Funds and Cost-Share Funds**

**Mandatory Match:** Mandatory match will be generated from the participating school district and construction company entities. The program offers up to a 25 percent reimbursement of the total cost of a school bus, 40 percent of a replacement engine of eligible construction equipment and 25% of a total replacement of eligible construction equipment. If the average cost of a bus is \$95,000, 25 percent = \$23,750. If KDHE anticipates reimbursing 25 percent of costs for 15 school buses each school district’s match = \$71,250 in mandatory match per bus awarded. Construction equipment awards will also require mandatory match for either engine only replacements (60%) or total equipment replacements (75%). KDHE includes a statement on the application that match for new replacement vehicles, engines and equipment is required. The KDHE issues written agreements with the school districts and construction entities also include the requirement. The agreements must be signed by participants and KDHE officials in order to be final.

**Voluntary Match: Voluntary match**

The source of non-federal for the FY2019 Clean Diesel grant to KDHE is 100% from the VW trust allocation to Kansas and is equal to \$2,318,757.00.

<b>Source description</b>	<b>Amount</b>
Base EPA DERA Grant	\$318,757
KDHE Voluntary Match using VW allocation	\$318,757
Bonus from EPA DERA Grant	\$159,379
KDHE Over-match using VW allocation	\$2,000,000
<b>TOTAL</b>	<b>\$2,796,893</b>

**Funding Partnerships**

KDHE makes awards for project support through written agreements. Project support is defined as equipment purchases and installations related to the equipment purchases stated in written award agreements.

**Other Leveraged Funds**

No other leveraged funds.



**KDHE - DERA 2019**

Grant Periods 10/1/2019 to 9/30/2020 and 10/1/2020 to 9/30/2021	EPA Allocation	Voluntary Match (VW)	Mandatory Cost-Share*	Description of Match
<b>Budget Items</b>				
<b>Personnel</b>				
KW, LV, DW, JD, JM	\$24,128.00	\$90,147.20		VW
<b>Total Personnel</b>	<b>\$24,128.00</b>	<b>\$90,147.20</b>		
<b>Fringe Benefits</b>				
30% of Salary for 1 Environmental Program Admin	\$7,238.40	\$27,044.16		VW
<b>Total Fringe Benefit</b>	<b>\$7,238.40</b>	<b>\$27,044.16</b>		
<b>Travel</b>				
Local Mileage 3000 miles @ \$ .33 / mile	\$990.00	\$0.00		
<b>Total Travel</b>	<b>\$990.00</b>	<b>\$0.00</b>		
<b>Equipment</b>	\$0.00	\$0.00		
<b>Total Equipment</b>	<b>\$0.00</b>	<b>\$0.00</b>		
<b>Supplies</b>	\$2,500.00	\$0.00		
<b>Total Supplies</b>	<b>\$2,500.00</b>	<b>\$0.00</b>		
<b>Contractual</b>	\$0.00	\$0.00		
<b>Total Contractual</b>	<b>\$0.00</b>	<b>\$0.00</b>		
<b>Other (Pass through to the awardees)</b>	\$436,203.75	\$2,177,775.79	\$1,900,000.00	VW for Voluntary, Awardees for Mandatory
<b>Total Other</b>	<b>\$436,203.75</b>	<b>\$2,177,775.79</b>		
<b>Indirect Charges</b>				
(Personnel+Fringe+Travel+Equip+Supplies)(0.203)	\$34,856.40	\$117,191.36		
<b>Total Indirect</b>	<b>\$7,075.85</b>	<b>\$23,789.85</b>		
<b>Total Direct Charges</b>	<b>\$471,060.15</b>	<b>\$2,294,967.15</b>	<b>\$1,900,000.00</b>	
<b>Total Funding Request =</b>	<b>\$478,136.00</b>	<b>\$2,318,757.00</b>		
<b>Total Project Cost*</b>	<b>\$4,696,893.00</b>			

EPA Award + bonus + match  
**\$2,796,893.00**

\$419,533.95

EPA Award Base \$318,757.00  
 EPA Bonus \$159,379.00  
**\$478,136.00**

KDHE Voluntary Match using VW \$2,318,757.00

\$0.03

\$71,720.40	15% of award max EPA for outlays
\$347,813.55	15% of VW allocation max for outlays

Outlays EPA \$34,856.40  
 Outlays VW \$140,981.21

Indirect EPA \$7,075.85  
 Indirect VW \$23,789.85

Other EPA \$436,203.75  
 Other VW \$2,153,985.95

\*Mandatory cost share and total Project Costs are estimated