

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary Arizona

Lead Agency Authorized to Act on Behalf of the Beneficiary Arizona Department of Administration (ADOA)
(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:	FY20 On-Road State Fleet Replacement Project
Beneficiary's Project ID:	20-02
Funding Request No.	<i>(sequential)</i> 01
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 checked="" type="checkbox"/> Attached to this Certification <input type="checkbox"/> To be Provided Separately

SUMMARY

Eligible Mitigation Action	<input checked="" type="checkbox"/> Appendix D-2 item (specify): <u>FY 20 On-Road State Fleet Replacement Project</u> <input type="checkbox"/> Item 10 - DERA Option (5.2.12) (specify and attach DERA Proposal): _____
Action Type	
Explanation of how funding request fits into Beneficiary's Mitigation Plan (5.2.1):	See Attached.
Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):	See Attached.
Estimate of Anticipated NOx Reductions (5.2.3):	See Attached.
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):	See Attached.
Describe how the Beneficiary will make documentation publicly available (5.2.7.2).	See Attached.
Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8).	See Attached.
Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9).	See Attached.

Beneficiary Eligible Mitigation Action Certification- Supplemental Information

Beneficiary: State of Arizona

Lead Agency: Arizona Department of Administration

In Support of Funding Request No.1

SUMMARY

<p>Eligible Mitigation Action: Appendix D-2 item (specify): 1</p>
<p>Explanation of how funding request fits into Beneficiary Mitigation Plan (5.2.1):</p> <p>The State of Arizona’s Environmental Mitigation Plan is to protect Arizona’s environment and the health of our citizens. The Trust funds allow the State the opportunity to offset (mitigate) the impact of excess nitrogen oxide (NOx) emissions associated with the affected vehicles registered within the state. The reduction of NOx from mobile sources achieves the intended use of the Trust funds by preventing the deterioration of air quality, ensuring the health and safety of the inhabitants of the state, and promoting visibility improvement within the state. Implementation of diesel NOx reduction projects specifically through the replacement of on-road state fleet vehicles using Trust funds will have immediate and long-lasting benefits.</p>
<p>Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits</p> <p>FY20 on-road state fleet replacement projects could include repowers or vehicle replacements with new diesel, alternative fuel or electric vehicles and engines. The State anticipates most of the projects within Arizona will fall within the on-road fleet of the Arizona Department of Forestry and Fire Management. The FY20 on-road fleet replacement project will draw \$661,250 of Arizona’s allocation.</p> <p>Arizona’s FY20 on-road state fleet replacement project, will strive to balance the environmental and societal benefits among Arizona’s cities, counties, and statewide interests for all Arizona citizens who are impacted by NOx emissions generated by on-road diesel-fueled vehicles. Specifically within nonattainment areas across the state where excessive levels of ozone aggravate respiratory conditions. People most at risk from breathing air containing ozone include people with asthma, children, older adults, and people who are active outdoors, especially outdoor workers.</p> <p>The ADEQ analyzed a sample of eligible projects that included replacing class 8 local freight trucks and class 4-7 local freight trucks with modern diesel versions. The estimated total lifetime emission reductions from this group are approximately 95.17 tons of NOx.</p>
<p>Estimate of Anticipated NOx Reductions (5.2.3):</p> <p>These values do not indicate a commitment to the funding amounts or projects ultimately selected. As the Trust program evolves, the terms of the Plan will be adjusted to reflect changes to the funding percent allocations to the groups. The estimated emissions were</p>

calculated using the EPA's Diesel Emissions Quantifier and are based on the percentages stated above. Other assumptions used for the calculations of the emission reductions include:

- All vehicles are model year of 2002;
- The upgrade year is 2018;
- Estimated years remaining life of 12 years; and
- The use of diesel fuel for the replacement vehicle.

The estimated total lifetime emission reductions from this group are approximately 385.45 tons of NOx.

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):

Arizona Department of Administration (ADOA)

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

The Arizona Department of Administration (ADOA) has created a public website, <https://vwsettlement.az.gov/> for information relating to the Trust, the VW Partial Consent Trust Decrees, Arizona's plans, and implementation information. To provide transparency and accountability, the Department will post information on its VW website.

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

Environmental Mitigation Funds will provide up to \$285,000 for Class 8 local freight truck replacement or repower and up to \$150,000 for Class 4-7 local freight truck replacement or repower. Recipients must provide the remaining balance.

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

ADOA notified the U.S. Department of the Interior and the U.S. Department of Agriculture on 2/16/18 using the contact information provided in subparagraph 4.2.8.

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).

The replacement of on-road state fleet trucks will reduce the NOx emissions impact throughout the state. Especially those living in communities that are located in overlapping nonattainment areas for PM₁₀ and ozone, which include the Maricopa-Pinal-Gila area and Yuma area. In which these communities have often borne a disproportionate share of the adverse impacts of NOx emissions.

**FORESTRY AND FIRE MANAGEMENT
VW SETTLEMENT PROGRAM**

FY20 Proposed Buy List

Eqpt. No.	Year	Make	Description	Cost
10E031	2019	Freightliner	Truck Crew Carrier	\$204,624.88
10E032	2019	Freightliner	Truck Crew Carrier	\$204,624.88
10D092	2019	Ford	Truck Crew Carrier	\$147,551.78
10D093	2019	Ford	Truck Crew Carrier	\$147,551.78

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).
See Attached.

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.]

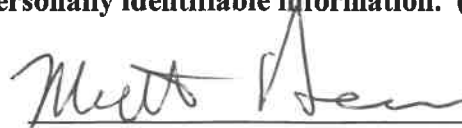
CERTIFICATIONS

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

1. This application is submitted on behalf of Beneficiary Arizona, 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: 5/24/19



[Matthew D. Hanson, CGMS]
[Assistant Director]

Arizona Department of Administration

[LEAD AGENCY]

for

State of Arizona

[BENEFICIARY]

ATTACHMENT B

PROJECT MANAGEMENT PLAN
PROJECT SCHEDULE AND MILESTONES

Milestone	Date
Lead Agency Provides Notice of Availability of Mitigation Action Funds	7/1/2019
In-person meeting with state agencies providing overview of the FY20 program	7/15/19 - 7/26/19
Draft FY20 Intergovernmental Service Agreements routed to agencies	7/22/19 - 7/26/19
Finalized FY20 Intergovernmental Service Agreements received	7/29/19 - 8/2/19
In-person trainings on application and reimbursement process (including scrapping requirements)	8/5/19 - 8/9/19
Tentative list of FY20 vehicles submitted to ADOA by state agencies	ISA + 4 weeks
Finalize list of FY20 vehicles submitted to ADOA by state agencies	ISA + 8 weeks
State agencies complete FY20 procurement actions and submit purchase orders	ISA + 3 months
Vehicles delivered	ISA + 6 months
State agencies submit scrapping certifications, invoices and other requirement documents	ISA + 7 months
ADOA/GFR reviews submissions, request corrections if necessary, and provides reimbursement	ISA + 8 months
ADOA/GFR reports to Trustee on status of mitigation actions completed and expenditures	Every 6 months
	-
	-

PROJECT BUDGET

Period of Performance: 7/1/2019 - 6/30/20				
Budget Category	Total Approved Budget	Share of Total Budget to be Funded by the Trust	Cost-Share, if applicable (Entity #1)	Cost-Share, if applicable (Entity #2)
1. Equipment Expenditure	\$ 575,000	\$ 575,000	\$ 0	\$ 0
2. Contractor Support <i>(Provide List of Approved Contractors as Attachment with approved funding ceilings)</i>	\$ 0	\$ 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	\$ 0
4. Administrative ¹	\$ 86,250	\$ 86,250	\$ 0	\$ 0
Project Totals	\$ 661,250	\$ 661,250	\$ 0	\$ 0
Percentage	100 %	100 %	0 %	0 %

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

PROJECTED TRUST ALLOCATIONS:

	2017	2018	2019	2020	2021
1. Anticipated Annual Project Funding Request to be paid through the Trust	\$ 0	\$ 3628980 0	\$ 2037027 8	\$	\$
2. Anticipated Annual Cost Share	\$ 0	\$ 0	\$ 0	\$	\$
3. Anticipated Total Project Funding by Year (line 1 plus line 2)	\$ 0	\$ 36289800	\$ 20370278	\$	\$
4. Cumulative Trustee Payments Made to Date Against Cumulative Approved Beneficiary Allocation	\$ 0	\$ 0	\$ 3628980 0	\$	\$
5. Current Beneficiary Project Funding to be paid through the Trust (line 1)	\$ 0	\$ 36289800	\$ 20370278	\$	\$
6. Total Funding Allocated to for Beneficiary, inclusive of Current Action by Year (line 4 plus line 5)	\$ 0	\$ 3628980 0	\$ 5666007 8	\$	\$
7. Beneficiary Share of Estimated Funds Remaining in Trust	\$ 0	\$ 56660078	\$ 0	\$	\$
8. Net Beneficiary Funds Remaining in Trust, net of cumulative Beneficiary Funding Actions (line 7 minus line 6)	\$ 0	\$ 20370278	\$ 0	\$	\$

ATTACHMENT C

DETAILED PLAN FOR REPORTING ON ELIGIBLE MITIGATION ACTION IMPLEMENTATION

The Arizona Department of Administration (ADOA) will provide detailed reporting on the on-road fleet replacement project implementation on its public VW website and will fulfill its reporting obligations to Wilmington Trust.

The public website, <https://vwsettlement.az.gov/> was created specifically to provide information related to the Trust, the VW Partial Consent Trust Decrees, Arizona's plans, and implementation information. In order to provide transparency and accountability, the Department will post timely updates and will provide information on the following:

- General information on the Partial Trust Consent Decrees, including a link to the documents;
- The State's final Beneficiary Mitigation Plans,
- All public records supporting funding requests the ADOA submits to the Trustee, and all public records supporting all expenditures of the Trust Fund, subject to confidentiality laws and until the Termination Dates of the Partial Trust Consent Decrees; and
- Department contact information.

The ADOA will periodically evaluate implementation of the Beneficiary Mitigation Plan and implementation of the Eligible Mitigation Actions after the initial round of funding and will determine whether any revisions to the Beneficiary Mitigation Plan and funding levels are appropriate or necessary. If future revisions to the Beneficiary Mitigation Plan are necessary, the ADOA will seek public input on major Plan revisions generally consistent with the process outlined above, including publishing a notice of the opportunity for a 30-day public comment period regarding the proposed revisions.

In addition that state will also comply with the reporting obligations listed in the Environmental Mitigation Trust Agreement for State Beneficiaries in subparagraph 5.3:

For each Eligible Mitigation Action, no later than six months after receiving its first disbursement of Trust Assets, and thereafter no later than January 30 (for the preceding six-month period of July 1 to December 31) and July 30 (for the preceding six-month period of January 1 to June 30) of each year, each Beneficiary shall submit to the Trustee a semiannual report describing the progress implementing each Eligible Mitigation Action during the six-month period leading up to the reporting date (including a summary of all costs expended on the Eligible Mitigation Action through the reporting date). Such reports shall include a complete description of the status (including actual or projected termination date), development, implementation, and any modification of each approved Eligible Mitigation Action. Beneficiaries may group multiple Eligible Mitigation Actions and multiple sub-beneficiaries into a single report. These reports shall be signed by an official with the authority to submit the report for the Beneficiary and must contain an attestation that the information is true and correct and that the submission is made under penalty of perjury. To the extent a Beneficiary avails itself of the DERA Option

described in Appendix D-2, that Beneficiary may submit its DERA Quarterly Programmatic Reports in satisfaction of its obligations under this Paragraph as to those Eligible Mitigation Actions funded through the DERA Option. The Trustee shall post each semiannual report on the State Trust's public-facing website upon receipt.

ATTACHMENT D

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

1) Class 8 Local Freight Trucks and Port Drayage Trucks (Eligible Large Trucks)

Class 8 Vehicles	Diesel	Propane	Gasoline	Electric
Cement Mixer	N/A	N/A	N/A	N/A
Dump	\$135,000	\$175,000	N/A	\$400,000
Fire Truck	\$170,000	\$200,000	N/A	\$400,000
Fuel	N/A	N/A	N/A	N/A
Heavy Semi Tractor	\$500,000	\$550,000	N/A	TBD
Refrigerated Van	N/A	N/A	N/A	N/A
Semi Sleeper	N/A	N/A	N/A	N/A
Tour Bus	N/A	N/A	N/A	N/A

Truck vendors in the state of Arizona were polled for prospective costs to purchase new trucks by fuel type and truck type. Trucks are classified by type that reflects the weight of the vehicle.