

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary Maryland

Lead Agency Authorized to Act on Behalf of the Beneficiary Maryland Department of the Environment
(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:	MD Freedom Fleet Program (EMA-1)
Beneficiary's Project ID:	MDFF-1-2020
Funding Request No.	<i>(sequential)</i> 4
Request Type: (select one or more)	<input checked="" type="checkbox"/> Reimbursement <input type="checkbox"/> Advance <input type="checkbox"/> Other (specify): _____
Payment to be made to: (select one or more)	<input type="checkbox"/> Beneficiary <input checked="" type="checkbox"/> Other (specify): <u>Awarded companies</u>
Funding Request & Direction (Attachment A)	<input type="checkbox"/> Attached to this Certification <input checked="" type="checkbox"/> To be Provided Separately

SUMMARY

Eligible Mitigation Action	<input checked="" type="checkbox"/> Appendix D-2 item (specify): <u>1- Class 8 Local Freight trucks</u>
Action Type	<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): 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	

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 Maryland, 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: 4/16/20



George S. (Tad) Aburn, Jr.
Director, Air and Radiation Administration|

Maryland Department of the Environment
[LEAD AGENCY]

for
Maryland

[BENEFICIARY]

**Appendix D-4 – Supplemental Information
Beneficiary Eligible Mitigation Action Certification**

Beneficiary: Maryland

Lead Agency: Maryland Department of the Environment

**In support of funding request no. 4
MD Freedom Fleet Program**

Appendix D4 – Summary

Explanation of how funding request fits into Beneficiary’s Mitigation Plan (5.2.1):

This project falls under the Freedom Fleet Voucher Program detailed on page 14 of Maryland’s Beneficiary Mitigation Plan (BMP). This funding request will focus on Eligible Mitigation Action-1 Class 8 Local Freight Trucks and will use \$1,255,000 go to replace twenty-two (22) heavy-duty trucks with alternative fuel trucks. Twenty (20) diesel trucks will be replaced by Waste Management with near-zero CNG heavy duty trucks, and two (2) heavy-duty diesel yard trucks will be replaced with electric trucks by IKEA.

Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):

Waste Management will replace twenty heavy-duty diesel trucks from model years 2000-2009 with new, near-zero CNG heavy-duty trucks. Waste Management requested \$800,000 of Volkswagen Settlement Funds to cover 15% of the project cost that totals \$5,460,989.80, with WM providing the remaining funds for this project. These vehicles will refuel at WM’s new on-site CNG station.

These refuse trucks will be deployed in areas that bear a disproportionate share of the air pollution problem. According to WM, the Environmental Protection Agency’s Environmental Justice Screen Tool places the region these vehicles will be deployed in in the 93rd percentile for ozone levels in the region with a demographic score in the 86th percentile for the region. Natural gas produces up to 90% less NOx emissions compared with diesel vehicles and virtually no PM emissions.

IKEA is requesting \$455,000 from VW Settlement Funds to help cover 65% of the cost of replacing two diesel yard trucks with new electric trucks. The vehicles being replaced are a 2005 and 2007 Diesel Yard Shunter. The total project will cost \$700,000 with IKEA providing the remaining funds. The total cost of the project includes the purchase and installation of charging stations to support these advanced technology vehicles.

MDE estimates that these two projects will provide the following reductions in vehicle emissions:

Pollutant	NOx	PM 2.5	GHG
Pollution Reduction (Lifetime Tons)	24.27	.1491	1

Estimate of Anticipated NOx Reductions (5.2.3):

Annual NOx reductions are estimated to be 3.830 Tons. Lifetime NOx reductions are estimated to be 24.273 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):

The Maryland Department of the Environment is responsible for all Volkswagen Mitigation Plan projects in Maryland.

Describe how the Beneficiary will make documentation publically available (5.2.7.2):

All documentation will be made publicly available on the Maryland Department of the Environment's Maryland Volkswagen Mitigation Plan website. This site can be found at:

<https://mde.maryland.gov/programs/Air/MobileSources/Pages/MarylandVolkswagenMitigationPlan.aspx>

Describe any cost share requirements to be placed on each NOx Source proposed to be mitigated (5.2.8):

The replacement of diesel with new alternative fuel vehicles are eligible for different levels of funding depending on fuel type. New electric trucks are eligible for funding up to 75% and CNG vehicles are eligible for funding up to 40%. The remaining cost share will be funded by the awarded companies.

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

The Maryland Department of the Environment sent the required notifications to the specified U.S. Government Agencies on February 27th, 2018.

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):

IKEA will deploy these electric vehicles in Perryville, MD, which is a Priority Funding Area and in an area adjacent to 3 qualified opportunity zones. Areas in and around Baltimore often experience a disproportionate amount of harmful emission in Maryland.

Waste Management's CNG vehicles will be deployed in an area of Maryland that scores in the 93rd percentile using the U.S. Environmental Protection Agency's Environmental Justice Screen Tool for ozone in our region. The demographic score for that area is in the 86th percentile for the region.

ATTACHMENT B

PROJECT MANAGEMENT PLAN
PROJECT SCHEDULE AND MILESTONES

Milestone	Date
Request for Proposals announced	2/13/19
Request for Proposals Application Deadline	5/6/19
MDE Reviews applications for Freedom Fleet Program	Feb 2020
MDE Submits Funding Request to Trustee –Appendix D-4	Apr 2020
Trustee Acknowledges Receipt of Project Certification and Funding Direction	Receipt from Trustee
Trustee Allocates Share of State Funds for Approved Project	Transfer Date
Grant Agreements signed with selected award recipients	CY 2020, Q2
Project Sponsor provides detailed invoices for all claimed project costs, proof of destruction, required certification documents to MDE to support direction to Trustee for Payment (Reimbursement).	CY 2021, Q2
MDE completes review and certifies payment direction to Trustee (Reimbursement)	CY 2021, Q2
Trustee Acknowledges Receipt of Direction for Payment(s) (Reimbursement)	CY 2021, Q2
Project Sponsor Certifies Project Completion	CY 2021, Q2
MDE Reports Project Completion	CY 2021, Q2

PROJECT BUDGET

Period of Performance: _____				
Budget Category	Total Approved Budget	Share of Total Budget to be Funded by the Trust	Cost-Share, paid by bus owners	Cost-Share, if applicable (Entity #2)
1. Equipment Expenditure	\$6,160,989.80	\$1,255,000	\$4,905,989.80	NA
2. Contractor Support	\$0	\$0	\$0	NA
3. Subrecipient Support	\$0	\$0	\$0	NA
4. Administrative	\$12,550	\$12,550	\$	NA
Project Totals	\$6,173,539.80	\$1,267,550	\$4,905,989.80	NA
Percentage	100%	20.5%	79.5%	%

PROJECTED TRUST ALLOCATIONS:

	2020
1. Anticipated Annual Project Funding Request to be paid through the Trust	\$1,267,550
2. Anticipated Annual Cost Share	\$4,905,989.80
3. Anticipated Total Project Funding by Year (line 1 plus line 2)	\$6,173,539.80
4. Cumulative Trustee Payments Made to Date Against Cumulative Approved Beneficiary Allocation	\$0
5. Current Beneficiary Project Funding to be paid through the Trust (line 1)	\$1,267,550
6. Total Funding Allocated to for Beneficiary, inclusive of Current Action by Year (line 4 plus line 5)	\$1,267,550
7. Beneficiary Share of Estimated Funds Remaining in Trust	\$78,033,000
8. Net Beneficiary Funds Remaining in Trust, net of cumulative Beneficiary Funding Actions (line 7 minus line 6)	\$76,765,450

ATTACHMENT C
DETAILED PLAN FOR REPORTING ON ELIGIBLE MITIGATION ACTION IMPLEMENTATION

The Maryland Department of the Environment (MDE) will provide detailed reporting on this Environmental Mitigation Trust projects in two ways:

1. Updates to MDE's Volkswagen Mitigation Trust webpage (<https://mde.maryland.gov/programs/Air/MobileSources/Pages/MarylandVolkswagenMitigationPlan.aspx>)
2. Maryland's semiannual reporting obligation to Wilmington Trust.

MDE maintains a VW Mitigation Trust webpage to provide information and updates to the public in a timely manner. MDE will utilize the webpage to inform the public of project awards and make all documents received publicly available by posting them on that page.

Subparagraph 5.3 of the Environmental Mitigation Trust Agreement for State Beneficiaries details Maryland's Reporting Obligations: "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."

In MDE's semiannual report following the Trustee's approval of this project, MDE will describe the progress of implementing this Eligible Mitigation Action and include a summary of all costs expended on the Eligible Mitigation Action through the reporting date. The report will also include a complete description of the status, development, implementation (including project schedule and milestone updates), and any modification to this Eligible Mitigation Action.

**ATTACHMENT D
DETAILED COST ESTIMATES FROM SELECTED OR POTENTIAL VENDORS FOR EACH PROPOSED
EXPENDITURE EXCEEDING \$25,000**

Project applicants were asked to submit a projected budget for the vehicle replacement costs. Trust funds will be reimbursable for only eligible costs after vehicles are purchased, put into service and the old vehicle rendered permanently inoperable. Estimates for vehicles from these applicants were as follows:

Replacement Truck	Number of Trucks	Vehicle Cost (each, Inc. Charging infrastructure)	Total Project Cost
Electric	2	\$350,000	\$700,000
CNG (RO)	6	\$244,805.19	\$1,468,931.14
CNG (SFEL)	14	\$285,154.19	\$3,992,158.66

