

**APPENDIX D-4**  
**Beneficiary Eligible Mitigation Action Certification**

## BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

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Beneficiary State of North Carolina

Lead Agency Authorized to Act on Behalf of the Beneficiary North Carolina Department of Environmental Quality  
*(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)*

<b>Action Title:</b>	Class 4-7 Local Freight Trucks
<b>Beneficiary's Project ID:</b>	NCDEQ-CLASS 4-7 TRUCKS-FY20
<b>Funding Request No.</b>	<i>(sequential)</i> 1
<b>Request Type:</b> (select one or more)	<input type="checkbox"/> Reimbursement <span style="float: right;"><input checked="" type="checkbox"/> Advance</span> <input type="checkbox"/> Other (specify): _____
<b>Payment to be made to:</b> (select one or more)	<input checked="" type="checkbox"/> Beneficiary <input type="checkbox"/> Other (specify): _____
<b>Funding Request &amp; Direction (Attachment A)</b>	<input checked="" type="checkbox"/> Attached to this Certification <input type="checkbox"/> To be Provided Separately

### SUMMARY

<b>Eligible Mitigation Action</b>	<input checked="" type="checkbox"/> Appendix D-2 item (specify): <u>6. Class 4-7 Local Freight Trucks</u>
<b>Action Type</b>	<input type="checkbox"/> Item 10 - DERA Option (5.2.12) (specify and attach DERA Proposal): _____
<b>Explanation of how funding request fits into Beneficiary's Mitigation Plan (5.2.1):</b> See attached.	
<b>Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):</b> See attached.	
<b>Estimate of Anticipated NOx Reductions (5.2.3):</b> See attached.	
<b>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):</b> See attached.	
<b>Describe how the Beneficiary will make documentation publicly available (5.2.7.2).</b> See attached.	
<b>Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8).</b> See attached.	
<b>Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9).</b> 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.]

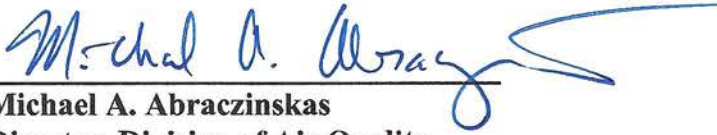
**CERTIFICATIONS**

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

1. This application is submitted on behalf of Beneficiary <sup>North Carolina Department of Environmental Quality</sup> \_\_\_\_\_, 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: 7/30/20



Michael A. Abraczinskas  
Director, Division of Air Quality  
Department of Environmental Quality

[LEAD AGENCY]

for  
State of North Carolina  
[BENEFICIARY]

## Attachment B

### Project Budget

<b>Period of Performance: FY 2020 – FY 2022</b>			
<b>Budget Category</b>	<b>Total Approved Budget</b>	<b>Share of Total Budget to be Funded by the Trust</b>	<b>Cost-Share paid by fleet owners</b>
1. Equipment Expenditure	\$2,067,303.26	\$1,733,131.36	\$334,171.90
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 <sup>1</sup>	\$250,000.00	\$250,000.00	\$0
<b>Project Totals</b>	<b>\$2,317,303.26</b>	<b>\$1,983,131.36</b>	<b>\$334,171.90</b>
<b>Percentage</b>	<b>100%</b>	<b>85.6%</b>	<b>14.4%</b>

<sup>1</sup> Subject to Appendix D-2 15% administrative cap.

### TIMELINE AND MILESTONES:

<b>Task</b>	<b>Date Completed</b>
Request for Proposals announced – Phase 1 Diesel Bus and Vehicle Program	July 1, 2019
Request for Proposal Closing – Application Deadline	September 30, 2019
NCDEQ selects grant recipients	July 14, 2020
Public notification of awarded projects	July 31, 2020
NCDEQ submits D-4 and other required forms to Trustee	August 7, 2020
Trustee acknowledges receipt of funding request	Receipt from Trustee
Begin processing contracts for awardees	CY 2020, Q3 – Q4
Trustee allocates share of state funds	Transfer Date
Contracts with awardees signed	CY 2020, Q3 – CY 2021, Q1
Subgrantees begin project work	CY 2020, Q3 – CY 2021, Q1
NCDEQ submits 1 <sup>st</sup> biannual report for 2020	December 31, 2020
NCDEQ submits 1 <sup>st</sup> biannual report for 2021	June 30, 2021
NCDEQ submits 2 <sup>nd</sup> biannual report for 2021	December 31, 2021
NCDEQ submits 1 <sup>st</sup> biannual report for 2022	June 30, 2022
NCDEQ submits 2 <sup>nd</sup> biannual report for 2022	December 31, 2022
Grantee provides proof of destruction, invoices and other documents required for reimbursement.	CY 2021, Q3 – CY 2022, Q4
NCDEQ reviews, requests corrections if necessary, certifies project completion, and provides reimbursement.	CY 2021, Q3 – CY 2022, Q4
NCDEQ reports to the Trustee on the status of and expenditures with Mitigation Actions completed and underway.	No later than 90 days after October 31, 2022

**ATTACHMENT C**  
**Detailed Plan for Reporting on Eligible Mitigation Action**  
**Implementation (5.2.11)**

The NC Department of Environmental Quality (NC DEQ) will provide detailed reporting on this funding request in two ways:

1. Timely updates to the NC DEQ's Volkswagen Diesel Settlement website,
2. Semi-annual reporting to the Trustee as required by subparagraph 5.3 of the Environmental Mitigation Trust for State Beneficiaries.

**NC DEQ Website**

NC DEQ maintains a website describing the NC DEQ's activities associated with the Volkswagen Diesel Emissions Environmental Mitigation Trust for State Beneficiaries. The website may be found here: [deq.nc.gov/VWsettlement](http://deq.nc.gov/VWsettlement). Information associated with NC DEQ's VW programs, applications, and application guides, as well as a description of the VW Beneficiary Mitigation Plan, community outreach activities and copies of award decisions will be posted here. This website will also be used to track the status, progress, and results for projects under this funding category.

All application materials, reimbursement requests and other required documentation submitted by applicants will be available to the public through the NC DEQ Volkswagen webpage or upon request. Funding recipients' executed contracts for the NC DEQ's Diesel Bus and Vehicle Program are archived in the NC DEQ Grant Management System.

**Semi-Annual Reports to the Trustee**

As required by subparagraph 5.3 of the Environmental Mitigation Trust Agreement for State Beneficiaries, NC DEQ will submit a report to the Trustee within 6 months of the first disbursement and thereafter no later than January 30 and July 30 for the preceding 6-month periods. These reports will describe the progress implementing this and any other Eligible Mitigation Action ongoing during the reporting period. These reports will include a summary of all costs expended and a complete description of the status (including the actual or projected termination date), development, implementation, and any modification of the Eligible Mitigation Action. These semi-annual reports to the Trustee will be posted on the NC DEQ website for public access.

## D-4 Summary Attachment

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

The North Carolina Department of Environmental Quality (NC DEQ) requests \$1,983,131.36 in funds for the replacement of class 4-7 local freight trucks. Projects funded under this request will help achieve significant NOx emission reductions. (Page 9, State of North Carolina Volkswagen Mitigation Plan)

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

This category includes the replacement and repower of class 4-7 local freight trucks configured to transport cargo and trucks to collect and transport municipal solid waste (refuse trucks). Eligible short haul trucks include combination and single short haul class 4-7 configurations. Eligible refuse trucks include garbage trucks, roll-off trucks, dump trucks, sweeper trucks, chipper trucks, and grapple trucks. Eligible class 4-7 trucks must also be powered by a 1992-2009 model year diesel engine.

NC DEQ estimates the following emissions reductions because of these vehicle replacements and repower projects:

Pollutant	NOx	PM2.5	GHG
Annual Tons Reduced	1.8	0.10	7.2

### Estimate of Anticipated NOx Reductions (5.2.3):

Based on emissions reduction calculations from the EPA Diesel Emissions Quantifier, the estimated total emissions reductions are 1.8 annual tons in six counties. The emissions reductions impact approximately 1.7 million people in six counties.

### 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):

NC Department of Environmental Quality

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

The NC DEQ, as lead agency for the state of North Carolina implementing the Environmental Mitigation Plan, has established a web page on the VW Trust and mitigation actions where documents will be made publicly available, [deq.nc.gov/VWsettlement](http://deq.nc.gov/VWsettlement).

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

Maximum funding percentages for selected projects depend on the Eligible Mitigation Action type, the fuel type of the replacement/repower (diesel, alternative fuel, and all-electric), and whether it is a government (public) or nonprofit (private) owned fleet; however, maximum funding for any project proposal application is not guaranteed. NC DEQ may partially fund a proposal application by funding a portion of a proposed project. Applicants receiving funding will be notified of the actual amount awarded for their project. Applicants awarded funding have the option to accept or decline the award.

Public-private partnerships are agreements that involve a contract between a public-sector authority and a private party, in which the private party provides a public-sector service or project and assumes

substantial financial, technical, and operational risk in the project. For projects that are public-private partnerships, the ownership of the original and replacement equipment or vehicle will determine the maximum funding percentages. Public-private partnership projects where the original and replacement equipment or vehicle is owned by the public entity will be eligible for the maximum funding percentages allowed under government-owned vehicle categories found in the tables below. Public-private partnership projects where the original and replacement equipment or vehicle is owned by the private entity will be eligible for the maximum funding percentages allowed under non-government categories found in the tables below.

Class 4-7 Local Freight Trucks\*

Replacement	Diesel	Alternative Fuel	All-Electric
Government	100%	100%	100%
Non-Government	25%	25%	75%

Repower	Diesel	Alternative Fuel	All-Electric
Government	100%	100%	100%
Non-Government	40%	40%	75%

\*Eligible trucks include 1992-2009 engine model year Class 4-7 Local Freight Trucks. Eligible trucks may be repowered with any new diesel or alternate fuel or all-electric engine or may be replaced with any new diesel or alternate fuel or all-electric vehicle, with the engine model year in which the eligible trucks mitigation action occurs or one engine model year prior.

Payments will be made on a reimbursement basis for eligible expenses incurred and paid by the grant recipient. A cost may not be considered incurred until the grant funded goods and services have been received and accepted by the grant recipient. Grant recipients will be required to provide documentation to show that equipment or services have been received and the expenses have been incurred and paid by the grant recipient before reimbursement is provided by the NC DEQ.

**Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S.**

**Government Agencies (5.2.9):**

On February 27, 2018, the NC DEQ sent e-mail notices of the availability of funds to representatives of the U.S. Department of Interior and the U.S. Department of Agriculture listed in subparagraph 4.2.8 of the Trust Agreement.

**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):**

NC DEQ developed a quantifiable Social Vulnerability Index (SVI) using statistical and geographic information system (GIS) methods to show which counties in North Carolina have the highest concentrations of particularly vulnerable populations. This SVI was developed using datasets from the US Census Bureau and the NC Department of Commerce.

The American Community Survey data was reclassified by creating four “bin” ranges for each demographic group. This was done by separating the data into quartiles and assigning a value of 1 to 4. The NC Department of Commerce sorts counties into three distinct county tiers based on average unemployment rate, median household income, percentage growth in population, and adjusted property tax base per capita. The forty most distressed counties are considered Tier 1, the 40 counties which are identified as mildly distressed are Tier 2, and 20 least distressed counties are Tier 3. To add this data into



the overall vulnerability index in a meaningful way, the inverse of the county tier number designations was used to give Tier 1 (most distressed) a designation of “3”, and so on and so forth. To create the final vulnerability index, the American Community Survey data was summed (1, 2, 3 or 4) for each county along with the inverse of the NC Department of Commerce County Tier rankings to create resulting totals for each county. Then the resulting totals were placed into their own quartile bins and assigned a final Environmental Justice (EJ) Score of 1 to 4.

Mobile NO<sub>x</sub> emissions in tons per year from the 2014 National Emissions Inventory (Version 2) were arranged from highest to lowest and divided in the quintiles and points were assigned to each of the quintiles.

There are a few incidences where the SVI did not accurately correspond to the tier county designations and the concentration of some demographic groups in the region. Therefore, to assign a score, the final SVI scores were weighted at 1.5 and the Mobile NO<sub>x</sub> Bin scores weighted at 1. The scores were summed by county as the EJ Score. The EJ Score is a component of the project scoring criteria used to evaluate project. In addition, the state has committed to spend at least 32% of the funds in rural counties. Rural county projects were evaluated and selected separately from the urban/suburban county projects.

**Attachment D**

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

**Attachment D**  
**State of North Carolina VW Settlement Phase 1 Awards**  
**Class 4-7 Local Freight Trucks**

<b>Awardee</b>	<b>Vehicle Replacement Type</b>	<b>Number of Vehicles Awarded</b>	<b>Fuel Type</b>	<b>NOx Emission Reductions (annual tons)</b>	<b>Replacement Cost per Vehicle</b>	<b>Awarded Amount</b>	<b>Cost-Share Amount</b>
Charlotte-Solid Waste Services	Refuse Hauler	3	Diesel	0.344	\$395,604.00	\$949,449.60	\$237,362.40
City of Henderson	Refuse Hauler Repower	1	Diesel	0.089	\$37,000.00	\$31,450.00	\$5,550.00
Greenville Utilities Commission	Wire Reel Truck	1	Diesel	0.129	\$100,292.15	\$100,292.15	\$0.00
The North Carolina Arboretum	Refuse Hauler	1	Diesel	0.057	\$64,100.00	\$64,100.00	\$0.00
Town of Black Mountain	Dump Truck	2	Diesel	0.200	\$84,900.00	\$169,800.00	\$0.00
Town of Spindale	Refuse Hauler	1	Diesel	0.277	\$135,000.00	\$121,500.00	\$13,500.00
Town of Warrenton	Dump Truck	1	Diesel	0.221	\$61,278.09	\$61,278.09	\$0.00
Town of Warrenton	Refuse Hauler	1	Diesel	0.078	\$157,502.02	\$157,502.02	\$0.00
Town of Winterville	Refuse Hauler	1	Diesel	0.394	\$155,519.00	\$77,759.50	\$77,759.50
		<b>12</b>		<b>1.8</b>		<b>\$1,733,131.36</b>	<b>\$334,171.90</b>