

August 27, 2021

VW Environmental Mitigation Trust
Wilmington Trust, NA, as Trustee
1100 North Market Street
Wilmington, DE 19890
Attn: Russell Crane, 5th Floor

Re: Revised D4 certificate
Action Title: CDOT Class 4-8 Transit buses
Project ID: CDOT 9A18DD

Dear Russell,

Please accept the attached revised Appendix D-4 certificate for the Colorado Department of Transportation (CDOT) Alt Fuel Transit Bus Replacement Program that was submitted on 6/13/2019. The approved Appendix D-4 certificate was for the replacement of eligible Class 4-8 Transit Buses as listed under mitigation action #2 in Appendix D-2. Awards and funding for the replacement of 28 Class 4-8 diesel Transit buses were originally requested in 2019. Since that time, the project award for the City of Boulder was increased (initial project cost \$331,650, increase to \$483,122), and the project for Colorado Springs was reduced (the initial project cost \$1,933,578 was decreased to \$1,289,052). The CDOT Transit Bus Replacement program has since held two more application rounds for funding replacement of transit buses and would like to revise the Appendix D-4 certificate to include these subsequent rounds, which includes an additional 16 buses.

This revision to the Appendix D-4 certificate, Action Title: CDOT Class 4-8 Transit buses is requesting a new total of \$24,705,866.26 to cover new project costs plus total administrative costs to be funded by the Trust. The total administrative costs remained under the capped 15% for the entire Appendix D-4 certificate funding request. This revision includes an additional funding request of \$10,233,233.49 (\$8,035,561.95 for project costs and \$2,197,671.54 for administrative costs) for subsequent projects as outlined in the Attachment D of the revised Appendix D-4 certificate.

Under the initial approved Appendix D-4 certificate, the Colorado Department of Public Health and Environment (CDPHE) received a total of \$2,410,995.72. The new Attachment A funding request will be for \$5,000,000. A total of \$7,410,995.72 will have been paid out of the total project funding request of \$24,705,866.26.

All changes are reflected in [blue](#) text in the body of the attached revised Appendix D-4 certificate and will also be documented in our semiannual reports to the Trustee.

Please feel free to contact me if you have any questions.

Regards,



Christine Hoefler
EPS II, Colorado Air Pollution Control Division

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary _____

Lead Agency Authorized to Act on Behalf of the Beneficiary _____
(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:	
Beneficiary's Project ID:	
Funding Request No.	<i>(sequential)</i>
Request Type: (select one or more)	<input 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 type="checkbox"/> Other (specify): _____
Funding Request & Direction (Attachment A)	<input type="checkbox"/> Attached to this Certification <input type="checkbox"/> To be Provided Separately

SUMMARY

Eligible Mitigation Action <input type="checkbox"/> Appendix D-2 item (specify): _____ 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):
Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):
Estimate of Anticipated NOx Reductions (5.2.3):
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):
Describe how the Beneficiary will make documentation publicly available (5.2.7.2).
Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8).
Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9).

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).

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 _____, 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: _____

Christine Hoefler
EPS II, Air Pollution Control Division

[LEAD AGENCY]

for

[BENEFICIARY]

Summary

Explanation of how funding request fits into Beneficiary’s Mitigation Plan (5.2.1):
The state of Colorado’s Beneficiary Mitigation Plan (BMP) allocates \$30.8 million to the Colorado Department of Transportation’s (CDOT) Alternative-fuel Transit Bus Replacement Program to replace conventional fuel buses with eligible alternative fuel buses and related electric vehicle charging equipment. This funding request will provide funds for three application rounds from 2019-2021 to incentivize alternative fuel transit fleet conversions and reduce NOx emissions, which are both specific goals of Colorado’s BMP. The eligibility requirements for Class 4-8 Transit Buses and related charging equipment under this Program are detailed in the original state BMP (March 21, 2018) on pages 14-16 and in the revised state BMP (September 18, 2019) on pages 13-14.
Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):
To help improve air quality and to encourage conversion to cleaner fueled public transportation fleets statewide, this mitigation action helps replace 43 aging diesel transit buses operated by eleven transit agencies with propane, renewable natural gas, and electric buses with associated electric charging equipment. These new alternatively fueled buses will help reduce NOx emissions, VOCs, and greenhouse gases associated with the older (pre-2009) diesel buses. Emission reductions resulting from 43 bus replacement awards are estimated to be: NOx (14.19 tons/yr), VOCs (1.075 tons/yr), and GHG (4,798.8 tons/yr). These buses will reduce local diesel emissions exposure in the communities where they are operated, while also decreasing regionally transported NOx pollution that contributes to the formation of ground-level ozone pollution. Supporting publicly owned fleets will also directly benefit the communities involved through decreased operating and maintenance costs and increased fleet reliability while easing the up-front capital funding needs to convert fleets to low-emission and zero-emission fuel types.
Estimate of Anticipated NOx Reductions (5.2.3):
The estimated emissions benefits from the replacement of 43 transit buses will reduce NOx emissions by 14.19 tons/yr. The estimates were prepared using the Greenhouse gases, Regulated Emissions, and Energy use in Transportation (GREET) model. Annual vehicle miles traveled (VMT) were obtained from statewide transit asset inventory data.
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 Colorado Department of Public Health & Environment.
Describe how the Beneficiary will make documentation publicly available (5.2.7.2) :
The Colorado Department of Public Health and Environment (CDPHE) has created a public website for information related to the Volkswagen settlement, which can be accessed at: https://www.colorado.gov/cdphe/VW . The website contains a description of the Trust Agreement,

information about Colorado’s implementation plans, and links to Trust documents. As of the date Colorado filed its Certification for Beneficiary Status, the website linked to the Trust Agreement, Certification for Beneficiary Status and Colorado’s proposed Beneficiary Mitigation Plan. As Colorado prepares and submits the semiannual reports required by paragraph 5.3 of the Trust Agreement, CDPHE will either post documents to its website or maintain a link to other public-facing website that provide the documentation.

The CDPHE website will be maintained and updated until the Trust’s Termination Date or the date required by the Colorado Open Records Act or other applicable law, whichever is later. Records or documents may also be requested by emailing the CDPHE comments line at cdphe.commentsapcd@state.co.us

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

The Alternative Fuel Transit Bus Replacement Program will provide incentives for public and private Class 4-8 public transit bus operators to convert to low-emission, alternative fueled vehicles by reducing the amount of local agency funding typically required to replace buses. [Upon the update of the state BMP in September of 2019, Colorado is focusing all remaining transit bus replacement funds on battery electric, hydrogen fuel cell, and renewable natural gas vehicles. No additional diesel, propane, or \(non-renewable\) compressed natural gas vehicles will be funded beyond the initial round of awards.](#)

For Class 4-8 buses the total incentive will be limited to 110% of the incremental cost between the alternative-fuel replacement vehicle and a conventional fuel (diesel) vehicle of like class, size and capacity to the vehicle being replaced. Cost sharing is required to fund the remaining vehicle acquisition expenses and is expected to be sourced locally or through a combination of local and other traditional federal or state sources.

For associated electric charging equipment and its installation, the program will provide 100% of the cost up to \$100,000 per charging unit. Any vehicle or charging infrastructure costs beyond these funding levels will be borne by the entity receiving the funding.

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 Colorado Department of Public Health and Environment provided notice of availability of funds via email to Federal Agencies pursuant to Section 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). :

This program will mitigate impacts of NOx emissions by replacing higher polluting diesel Class 4-8 buses in communities that have historically borne a disproportionate share of air pollution. Transit buses also often serve lower-income citizens and financially disadvantaged communities that may bear a disproportionate share of the air pollution burden. These projects will reduce emissions in these communities helping to mitigate the impact of air pollution in these areas.

Attachment B

Project Management Plan

Project Schedule and Milestones

Milestone	Date
CDOT provides notice of funding availability (NOFA)	2018 -2023- One (1) time per year
Due date for applicants to submit project proposals to CDOT	30 Days after NOFA
CDOT notifies applicants of successful project proposals	Within 180 days of application closing
CDOT executes award contracts and scopes of work, including vehicle scrapping requirements	One (1) time per year
Awardees complete procurement, obtain detail vendor costs estimate and issue vehicle and charging equipment purchase orders.	Award contract + 1-6 months
Vendors/manufacturers deliver and install charging equipment (if applicable)	Purchase order + 1-12 months
Vendors/manufacturers deliver vehicle(s)	Purchase order + 12-18 months
Vehicle Acceptance; awardee remits full payment to vendor	Delivery + 30 days
Awardee submits invoices, proof of payment, and other documents required for reimbursement; CDOT remits partial reimbursement within 30 days, following review	Acceptance + 15 days
Awardee scraps replaced vehicle and submits documented evidence; CDOT remits full award reimbursement within 30 days	Acceptance + 120 days*
CDPHE reports to Trust on status of projects every six months after first disbursement of funds; semiannual reporting.	January 30 and July 30 after first disbursement of funds.

*Awardee is allowed to operate replacement Electric Vehicles through the first winter following Acceptance before they are required to destroy the existing conventional-fuel fleet vehicle. Volkswagen funds are not paid out until vehicle is scrapped. This ensures successful implementation.

PROJECT BUDGET

Period of Performance: April 2019 – June 2023			
Budget Category	Total Approved Budget	Share of Total Budget to be Funded by the Trust for bus and associated chargers	Cost-Share, if applicable (Project Awardees)
1. Equipment Expenditure	\$38,817,105.00	\$21,863,599.00	\$16,953,506
4. Administrative ¹	\$2,842,267.26	\$2,842,267.26	\$0
Project Totals	\$41,659,372.26	\$24,705,866.26	\$16,953,506
Percentage	100%	59%	41%

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

Incentive levels provided for public and non-profit of 110% of incremental vehicle cost, and up to 100% of associated costs for charging stations, capped at \$100,000.

PROJECTED TRUST ALLOCATIONS:

	FY 2019-2021
1. Anticipated Annual Project Funding Request to be paid through the Trust	\$24,705,866.26
2. Anticipated Annual Cost Share	\$16,953,506.00
3. Anticipated Total Project Funding by Year (line 1 plus line 2)	\$41,659,372.26
4. Cumulative Trustee Payments Made to Date Against Cumulative Approved Beneficiary Allocation	\$2,410,995.72 *
5. Current Beneficiary Project Funding to be paid through the Trust (line 1)	\$24,705,866.26
6. Total Funding Allocated to for Beneficiary, inclusive of Current Action by Year (line 4 plus line 5)	\$27,116,861.98
7. Beneficiary Share of Estimated Funds Remaining in Trust	\$66,328,922.61
8. Net Beneficiary Funds Remaining in Trust, net of cumulative Beneficiary Funding Actions (line 7 minus line 6)	\$39,212,060.63

*This D4 submission is a revision to the D4 submitted on 6/13/2019. Colorado had received \$2,410,995.72 from the initial D4 funding request.

Attachment C

Detailed Plan for Reporting on Eligible Mitigation Action Implementation (5.2.11):

The Colorado Department of Public Health and Environment (CDPHE) will work with the Colorado Department of Transportation (CDOT) to report on the implementation and progress of the Alternative Fuel Transit Bus Replacement Program in the state of Colorado. CDPHE has developed a specific webpage that will provide information on the application process and status of eligible mitigation actions under the VW Environmental Mitigation Trust Fund. Awarded projects will be posted as well as information on emission reductions based upon awarded projects. Vehicle usage data will be collected two times a year for five years and made available. CDPHE will submit reports every six months to meet the semiannual reporting requirements under 5.3 of the Trust agreement.

Attachment D

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

FY 2019 awards for the replacement of 27 diesel buses with 3 propane, 1 CNG, and 23 electric vehicles:

Awardee	Fuel	<u>Buses</u>			<u>Chargers</u>			
		Units	Vehicle Cost Estimate*	Funding	Units	Charger Cost Estimate*	Funding	
City of Boulder	Electric	1	\$ 728,500	\$ 331,650 \$483,122				
Colorado Springs	Electric	3 2	\$ 2,895,000 \$1,930,000	\$ 1,633,578 \$1,089,052	3 2	\$ 456,000	\$ 300,000 \$200,000	
Eagle County	Electric	3	\$ 2,706,000	\$ 1,402,701	3	\$ 330,000	\$ 180,000	
Fort Collins	Electric	2	\$ 1,752,400	\$ 937,640	2	\$ 300,000	\$ 200,000	
Fort Collins	LPG	3	\$ 362,796	\$ 116,268				
Gunnison Valley RTA	CNG	1	\$ 734,000	\$ 183,700				
Regional Transportation District (RTD)	Electric	15	\$ 13,275,000	\$ 7,342,500	12	\$ 1,370,000	\$ 1,200,000	
		28 27	\$ 22,453,696 \$21,488,696	\$ 11,948,037 \$ 11,554,983	20 19	\$ 2,456,000	\$ 1,880,000 \$1,780,000	
Vehicle and Charger Funding Combined							\$ 13,828,037	\$13,334,983

*Cost estimates are based on applicants' market research at the time of application. Actual costs will be determined by vendor cost proposals during the procurement process, but may not exceed these original estimates.

FY 2020 awards for the replacement of 6 diesel buses with 6 electric vehicles:

		<u>Buses</u>			<u>Chargers</u>		
Awardee	Fuel	Units	Vehicle Cost Estimate*	Funding	Units	Charger Cost Estimate*	Funding
City of Boulder	Electric	4	\$3,200,000	\$1,744,600	4	\$340,000	\$340,000
Ft. Collins	Electric	1	\$902,000	\$552,200	1	\$100,000	\$100,000
Via Mobility	Electric	1	\$250,000	\$167,140			
		6	\$4,352,000	\$2,463,940	5	\$440,000	\$440,000
Vehicle and Charger Funding Combined							\$2,903,940

*Cost estimates are based on applicants' market research at the time of application. Actual costs will be determined by vendor cost proposals during the procurement process, but may not exceed these original estimates.

FY 2021 awards for the replacement of 10 diesel buses with 10 electric vehicles:

		<u>Buses</u>			<u>Chargers</u>		
Awardee	Fuel	Units	Vehicle Cost Estimate*	Funding	Units	Charger Cost Estimate*	Funding
Eagle County	Electric	2	\$1,850,00	\$ 880,000	2	\$200,000	\$ 200,000
Summit County	Electric	3	\$3,084,000	\$ 1,501,500	3	\$240,000	\$ 240,000
Town of Breckenridge	Electric	1	\$905,000	\$ 482,900			
Town of Vail	Electric	4	\$3,869,340	\$ 2,064,548	4	\$255,728	\$ 255,728
		10	\$9,708,340	\$ 4,928,948	9	\$695,728	\$ 695,728
Vehicle and Charger Funding Combined							\$5,624,676

*Cost estimates are based on applicants' market research at the time of application. Actual costs will be determined by vendor cost proposals during the procurement process, but may not exceed these original estimates.