

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

## BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary State of California

Lead Agency Authorized to Act on Behalf of the Beneficiary California Air Resources Board  
*(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>	Zero-Emission Class 8 Trucks
<b>Beneficiary's Project ID:</b>	SCAQMD - ZE Trucks
<b>Funding Request No.</b>	<i>(sequential)</i> 1
<b>Request Type:</b> (select one or more)	<input type="checkbox"/> Reimbursement <input checked="" type="checkbox"/> Advance <input type="checkbox"/> Other (specify): _____
<b>Payment to be made to:</b> (select one or more)	<input type="checkbox"/> Beneficiary <input checked="" type="checkbox"/> Other (specify): <u>South Coast Air Quality Management District</u>
<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>1</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

## **BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION**

Beneficiary: State of California  
Lead Agency: California Air Resources Board

Action Title:	Zero-Emission Class 8 Trucks
Beneficiary's Project ID:	SCAQMD – ZE Trucks
Funding Request No.	( <i>sequential</i> ) 1

### **SUMMARY**

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

California developed a Beneficiary Mitigation Plan (Plan) with valuable public input with a priority to fully mitigate the excess NOx caused by Volkswagen's illegal actions while furthering the State's progress toward its zero-emission vehicle and climate protection goals. The Plan specifically identifies zero-emission Class 8 freight and port drayage trucks as a project funding category for the State's Environmental Mitigation Trust allocation. This funding request is part of the overall program to replace older trucks with zero-emission trucks, supporting early adoption of these technologies while reducing community health impacts from freight corridors, ports and intermodal facilities, and other areas where Class 8 trucks travel. The Plan allocates \$90 million in vehicle funding with up to an additional 15 percent allocation for a reserve that includes administrative costs.

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

Class 8 freight and port drayage truck owners will be offered first-come, first-served funding opportunities to scrap and replace older internal combustion engine vehicles with zero-emission technologies. California will provide funding to truck owners in at least two installments. The first installment will be \$27 million, and the next instalment(s) will be determined during the implementation process. The South Coast Air Quality Management District (SCAQMD) will administer the funding statewide with CARB providing program and fiscal oversight. As stated above, administrative costs will be additional and will not exceed 15 percent.

Only trucks with internal combustion engine model years 1992 to 2012 that are compliant with current regulations at the time of application are eligible for funding. California expects to fund about 540 Class 8 trucks, reducing NOx emissions, diesel particulate matter, greenhouse gases, and other harmful pollutants. Funding zero-emission Class 8 freight and port drayage trucks will support expansion of zero-emission truck availability to the heaviest weight class. Early commercial deployments tend to have higher capital costs, and this funding is expected to help achieve manufacturing economies of scale, helping to reduce costs while also reducing California's dependence on petroleum use. Based on the number of freight hubs and ports located in disproportionately impacted communities, the number of drayage trucks transiting through those areas, and historical participation data from CARB's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, CARB anticipates at least 50 percent of the \$90 million in vehicle funding will go to projects that benefit disadvantaged or low-income communities.

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

The funding for these vehicles will result in an estimated 1,500 tons of NOx emission reductions for about 540 zero-emission trucks over a 10-year period. The reductions resulting from this funding will be direct and surplus to regulatory requirements.

**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):**

California Air Resources Board

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

As the lead agency acting on the Beneficiary's (California's) behalf, CARB has established a website for the State's implementation of its Trust allocation: <https://ww2.arb.ca.gov/our-work/programs/volkswagen-environmental-mitigation-trust-california>. The website includes the Beneficiary Mitigation Plan, an opportunity for the public to subscribe to an email list for announcements regarding Plan implementation, meeting schedules and materials, and information to assist funding applicants. CARB will additionally post to the website all approved funding requests, semi-annual reports to the Trustee, and annual reports to the State Legislature. CARB will provide access to all public records upon request unless the law provides an exemption from disclosure.

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

Trust funds will provide up to \$200,000 for a new zero-emission Class 8 freight or port drayage truck in the first year. The funding amount will be reevaluated for subsequent years, as the incremental costs are expected to decline. Actual equipment costs are expected to be higher than will be provided by the Trust, resulting in a significant per-vehicle cost share. As required by the Consent Decree, total Trust funding per vehicle must not exceed 75 percent for non-government owned trucks and 100 percent for government owned trucks.

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

On February 16, 2018, CARB emailed and mailed notification letters to the government agency contacts listed in subparagraph 4.2.8. Each notification letter included information on fund availability, a description of the administration process, and instructions on accessing more information via CARB's website and subscribing to CARB's email list to remain informed.

**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).**

Replacing older, high-emitting vehicles with zero-emission vehicles will result in improved ambient air quality and human health in communities located in nonattainment areas, in areas with historical air quality issues, and in disadvantaged or low-income areas that bear a disproportionate share of the air pollution burden. At the same time, this funding will provide benefits to the local economy and the welfare of residents in those communities. California Senate Bill 92 (Committee on Budgets and Fiscal Review, Chapter 26, Statutes of 2017) requires CARB to ensure that 35 percent of the State's Trust allocation benefit disadvantaged or low-income communities. As stated above, at least 50 percent of the vehicle funding is expected to benefit disadvantaged or low-income communities.

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 State of California, 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:

8/23/19

Eelna Murphy

[NAME]

[TITLE]

California Air Resources Board

[LEAD AGENCY]

for

State of California

[BENEFICIARY]

## Attachment B

### Eligible Mitigation Action Management Plan Including Detailed Budget and Implementation and Expenditures Timeline

#### Project Management Plan

#### Project Schedule and Milestones

Task	Start Date	Completion Date
Project Planning and Development	October 2017	December 2021
Solicit for Applications (includes outreach to potential applicants)	Fall 2019	Fall 2024
Application Selection for Projects to be Funded	December 2019	Fall 2024
Quarterly and Semi-Annual Reports	Every 3-6 months or when requesting additional funds, whichever is sooner, through completion of the project	
Generate Contracts for Selected Applicant(s)	December 2019	Fall 2024
Repeat Solicitation and contracts with selected applicant(s) as needed if unspent direct project funds remain	N/A	N/A
Project monitoring, inspections, oversight	December 2019	December 2027
Final Report		May 2028

#### Project Budget

Period of Performance: Oct 2017 - May 2028			
Category	Total Approved Budget	Share of Total Budget to be Funded by the Trust	Cost Share (if applicable)
Equipment	\$90,000,000	\$90,000,000	
SCAQMD Administrative Costs Program development, outreach, administration	\$9,000,000	\$9,000,000	
CARB Administrative Costs Program planning, development, oversight	\$3,283,160	\$3,283,160	
<b>Total</b>	<b>\$102,283,160</b>	<b>\$102,283,160</b>	

CARB estimates that about 540 zero-emission Class 8 trucks will be funded. The budgeted equipment funds above will provide up to \$200,000 for each vehicle. The funding amount will be reevaluated for subsequent years, as the incremental costs are expected to decline. Remaining equipment costs come from the vehicle owner. As required by the Consent Decree, total Trust funding per vehicle will not exceed 75 percent for non-government owned units and 100 percent for government owned units. California's Beneficiary Mitigation Plan specifies funding for this first-come, first-served project funding category will be released in at least two installments. The first drawdown of funds for 2019 includes partial administrative costs for program planning, development, outreach, solicitations, and application scoring for the first installment. Equipment costs and additional administrative costs will be requested in subsequent drawdowns.

**Projected Annual Trust Allocations**

	2019	2020	2021	2022	2023	2024	2025	2026	2027
1. Anticipated Annual Project Funding Request to be paid through the Trust	\$3,662,545	\$19,185,522	\$14,907,262	\$21,211,031	\$21,110,043	\$21,694,229	\$169,608	\$171,460	\$171,460
2. Anticipated Annual Cost Share	\$0	\$10,035,188	\$10,035,188	\$15,454,189	\$15,454,189	\$15,922,498	\$0	\$0	\$0
3. Anticipated Total Project Funding by Year (line 1 plus line 2)	\$3,662,545	\$29,220,710	\$24,942,450	\$36,665,220	\$36,564,232	\$37,616,727	\$169,608	\$171,460	\$171,460
4. Cumulative Trustee Payments Made to Date Against Cumulative Approved Beneficiary Allocation	\$20,500,000	\$24,162,545	\$43,348,067	\$58,255,329	\$79,466,360	\$100,576,403	\$122,270,632	\$122,440,240	\$122,611,700
5. Current Beneficiary Project Funding to be paid through the Trust (line 1)	\$3,662,545	\$19,185,522	\$14,907,262	\$21,211,031	\$21,110,043	\$21,694,229	\$169,608	\$171,460	\$171,460
6. Total Funding Allocated to for Beneficiary, inclusive of Current Action by Year (line 4 plus line 5)	\$24,162,545	\$43,348,067	\$58,255,329	\$79,466,360	\$100,576,403	\$122,270,632	\$122,440,240	\$122,611,700	\$122,783,160
7. Beneficiary Share of Estimated Funds Remaining in Trust	\$422,636,320	\$418,973,775	\$399,788,253	\$384,880,991	\$363,669,960	\$342,559,917	\$320,865,688	\$320,696,080	\$320,524,620
8. Net Beneficiary Funds Remaining in Trust, net of cumulative Beneficiary Funding Actions (line 7 minus line 5)	\$418,973,775	\$399,788,253	\$384,880,991	\$363,669,960	\$342,559,917	\$320,865,688	\$320,696,080	\$320,524,620	\$320,353,160



## Budget Attachment

EMA 1 - Class 8 Freight/Port Drayage Trucks	Est. Number of Units	Est. Equip. Funds from Trust	Estimated Cost Share	Est. Total Equipment Cost								
	540	\$90,000,000	\$66,901,250	\$ 156,401,250								
SCAQMD Estimated Administrative Costs												
	Year 1 (2018-2019)	Year 2 2020	Year 3 2021	Year 4 2022	Year 5 2023	Year 6 2024	Year 7 2025	Year 8 2026	Year 9 2027	Year 10 2028	Total	
Estimated costs (including indirect costs for admin, supplies, facilities, outreach, subcontracts, workshops, media, meetings, travel, etc.)	\$ 2,113,383	\$ 453,870	\$ 5,194,990	\$ 954,088	\$ 88,255	\$ 65,497	\$ 65,497	\$ 21,474	\$ 21,473	\$ 21,473	\$ 9,000,000	
<b>Total SCAQMD Estimated Admin</b>	<b>\$ 2,113,383</b>	<b>\$ 453,870</b>	<b>\$ 5,194,990</b>	<b>\$ 954,088</b>	<b>\$ 88,255</b>	<b>\$ 65,497</b>	<b>\$ 65,497</b>	<b>\$ 21,474</b>	<b>\$ 21,473</b>	<b>\$ 21,473</b>	<b>\$ 9,000,000</b>	
CARB Estimated Administrative Costs												
	Year 1 (2017-2019)	Year 2 2020	Year 3 2021	Year 4 2022	Year 5 2023	Year 6 2024	Year 7 2025	Year 8 2026	Year 9 2027	Year 10 2028	Total	
Estimated Staffing Costs (including indirect costs for admin, supplies, facilities, travel, etc.)	\$ 600,890	\$ 494,402	\$ 490,532	\$ 453,174	\$ 332,776	\$ 254,546	\$ 208,732	\$ 148,134	\$ 149,987	\$ 149,987	\$ 3,283,160	
<b>Total CARB Estimated Admin</b>	<b>\$ 600,890</b>	<b>\$ 494,402</b>	<b>\$ 490,532</b>	<b>\$ 453,174</b>	<b>\$ 332,776</b>	<b>\$ 254,546</b>	<b>\$ 208,732</b>	<b>\$ 148,134</b>	<b>\$ 149,987</b>	<b>\$ 149,987</b>	<b>\$ 3,283,160</b>	
<b>Total Combined Estimated Admin</b>	<b>\$ 2,714,273</b>	<b>\$ 948,272</b>	<b>\$ 5,685,522</b>	<b>\$ 1,407,262</b>	<b>\$ 421,031</b>	<b>\$ 320,043</b>	<b>\$ 274,229</b>	<b>\$ 169,608</b>	<b>\$ 171,460</b>	<b>\$ 171,460</b>	<b>\$ 12,283,160</b>	
<b>Total Estimated Trust Funds (Equip + Admin)</b>											<b>\$ 102,283,160</b>	

## Attachment C

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

As the Lead Agency acting on California's behalf, CARB will provide reporting on eligible mitigation action implementation in three ways: 1) semi-annual reports to the Trustee as required by subparagraph 5.3 of the Environmental Mitigation Trust Agreement for State Beneficiaries; 2) annual reports to the State Legislature as required by California Senate Bill 92 (Committee on Budgets and Fiscal Review, Chapter 26, Statutes of 2017); and 3) timely updates to CARB's Mitigation Trust implementation website at <https://ww2.arb.ca.gov/our-work/programs/volkswagen-environmental-mitigation-trust-california>.

## Attachment D

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

Equipment Category	Estimated Cost
Zero-Emission Class 8 Truck	\$279,000 - \$420,000

Cost estimates are per unit and were provided by technology providers and from information received for other CARB-implemented funding programs and regulations. The Class 8 truck costs above include battery-electric freight trucks and refuse trucks.