

## APPENDIX D-4

### BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary: Washington State

Lead Agency Authorized to Act on Behalf of the Beneficiary: Washington State Department of Ecology

*(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>	Scrap and replace or repower diesel forklifts and port cargo handling equipment with electric equipment
<b>Beneficiary's Project ID:</b>	EMA8-PCHE-C2
<b>Funding Request No.</b>	<i>(sequential)</i> 11
<b>Request Type: (select one or more)</b>	<input checked="" type="checkbox"/> Reimbursement <input type="checkbox"/> Advance <input type="checkbox"/> Other (specify):
<b>Payment to be made to: (select one or more)</b>	<input checked="" type="checkbox"/> Beneficiary <input type="checkbox"/> Other (specify):
<b>Funding Request &amp; Direction (Attachment A)</b>	<input type="checkbox"/> Attached to this Certification <input checked="" type="checkbox"/> To be Provided Separately

#### SUMMARY

<b>Eligible Mitigation Action Type</b>	<input checked="" type="checkbox"/> Appendix D-2 item (specify): EMA 8: Forklifts/Port Cargo Handling Equipment <input type="checkbox"/> Item 10 - DERA Option (5.2.12) (specify and attach DERA Proposal):
<p><b>Explanation of how funding request fits into Beneficiary's Mitigation Plan (5.2.1):</b>  The State of Washington Volkswagen Beneficiary Mitigation Plan guides the state's selection and prioritization of projects to achieve Washington's goal to:</p> <ul style="list-style-type: none"> <li>• Reduce emissions from diesel engines in the state where the 2.0 and 3.0 liter VW vehicles were, are, or will operate; and</li> <li>• Fully mitigate the total, lifetime excess NOx emissions of the subject vehicles.</li> </ul> <p>Washington's mitigation plan principles and priorities, as outlined in the state Beneficiary Mitigation Plan, are to:</p> <ul style="list-style-type: none"> <li>• Improve air quality for communities that have historically borne a disproportionate share of the air pollution burden in Washington.</li> <li>• Maximize air quality co-benefits beyond nitrogen oxide reductions.</li> <li>• Maximize public health benefits.</li> <li>• Accelerate adoption of electric vehicles, equipment, and vessels.</li> <li>• Promote electrification technologies in public transportation fleets.</li> </ul>	

- Accelerate fleet turnover to the cleanest engines.
- Achieve substantial additional emissions reductions beyond what would occur absent trust funding.
- Ensure cost-effectiveness.
- Leverage additional matching funds.

Washington’s Beneficiary Mitigation Plan allows for up to 5% (approximately \$5 million) of Washington’s federal settlement in the forklifts and port cargo handling equipment category. Ecology will allocate up to \$3.5 million to fund the all-electric repower or scrap and replacement of diesel forklifts and port cargo handling equipment, including charging infrastructure.

This grant program will:

- Reduce diesel emissions in highly polluted, disproportionately impacted areas
- Encourage adoption of all-electric technologies at ports
- Help ports prepare for future funding opportunities

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

Ecology is allocating approximately \$3.5M for a competitive grant program to repower or scrap and replace eligible forklifts and port cargo handling equipment with all-electric forklifts and port cargo handling equipment, including charging infrastructure. This opportunity will be open to tribal and public entities that own eligible equipment, such as public ports and port authorities.

Ports and near port communities experience higher levels of air pollution, and port equipment and vehicles that burn diesel fuel are the primary source of combustion-related emissions in these areas. All-electric repowers or replacements of diesel forklifts and port equipment will reduce emissions within ports and near port communities. Port equipment has consistent operating patterns which allow for predictable charging needs, making it a great use case for electrification.

Ecology estimates that this grant opportunity will fund the all-electric repower or replacement of approximately 15 diesel forklifts and port cargo handling equipment. This will result in the following lifetime reductions:

- 30 tons of NOx emission reductions
- 1.3 tons of PM2.5 emission reductions
- 4.3 tons of CO2 emission reductions

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

This action will reduce approximately 30 tons of NOx emissions over the lifetime of an estimated 15 all-electric forklifts and port cargo handling equipment replacements or repowers.

**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):**  
Washington Department of Ecology

**Describe how the Beneficiary will make documentation publicly available (5.2.7.2).**  
As stated in response to paragraph #7 in Attachment A of Washington’s Appendix D-3 filing, Ecology makes documents and records submitted in support of funding requests and documents and records supporting expenditures of trust funds available to the public through an online application, system, on the agency's website at ecology.wa.gov. The application provides easy-to-use access to all grant application and reporting materials for funded projects.

**Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8).**  
The minimum cost share requirement for this grant program is 20%.

**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, Washington Department of Ecology contacted the U.S. Department of Interior, U.S. Department of Agriculture, U.S. Forest Service, U.S. Fish and Wildlife Service, and National Park Service, via email to notify them of the availability of Washington State Volkswagen Mitigation Action Funds. The notice included a link to the State Trust agreement and attachments; a link to Ecology’s procedures for review, consideration, and written determination for each request of funds; and instructions to subscribe to the Washington Department of Ecology’s listserv to receive up-to-date information, if desired.

**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).**  
Ecology worked with the Washington State Department of Health to develop the Washington Tracking Network’s (WTN) “Diesel and Disproportionately Impacted Communities” Index. This mapping tool combines two factors to produce a score for a selected census tract. Census tracts with a higher score experience higher diesel pollution and social factors that may contribute to inequities across the state.

The Diesel Pollution Burden and the Priority Population are each weighted one-half to calculate a score for each census tract, compared to other census tracts across the state.

The **Diesel Pollution Burden factor** is the relative score representing the approximate mass of diesel emissions within a census tract.

The **Priority Populations factor** averages a set of six socio-economic factors. Each factor has a separate score based on available census data:

1. Limited English: percent of population five years and older who speak English less than “very well”.
2. No high school diploma: percent of people who have not received a high school diploma or GED by age 25.

3. People of Color: a sum of all race/ethnicity categories EXCEPT White/Non-Hispanic.
4. Population living in poverty: percent of people earning less than or equal to 185% of the federal poverty level.
5. Unaffordable Housing: households spending greater than 30% of their income on housing costs.
6. Unemployed: population 16 years and older in the workforce and registered as unemployed.

Ecology is also incorporating location-based scoring for projects located in Overburdened Communities Highly Impacted by Air Pollution, as defined for the Environmental Justice initiative of the Climate Commitment Act, as well as location-based scoring on Tribal lands.

Ecology's scoring and evaluation process will prioritize projects that improve air quality for areas of the state disproportionately impacted by air pollution.

## 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 Washington, 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:** 5/30/2023

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**Heather R. Bartlett, Deputy Director**

Department of Ecology  
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**[LEAD AGENCY]**

**for**

Washington State  
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**[BENEFICIARY]**

## ATTACHMENT B

### PROJECT MANAGEMENT PLAN, PROJECT SCHEDULE, AND MILESTONES

<b>Milestone</b>	<b>Date</b>
Ecology develops grant application forms for Ecology's Administration of Grants and Loans (EAGL) database.	Mar-Jul 2023
Ecology Submits D-4 to Trustee for approval.	May 2023
Ecology opens funding opportunity and notifies potential applicants via EAGL, Ecology's VW webpage, and Ecology's VW email list.	Jul 2023
Final day for grant applicants to submit grant applications via EAGL.	Oct 2023
Application review complete and awards offered.	Dec 2023
Ecology and grant awardees finalize contracts.	Jan 2024
Ecology reviews reimbursement requests from grantee and provides reimbursements for projects as completed.	Jan 2024 - Jun 2026
Ecology requests semiannual reimbursement for project pass-through and administrative costs.	Apr & Oct annually
Grantee reports on project implementation progress to Ecology.	Quarterly through Jun 2026
Ecology reports on project progress to Trustee.	1/31 & 7/30 annually
Ecology completes mitigation actions and submits revised D-4 to the Trustee.	June 2026

**PROJECT BUDGET**

Period of Performance: Jul 2023 - Jun 2026

<b>Budget Category</b>	<b>Total Estimated Costs</b>	<b>Share of Total Costs to be Funded by Trust</b>	<b>Mandatory Cost Share</b>
1. Equipment Expenditure	\$3,856,250.00	\$3,085,000.00	\$771,250.00
2. Contractor Support	\$0	\$0	\$0
3. Sub-recipient Support	\$0	\$0	\$0
4. Administrative (12%)	\$415,000.00	\$415,000.00	\$0
<b>Project Totals</b>	<b>\$4,271,250.00</b>	<b>\$3,500,000.00</b>	<b>\$771,250.00</b>
<b>Percentages</b>	<b>100.00%</b>	<b>81.94%</b>	<b>18.06%</b>

**PROJECTED TRUST ALLOCATIONS**

	<b>Project Period Jul 2023 – Jan 2026</b>
1. Total Beneficiary Funds	\$112,700,000.00
2. Anticipated Total Project Funding Requested to be paid through Trust	\$3,500,000.00
3. Anticipated Total Cost Share	\$771,250.00
4. Anticipated Total Project Funding (line 2 plus line 3)	\$4,771,250.00
5. Total Funding Allocated to Beneficiary (total of approved D-4s)	\$94,000,000.00
6. Total Funding Allocated to Beneficiary, inclusive of Current Action (line 2 plus line 5)	\$97,500,000.00
7. Beneficiary Funds Remaining	\$18,700,000.00
8. Net Beneficiary Funds Remaining, including current funding action (line 7 minus line 2)	\$15,200,000.00



## ATTACHMENT C

### DETAILED PLAN FOR REPORTING ON ELIGIBLE MITIGATION ACTION IMPLEMENTATION (5.2.11)

The Washington Department of Ecology, as the lead agency for the state of Washington implementing the Environmental Mitigation plan, will provide detailed reporting on this funding request in two ways: (1) timely updates to the Department of Ecology's Volkswagen Federal Enforcement Action website; and (2) semi-annual reports to the Trustee as required by subparagraph 5.3 of the Environmental Mitigation Trust Agreement for State Beneficiaries.

The Department has established a public VW website that will host detailed implementation reporting information. The public website, <https://ecology.wa.gov/Air-Climate/Reducing-Greenhouse-Gas-Emissions/Investing-in-cleaner-transportation/Washington-s-investment-plan>, was created to provide information related to the Trust, the VW partial Consent Trust Decrees, Washington's plans, and implementation information. To provide transparency and accountability, the Department of Ecology will make publicly available all the required documentation under Paragraph 7 of the Appendix D-3 Certification for Beneficiary Status form.

The Department will comply with the reporting obligations listed in the Environmental Mitigation Trust Agreement for State Beneficiaries in subparagraph 5.3, reporting to Trustee on the status of and expenditures associated with the Mitigation Actions completed and underway within six months of the first disbursement and then January 30th and July 30th thereafter.

The Department of Ecology will periodically evaluate implementation of the Beneficiary Mitigation Plan and will determine whether any revisions to the Beneficiary Mitigation Plan and funding levels are appropriate or necessary.

## ATTACHMENT D

### DETAILED COST ESTIMATES FROM SELECTED OR POTENTIAL VENDORS FOR EACH PROPOSED EXPENDITURE EXCEEDING \$25,000 (5.2.6).

Ecology reviewed similar projects to gather cost estimates for all-electric port cargo handling equipment and charging infrastructure. The actual cost of any piece of equipment varies based on several factors, including class, battery size and type, functionality, distributor, and location.

<b>Item</b>	<b>Cost per Item</b>
Forklift	\$30,000-\$420,000
Yard tractor/truck	\$250,000-\$450,000
Gantry Crane	\$10,000-\$50,000
Straddle Carrier	\$15,000-\$50,000
Top Handler	\$1,300,000-\$1,800,000
Charging infrastructure	\$75,000-\$100,000