

**BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION**

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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)*

<b>Action Title:</b>	
<b>Beneficiary's Project ID:</b>	
<b>Funding Request No.</b>	<i>(sequential)</i>
<b>Request Type:</b> (select one or more)	<input type="checkbox"/> Reimbursement <span style="margin-left: 150px;"><input type="checkbox"/> Advance</span> <input type="checkbox"/> Other (specify): _____
<b>Payment to be made to:</b> (select one or more)	<input type="checkbox"/> Beneficiary <input type="checkbox"/> Other (specify): _____
<b>Funding Request &amp; Direction (Attachment A)</b>	<input type="checkbox"/> Attached to this Certification <input type="checkbox"/> To be Provided Separately

**SUMMARY**

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

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:** \_\_\_\_\_


\_\_\_\_\_  
[NAME]

[TITLE]

\_\_\_\_\_  
[LEAD AGENCY]

for

\_\_\_\_\_  
[BENEFICIARY]

X  \_\_\_\_\_

**Attachment 1 to Appendix D-4 and Attachment A  
DEP Funding Request 0014-38A-C**

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

These projects comply with PA's stated overall goal of funding projects throughout PA that will reduce or eliminate emissions of oxides of nitrogen (NO<sub>x</sub>), focusing on the most cost-effective projects that will maximize emission reductions, including those that focus on: large number of diesel engines and vehicles; priority areas; National Ambient Air Quality Standard (NAAQS) nonattainment or maintenance areas; high population density and high traffic density areas; and advancing PA's energy, environmental, or economic development goals. These projects comply with PA's stated intent to consider funding for all Eligible Mitigation Actions and Eligible Mitigation Action Administrative Expenditures. These projects are included under the DERA-eligible projects funding category identified in PA's Beneficiary Mitigation Plan (BMP) and are within the percentage of funding PA expects to request for this category. If scrappage requirements apply to these Eligible Mitigation Actions, funding recipients were required to submit proof of scrappage for the project. These projects will contribute to PA's expected NO<sub>x</sub> emission reductions from the DERA-eligible projects category established in PA's BMP. Finally, these projects were awarded funding under a grant program, identified as an eligible funding mechanism by PA in its BMP.

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

The purpose of these projects is to replace eight Class 8 trucks and ten school buses. These projects will improve the air quality in the communities where they are located by reducing exposure of NO<sub>x</sub> and other emissions from diesel-powered mobile sources to residents and others. For vehicle and engine replacement or repower projects, this will occur as a result of a cleaner vehicle or engine replacing the older diesel vehicle or engine. In addition to the NO<sub>x</sub> emission reductions listed below, these projects will annually reduce 0.22 tons of volatile organic compounds (VOC) and 0.367 tons of fine particulate matter (PM<sub>2.5</sub>). Additionally, these projects will result in lifetime emission reductions of 2.533 tons of VOC and 2.472 tons PM<sub>2.5</sub>.

**Estimate of Anticipated NO<sub>x</sub> Reductions (5.2.3):**

These projects are expected to reduce 6.955 tons of NO<sub>x</sub> emissions annually and 42.533 tons of lifetime NO<sub>x</sub> emissions.

**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):**

DEP is the governmental entity responsible for reviewing and auditing expenditures of Eligible Mitigation Action funds to ensure compliance with applicable laws in accordance with subparagraph 5.2.7.1.

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

DEP has created, and will maintain, a public web site as a clearinghouse for information relating to the Environmental Mitigation Trust Agreement for State Beneficiaries, including all public information relating to PA's Beneficiary Mitigation Plan and programs funded by the State Mitigation Trust. On this web site or an associated web site, DEP will post summary information about all funding requests submitted to the Trustee, including the funding recipient, funding amount, and a brief summary of the project. In addition to the summary information, DEP will post and comply with the following statement: "The following is a summary of all funding requests submitted to the Trustee. Public records supporting the submitted funding requests, and public records supporting all expenditures of the Trust Fund by PA, are available to the public upon request, subject to all applicable laws governing the publication of confidential business information and personally identifiable information. A public record excludes confidential proprietary information, confidential business information, and personal identification information. Please contact DEP for additional information." The web site can be accessed at: <https://www.dep.pa.gov/Business/Air/Volkswagen/Pages/default.aspx>.

**Describe any cost share requirement to be placed on each NO<sub>x</sub> source proposed to be mitigated (5.2.8):**

For these projects, the applicants committed to funding 78.5 to 84.1 percent for vehicle replacements. The DEP committed to reimburse 15.9 to 21.5 percent (split = 74.43 percent from VW Trust as match funds; 25.57 percent from EPA DERA grant funds) of the total project costs, through a direct payment from the Commonwealth. The funds used for payment will be transferred to a Commonwealth account by the Trustee from PA's allocation of the State Mitigation Trust, in accordance with approved Appendix D-4s. See Appendix D-4, Attachment B for detailed project budgets.

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

DEP complied with subparagraph 4.2.8 by submitting letters to the personnel at the U.S. Department of the Interior and the U.S. Department of Agriculture on February 8, 2018. In the letters, DEP explained that PA may request Eligible Mitigation Action funds for use on lands within the custody, control, or management (including, but not limited to, Clean Air Act Class I and II areas) of these agencies. Additionally, DEP set forth in the letters the procedures by which PA will review, consider, and make a written determination on requests for funding from these agencies, in accordance with subparagraph 4.2.8. The DEP provided a copy of the Trust Agreement with Attachments as an attachment to the letters.

**If applicable, describe how the mitigation action will mitigate the impacts of NO<sub>x</sub> emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions (5.2.10).**

These projects address pollution in areas which bear a disproportionate share of the air pollution burden, such as nonattainment or maintenance areas for the NAAQS, brownfields, Environmental Justice areas, and/or high pollution areas (ports, bus depots, etc.). These projects accomplish that goal by reducing exposure to emissions for residents where the replaced vehicles operate. DEP's programs, through application scoring or eligibility criteria, give additional weight to projects occurring in these types of communities, thus prioritizing funding in these areas.

**PA – ATTACHMENT B**  
**ELIGIBLE MITIGATION ACTION MANAGEMENT PLAN INCLUDING**  
**DETAILED BUDGET AND IMPLEMENTATION AND EXPENDITURES**  
**TIMELINE**

*(Attachment to Appendix D-4, Beneficiary Eligible Mitigation Action Certification, pursuant to Paragraph 5.2 of the Environmental Mitigation Trust Agreement)*

Beneficiary Project ID: 00014-38A-C

This attachment provides a Detailed Budget and Implementation and Expenditure Timeline for the above referenced project.

1. Detailed Project(s) Budget - The following chart provides details about the project budget.

<b><u>Budget Category</u></b>	<b><u>DEP/ Trust Fund Amount</u></b>	<b><u>(EPA DERA funds where applicable)</u></b>	<b><u>Recipient Match Amount</u></b>	<b><u>Total</u></b>
Vehicle/Engine purchase costs	\$540,266.55	\$185,605.45	\$3,434,883.00	\$4,160,755.00
Administrative Costs	\$15,300.61	N/A	N/A	\$15,300.61
<b>Total</b>	<b>\$555,567.16</b>	<b>\$185,605.45</b>	<b>\$3,434,883.00</b>	<b>\$4,176,055.61</b>

Descriptions of Budget Categories

- Vehicle/Engine purchase costs – This category includes the following for on-road vehicles and engines: new engine purchase cost, including taxes and fees; and new vehicle purchase costs, including taxes and fees, for similarly outfitted vehicle. This category is primarily for replacements.
- Equipment purchase costs – This category includes new equipment purchase costs, including nonroad vehicles and equipment.
- Engine installation costs – This category includes new engine installation costs, for vehicles or equipment. This category is primarily for repowers.
- EVSE with vehicle/engine purchase costs – This category includes: electric vehicle supply equipment (EVSE) purchase cost; EVSE installation costs; electric service upgrades; and connecting EVSE to electrical service. This category is for vehicle, engine, and equipment replacements and repowers.
- EVSE for Level 2 projects – This category includes the following costs for Level 2 EVSE: EVSE purchase cost; EVSE installation costs; electric service upgrades; connecting EVSE to electrical service; networking charges; EVSE maintenance contracts; signage for public access projects; and lighting for public access projects.
- EVSE for DCFC and H2FC projects – This category includes the following costs for DC fast charging (DCFC) infrastructure or hydrogen fuel cell refueling (H2FC) infrastructure projects: project/site design; DCFC & HFCF equipment costs; Level 2 EVSE costs (only when combined with new DCFC at the same location); ZEVSE installation costs; electric service upgrades; connecting ZEVSE to electrical service; charging network costs; maintenance costs; signage; onsite lighting of the ZEVSE and affiliated parking spaces; and battery storage.
- Subtotal - This category includes all project costs except administrative costs.
- Administrative Costs - This category includes administrative costs for DEP. DEP is not submitting administrative costs for funding recipients.

PA – ATTACHMENT B ELIGIBLE MITIGATION ACTION MANAGEMENT PLAN

2. Trust Allocation Budget – The following chart shows the expenditures and balance of PA’s allocation of the State Mitigation Trust.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
PA’s Trust Allocation	\$118,569,539.52	\$117,757,871.06	102,904,710.98	\$100,101,169.52
Previously Approved Disbursements	\$811,668.46	\$14,853,160.08	\$2,803,541.46	\$12,467,788.96
Submitted but Pending Approval	\$0.00	\$0.00	N/A	N/A
Amount of this Funding Request	\$0.00	\$0.00	N/A	N/A
Remaining Balance after Approval of Funding Request	\$117,757,871.06	\$102,904,710.98	100,101,169.52	\$87,633,380.56

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
PA’s Trust Allocation	\$87,633,380.56	---	---	---
Previously Approved Disbursements	\$9,231,704.53*	---	---	---
Submitted but Pending Approval	\$1,225,166.00**	---	---	---
Amount of this Funding Request	\$555,567.16	---	---	---
Remaining Balance after Approval of Funding Request	\$76,496,524.23	---	---	---

\* Includes Funding Requests 0010 (\$2,792,974.36), 0011 (\$2,711,257.14), and 0012 (\$3,727,473.03).

\*\* Includes Funding Requests 0013 (\$332,814.00); and 0014-Project Groups 36 (\$819,452.37) and 37 (\$197,318.27).

3. Program Implementation Schedule – The following chart provides the implementation schedule followed for the program under which the project(s) in this funding request is/are funded. See the project schedule below for details on project implementation.

<b>Program Activity – FY2017-2018 PA State Clean Diesel Grant Program</b>	<b><u>Dates</u></b>
Program opens for applications/ public notice of program opening	May 19, 2018; and January 31, 2020
Informational webinar on program	June 6, 2018; and February 19, 2020
Program closed for applications	July 6, 2018; and March 6, 2020
Awards announced	September 28, 2018

<b>Program Activity – FY2019-2020 PA State Clean Diesel Grant Program</b>	<b><u>Dates</u></b>
Program opens for applications/ public notice of program opening	October 15, 2021 & October 14, 2022
Informational webinar on program	Pre-recorded
Program closed for applications	January 8, 2021 & January 7, 2022
Awards announced	August 1, 2021 & March 12, 2022

<b>Program Activity – FY2021-2022 PA State Clean Diesel Grant Program</b>	<b><u>Dates</u></b>
Program opens for applications/ public notice of program opening	August 25, 2023
Informational webinar on program	Pre-recorded
Program closed for applications	October 20, 2023
Awards announced	Pending DEP and Governor’s Office approval.



4. Project Implementation Schedule – The following chart provides the implementation schedule followed for the project(s). Rebate programs allow 180 days (six months) for project completion. Grant programs allow 1-2 years for project completion, with extensions possible on a case-by-case basis.

	<b><u>Action</u></b>	<b><u>Responsible Party</u></b>	<b><u>Date of Action Completion</u></b>
1	Purchase of ten new diesel-powered school buses	Mcllwain School Bus Lines, Inc.	New school buses purchased 3/14/23, 3/15/23; old buses scrapped 7/14/22, 10/28/22, 11/22/22
2	Purchase of four new CNG-powered trucks	Valley Waste Service, Inc.	Three new trucks lease agreement began 7/26/22, one new truck purchased 11/08/22, old trucks scrapped 9/23/22, 9/28/22, 1/26/23
3	Purchase of four new CNG-powered trucks	Vogel Disposal Service, Inc.	New trucks purchased 5/10/22, 6/29/22, 11/15/22, 12/29/22; old trucks scrapped 2/15/22, 2/24/22, 8/31/22, 9/27/22
4	Administrative expenditures for the Driving PA Forward Program	Commonwealth of Pennsylvania	12/18/23

5. Expenditures – The following chart shows the invoice amounts and the corresponding rebate voucher redemption requests (by invoice) submitted to DEP for these projects, including details of what expenditures are included in each invoice.

	<b>Invoice Date(s)</b>	<b>Invoice Total</b>	<b>Reimbursement Amount</b>	<b>Invoice ID</b>	<b>Description of Expenditures</b>
1	1/10/23	\$928,410.00	\$148,860.00 - Trust \$51,140.00 - EPA	A1-202003066881 – A3-202003066881	Purchase of ten new gasoline-powered school buses
2	6/30/22, 11/07/22	\$1,644,686.00	\$203,396.35 - Trust \$69,875.65 - EPA	B1-202003066870 – B4-202003066870	Purchase of four new CNG-powered refuse trucks
3	6/10/22, 6/27/22, 11/15/22, 12/28/22	\$1,587,659.00	\$188,010.20 - Trust \$64,589.80 - EPA	C1-202003066874 - C4-202003066874	Purchase of four new diesel-powered refuse trucks
4	12/18/23	\$15,300.61	\$15,300.61	38A-COPA	Administrative expenditures for the Driving PA Forward Program

**PA – ATTACHMENT C**  
**DETAILED PLAN FOR REPORTING ON**  
**ELIGIBLE MITIGATION ACTION IMPLEMENTATION**

*(Attachment to Appendix D-4, Beneficiary Eligible Mitigation Action Certification, pursuant to Paragraph 5.2 of the Environmental Mitigation Trust Agreement)*

**Reporting from Recipients to DEP (5.2.1o1)**

Under paragraph 5.2.11, DEP, on behalf of the Commonwealth of Pennsylvania, is required to provide a detailed plan for reporting on Eligible Mitigation Action implementation. DEP has included reporting requirements, described below, for all funding recipients.

For grant programs, funding recipients are required to submit quarterly, final, and one-year follow-up reports to DEP. The quarterly reports must be submitted to DEP within 14 days of March 31, June 30, September 30, and December 31, during the term of the grant agreement. These reports include a summary of project activities during the reporting period (linked to the recipient's workplan), a summary of expenses incurred during the reporting period and whether a reimbursement request was submitted, and identification of any issues that will impact project completion. Additionally, funding recipients are required to submit a final report to DEP upon completion of the project, no later than 30 days after the end of the term of the grant agreement. The final report includes a summary of all project work completed under the grant agreement, a summary of all expenses incurred during the project period and verification that all reimbursement requests have been submitted to DEP, emission reduction estimates for the completed project, and proof of scrappage when applicable. Finally, funding recipients are required to submit a one-year follow up report one year from the completion of the project, but no later than one year and 30 days after the end of the term of the grant agreement for vehicle, engine, or equipment repower or replacement projects. The one-year follow up report for these projects includes: a brief summary of the original project; a brief summary of any positive or negative experiences the recipient had relating to the equipment/vehicles funded by the grant agreement during the year following the project completion; current operating status of equipment/vehicles funding by the grant; estimates of vehicle/equipment operating data such as estimates of operating hours, emission reductions, idling reductions, fuel use savings, and other information. For light-duty zero emission supply equipment grants, the funding recipient is required to submit annual station usage data for three years, beginning one year after project completion.

For vehicle, engine, or equipment repower or replacement rebate programs, funding recipients are required to submit annual usage data one year after project completion. For light-duty zero emission supply equipment projects, funding recipients must submit annual station usage data for three years, beginning one year after project completion.

DEP will use the information submitted by the funding recipients, as described above, to complete and submit reports to the Trustee as required by paragraph 5.3 (see next section).

PA – ATTACHMENT C DETAILED PLAN FOR REPORTING ON  
ELIGIBLE MITIGATION ACTION IMPLEMENTATION

The project(s) submitted for funding under this Funding Request are:

- Grants
- Rebates
- Other: (specify)

**Reporting from DEP to Trustee (5.3)**

Under paragraph 5.3, for each Eligible Mitigation Action, DEP, on behalf of the Commonwealth of Pennsylvania, is required to submit to the Trustee no later than six months after receiving the 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, a semi-annual 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). These reports will include a complete description of the status (including actual or projected termination date), development, implementation, and any modification of each approved Eligible Mitigation Action. 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.

Using the information submitted to DEP by the funding recipients as described above, DEP will submit the semi-annual report required by paragraph 5.3 on the schedule indicated above. The report will include the following information:

- A list or other description of all active and completed projects that have been or will be funded, partially or fully, by PA's allocation of the State Mitigation Trust fund, and completion date if applicable.
- The status (active or complete) of the projects. No projects will be listed as proposed because DEP is not requesting advance funding for any projects and will only be requesting funds for completed projects.
- Funding amount requested from State Mitigation Fund allocation for each complete project or funding amount allocated for each active project.
- For DERA projects, the most recent quarterly status report submitted to the U.S. Environmental Protection Agency.

The semi-annual report will be signed by an official with the authority to submit the report for the Commonwealth of Pennsylvania and will contain an attestation that the information is true and correct and that the submission is made under penalty of perjury.

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

*(Attachment to Appendix D-4, Beneficiary Eligible Mitigation Action Certification, pursuant to Paragraph 5.2 of the Environmental Mitigation Trust Agreement)*

Attached on the following pages are actual cost documentation for projects including selected, potential, or actual vendor expenditures exceeding \$25,000. Invoice information is provided in a spreadsheet format. Copies of individual invoices are available upon request.



**Pennsylvania Department of  
Environmental Protection**

**INVOICE**

400 Market Street  
Harrisburg, PA 17101  
717-737-9495

**DATE:** December 18, 2023  
**#** 38A-COPA  
**FOR:** State Mitigation  
Trust Administrative  
Expenditures

**Bill To:**

Environmental Mitigation Trust for  
State Beneficiaries  
C/O Wilmington Trust  
Rodney Square North  
1100 North Market Street  
Wilmington, DE 19890-0001

ELIGIBLE MITIGATION ACTIONS	ADMINISTRATIVE EXPENDITURES CATEGORY	PA PROGRAM	DESCRIPTION	HOURS	AMOUNT
EMA 10 - DERA Option	Personnel and Fringe Benefits (Detailed hours report available upon request)	Pennsylvania State Clean Diesel Grant Program	This item includes all staff hours worked for the development and management of this program. Activities include the following: concept development for the program; development of program guidelines and application questions, online application, application instructions, associated forms and documents; webinar presentation by staff; response to public questions; assistance with applications; reviewing and scoring of applications; processing grant agreements; and monitoring of funded projects including tracking, reporting, and confirming project activities.	261.26	\$ 13,005.52
EMA 10 - DERA Option	Personnel and Fringe Benefits (Detailed hours report available upon request)	VW Mitigation Implementation	This item includes activities relating to all of Pennsylvania's programs for all of the Eligible Mitigation Actions. Activities include: website development; newsletter development; modification of standard grant agreements to incorporate Trust Agreement language; preliminary conceptual development of all programs; and program roll-out planning. This administrative code was also used for early program specific work that occurred prior to individual administrative codes being created for each program in March 2018; program specific work may include some of the same items listed above for each program, specifically program guideline and application development. A portion of these costs will be applied to each of the EMAs, as EMA projects are completed and submitted for reimbursement.	43.06	\$2,295.09
<b>TOTAL</b>					<b>\$ 15,300.61</b>

Wire Transfer Information Provided in Attachment A to this submission.  
If you have any questions concerning this invoice, Contact Michael Trone, (717) 772-1104,  
mitrone@pa.gov.

**THANK YOU!**

# **PA – ATTACHMENT E**

## **DERA OPTION**

(Attachment to Appendix D-4, Beneficiary Eligible Mitigation Action Certification, pursuant to Paragraph 5.2 of the Environmental Mitigation Trust Agreement)

Attached on the following pages are DEP's Workplans and Budget Narratives submitted to the U.S. Environmental Protection Agency (EPA) as part of DEP's application for the EPA's 2019 & 2020 State Clean Diesel Program (DERA). The attached Workplan and Budget Narrative corresponds to the fiscal year funding that is being used to partially fund the project(s) submitted for reimbursement under this funding request. The FY2019 application was submitted to EPA in June 2019 and was approved by EPA. An initial No Cost Time Extension (NCTE) was granted to DEP, extending PA's 2019-2020 DERA project period to September 30, 2023. After experiencing continued delays with program launch and award approvals, EPA granted DEP another one-year NCTE, further extending the project period end date to September 30, 2024.

## 2019 & 2020 Diesel Emissions Reduction Act (DERA) State Grants Work Plan and Budget Narrative Template (Revised 5/23/23)

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### SUMMARY PAGE

**Project Title:** FYs 2019 & 2020 Pennsylvania State Clean Diesel Grant Program

**Project Manager and Contact Information**

**Organization Name:** Pennsylvania Department of Environmental Protection (DEP or Department) Bureau of Air Quality

**Project Manager:** Michael Trone

**Mailing Address:** P.O. Box 8468, Harrisburg, PA 17105-8468

**Phone:** 717.772.1104

**Fax:** 717.772.2303

**Email:** [mitrone@pa.gov](mailto:mitrone@pa.gov)

**Project Budget Overview:**

	<b>2019</b>	<b>2020</b>
EPA Base Allocation	\$333,688.00	\$368,996.00
EPA Match Bonus (if applicable)	\$166,844.00	\$184,498.00
State or Territory Voluntary Matching Funds (if applicable)	\$ 2,154,309.00	\$2,154,310.00
Mandatory Cost-Share	\$0.00	\$0.00
<b>TOTAL Project Cost</b>	<b>\$2,654,841.00</b>	<b>\$2,707,804.00</b>

\*If state participated in 2019

**Project Period**

October 1, 2019 – September 30, 2024

**Summary Statement**

DEP requests \$553,494.00 (base and bonus funding) for fiscal year (FY) 2020 Diesel Emission Reduction Act funding. EPA awarded DEP a total of \$500,532.00 for FY19. As with FY19, DEP intends to provide voluntary match funds for FY 2020. The source of these funds will be the



Environmental Mitigation Trust Fund (Mitigation Trust Fund), established in the Environmental Mitigation Trust Agreements for State Beneficiaries (State Trust Agreement) by Volkswagen and associated companies, as part of the settlement of the court case *In Re: Volkswagen "Clean Diesel" Marketing, Sales Practices, and Products Liability Litigation* (MDL No. 2672 CRB (JSC)). DEP is proposing to overmatch the FY20 base funding with Mitigation Trust Funds (\$2,154,310.00). DEP will use the DERA funding for reimbursement grants that will fund projects to reduce emissions from a wide array of diesel vehicles and equipment, including medium- and heavy-duty trucks, buses, construction equipment, airport ground support equipment, industrial vehicles, locomotives, marine engines and more. Eligible applicants will include: non-profit organizations, municipal authorities, school districts, political subdivisions, and other state agencies and businesses, including: corporations, partnerships, sole proprietorships, limited liability companies, business trusts or other legal business entities incorporated in the Commonwealth of Pennsylvania (Commonwealth) or registered to do business with the Commonwealth. The diesel vehicles or equipment being retrofitted, repowered, replaced, or converted must operate predominately in the Commonwealth to be an eligible project.

DEP intends to post all current and future awards on the DEP Driving PA Forward – Grant and Rebate Awards website, <https://www.dep.pa.gov/Business/Air/Volkswagen/Pages/Driving-PA-Forward-Grant-and-Rebate-Awards.aspx>. Currently, all projects funded by FYs 2017 & 2018 funds are listed on DEP's website. DEP is in the process of updating the FY 2019 award information. Once FY 2020 sub-awards are finalized, DEP will post project descriptions on the website cited above.

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## SCOPE OF WORK

### STATE/TERRITORY GOALS AND PRIORITIES:

#### Air Quality:

Ground-level ozone and fine particulate matter (PM<sub>2.5</sub>) emissions are a persistent problem in certain areas of the Commonwealth. Diesel-powered vehicles and engines produce emissions of oxides of nitrogen (NO<sub>x</sub>) and volatile organic compounds (VOC) that combine in the atmosphere to form ozone. Repeated exposure to ozone pollution may cause a variety of adverse health effects for healthy people and those with existing conditions, including difficulty in breathing, chest pains, coughing, nausea, throat irritation, and congestion. Repeated exposure to ozone can also exacerbate asthma, bronchitis, heart disease, emphysema, and reduce lung capacity. Diesel emissions are a significant contributor to PM<sub>2.5</sub> concentrations in the atmosphere. Diesel engines produce PM<sub>2.5</sub> directly and create significant emissions of NO<sub>x</sub>, which is a precursor to the formation of PM. Emissions from diesel engines contribute to serious public health problems including asthma attacks, respiratory disease, decreased lung function, cardiovascular disease, heart attacks, cancers and even premature death. EPA has identified diesel PM<sub>2.5</sub> emissions as a likely human carcinogen.

Several areas of the Commonwealth are designated as nonattainment or maintenance areas for the 8-hour ozone National Ambient Air Quality Standards (NAAQS) according to EPA's Green Book (as updated April 30, 2023). Although EPA revoked the 1997 8-hour ozone NAAQS, effective April 6, 2015, the Philadelphia-Wilmington-Atlantic City, PA-NJ-MD-DE (Bucks, Chester, Delaware, Montgomery and Philadelphia Counties) and the Pittsburgh-Beaver Valley, PA (Allegheny, Armstrong, Beaver, Butler, Fayette, Washington, Westmoreland Counties) areas were classified as moderate nonattainment at the time of revocation and are subject to the anti-backsliding requirements of the federal Clean Air Act. As a result of a recent lawsuit, the parts of the revocation of the 1997 ozone NAAQS were withdrawn and these areas are considered nonattainment areas until a redesignation request is approved by EPA. The following areas in the Commonwealth are marginal nonattainment areas for the 2008 8-hour ozone NAAQS: Allentown-Bethlehem-Easton (Carbon, Lehigh and Northampton Counties); Lancaster (Lancaster County); Philadelphia-Wilmington-Atlantic City, PA-NJ-MD-DE (Bucks, Chester, Delaware, Montgomery and Philadelphia Counties); Pittsburgh-Beaver Valley (Allegheny, Armstrong, Beaver, Butler, Fayette, Washington, and Westmoreland Counties); and Reading (Berks County). The following area in the Commonwealth is a moderate nonattainment area for the 2015 8-hour ozone NAAQS: Philadelphia-Wilmington-Atlantic City, PA-NJ-MD-DE (Bucks, Chester, Delaware, Montgomery and Philadelphia Counties). All other areas are classified as attainment/unclassifiable.

The Commonwealth also has several areas that are designated as nonattainment or maintenance areas for the PM<sub>2.5</sub> NAAQS. A "(p)" after a county means partial and indicates that only part of that county is designated as indicated. Although EPA revoked the 1997 PM<sub>2.5</sub> NAAQS, effective October 24, 2016, the Liberty-Clairton area was classified as moderate nonattainment at the time of revocation and is subject to the anti-backsliding requirements of the federal Clean Air Act.

The following areas in the Commonwealth are designated as maintenance areas for the 2006 24-hour PM<sub>2.5</sub> NAAQS: Allentown (Lehigh and Northampton Counties); Harrisburg-Lebanon-Carlisle-York (Cumberland, Dauphin, Lebanon and York Counties); Johnstown (Cambria and Indiana (p) Counties); Lancaster (Lancaster County); Philadelphia-Wilmington PA-NJ-DE (Bucks, Chester, Delaware, Montgomery and Philadelphia Counties); and Pittsburgh-Beaver Valley (Allegheny (p), Armstrong (p), Beaver, Butler, Greene (p), Lawrence (p), Washington and Westmoreland Counties). The Liberty-Clairton (Allegheny (p) County) is currently designated as moderate nonattainment for the 1997 annual and 2006 24-hour PM<sub>2.5</sub> NAAQS. Allegheny County is designated as moderate nonattainment for the 2012 annual PM<sub>2.5</sub> NAAQS; Delaware and Lebanon Counties are designated as maintenance areas.

These nonattainment and maintenance areas include many counties in high population urban areas, thus compounding the effects of exposure to diesel emissions. The Commonwealth also has nonattainment areas for other NAAQS (i.e., 1-hour SO<sub>2</sub> NAAQS) but the ozone and PM<sub>2.5</sub> nonattainment and maintenance areas are "priority" locations for the PA State Clean Diesel Grant Program. While DEP does not limit applications to nonattainment areas, projects in nonattainment areas receive additional points in the application scoring process, thus providing an incentive to perform projects in nonattainment areas. Projects funded by this grant will improve air quality in the Commonwealth, as well as downwind areas in the Ozone Transport Region (OTR). States in the OTR are required to install certain controls to reduce ozone

precursor emissions, even if some areas where the controls are required meet the ozone standards. This requirement is a result of the difficulty that nonattainment areas in the OTR have in meeting and maintaining the ozone NAAQS. Voluntary emission reduction efforts, such as this one, are an important way to reduce emissions so that states in the OTR can meet their clean air goals.

A study<sup>1</sup> of emissions in the northeast United States shows that mobile and nonroad sources, including commercial marine, rail, and aircraft ground support equipment, will contribute approximately 51 percent of NO<sub>x</sub> emissions, 9 percent of PM<sub>2.5</sub>, and 34 percent of VOC emissions in the northeast region in 2018, excluding emissions from fires and biogenic sources. Emission projections for future years indicate that emissions of ozone and PM<sub>2.5</sub> precursors from mobile and nonroad sources will continue to be a significant contributor to regional emissions - making it safe to say that states will need to continue to further reduce emissions from these sources.

### **Diesel Fleet and Diesel Emissions:**

Pennsylvania, as one of the most populous states in the country, has one of the largest vehicle populations, including a large population of diesel vehicles and equipment. Pennsylvania also contains several areas with high population densities where diesel vehicles congregate. Pennsylvania is a major freight corridor, for both rail and trucking, for the northeast United States. Pennsylvania contains many interstate highways that provide quick access to major north-south and east-west routes and the economically significant northeast United States for all truck drivers traveling in the Commonwealth. There are approximately 210,000<sup>2</sup> heavy-duty diesel trucks registered in Pennsylvania, but the number operating in or traveling through Pennsylvania is likely many times greater than the number of registered vehicles. Pennsylvania also contains many warehouse centers and intermodal facilities, several international airports, three ports used by commercial marine vessels, numerous railroads, and is a major destination for freight transport to and from these facilities. Many of these facilities also utilize diesel nonroad vehicles and engines. The diesel population of large nonroad vehicles and engines in Pennsylvania in 2017 was approximately 159,890<sup>3</sup>.

In addition to freight, Pennsylvania also has a significant commuter rail system, including both systems run by transit agencies and Amtrak lines crossing the commonwealth. In FY 2017-2018, Amtrak's Keystone Corridor Service carried 1,497,904 passengers<sup>4</sup>. Pennsylvania has 34 urban and rural transit systems<sup>5</sup>, as well as several community transportation organizations and intercity bus lines. These include the 6th and 26th largest in the United States<sup>6</sup>. Pennsylvania

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<sup>1</sup> Technical Support Document Emission Inventory Development For 2011, 2018 And 2028 for the Northeastern U.S. Alpha2 Version; Mid-Atlantic Regional Air Management Association, Inc. (MARAMA); November 23, 2015; and associated data files.

<sup>2</sup> Pennsylvania Department of Transportation vehicle registration data, CY2017; trucks GVWR 9,000 lbs or greater.

<sup>3</sup> NONROAD2008 Model, Pennsylvania Population File, 2015 to 2025 growth extrapolated for 2017.

<sup>4</sup> Passenger Rail Program, Pennsylvania Department of Transportation: *Pennsylvania Public Transportation Annual Performance Report FY 2017-18*, April 30, 2019.

<sup>5</sup> Agency Operating Profiles, Pennsylvania Department of Transportation: *Pennsylvania Public Transportation Annual Performance Report FY 2017-18*, April 30, 2019.

<sup>6</sup> American Public Transportation Association, 2020 Public Transportation Fact Book, March 2020, Table 2.

Department of Transportation (PennDOT) records indicate that 7,984 diesel transit buses and 19,031 diesel school buses were registered in the Commonwealth in 2017.<sup>7</sup>

New standards for diesel vehicles and equipment promulgated by EPA will ensure that new medium-duty and heavy-duty diesel engines will be less polluting. Much of this equipment, however, can operate 25 to 30 years before replacement is required, so it may be many years before existing equipment is replaced with new, cleaner equipment due to normal fleet turnover. A large population of older diesel engines unaffected by the new standards will continue to operate in the Commonwealth into the future. Many strategies and programs exist to make these engines operate more cleanly. Replacing, retrofitting, repowering, or converting older diesel vehicles and engines with alternative fuels or new diesel versions are cost-effective strategies to reduce emissions of PM<sub>2.5</sub> and precursor pollutants for the formation of PM<sub>2.5</sub> and ozone, including NO<sub>x</sub> and VOC, by as much as 90 percent or more. According to EPA's 2014 National Emission Inventory, diesel emissions from diesel-powered on-road and non-road mobile sources, marine, rail, and aircraft in Pennsylvania accounted for approximately 145,395 tons per year (TPY) of NO<sub>x</sub>, 13,874 TPY of VOC, 6,742 TPY of PM<sub>2.5</sub>, and 8,145 TPY of PM<sub>10</sub>. To achieve the greatest emission reductions possible, applications receive higher scores for higher emission reductions.

#### **VEHICLES AND TECHNOLOGIES:**

Eligible vehicles and equipment funded under this grant include diesel-powered buses (school, transit, coach); diesel-powered medium-duty or heavy-duty trucks, including drayage trucks; diesel-powered nonroad engines, equipment or vehicles used in construction, handling of cargo (including at a port or airport), agriculture, mining or energy production (including stationary generators and pumps); locomotives; and marine engines. Eligible applicants include businesses (corporations, partnerships, sole proprietorships, limited liability companies, business trusts or other legal business entities incorporated in or registered with the PA Department of State Bureau of Corporations and Charitable Organizations to do business in the Commonwealth), incorporated nonprofits (an organization as described in Section 501(c)(3) of the Federal Internal Revenue Code of 1954, as amended that must be incorporated under PA law or registered with the PA Department of State Bureau of Corporations and Charitable Organizations to do business in the Commonwealth), school districts, municipal governments and municipal authorities, other state agencies, air quality and transportation organizations (with restrictions), and metropolitan or rural planning organizations. Eligible project types include exhaust controls, engine upgrades, verified idle reduction technologies, certified engine repowers, verified aerodynamic technologies and verified low rolling resistance tires, and vehicle and equipment replacements. DEP is a SmartWay Affiliate and will encourage the use of SmartWay verified technologies for applicable projects. All eligible project types will be subject to the restrictions and cost-share requirements identified in EPA's FY 2019 & 2020 State Clean Diesel Grant Program Information Guides.

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<sup>7</sup> Pennsylvania Department of Transportation vehicle registration data, CY2017.

## **ROLES AND RESPONSIBILITIES:**

For FYs 2019 & 2020, DEP will continue to administer the PA State Clean Diesel Grant Program, which is a competitive grant/reimbursement program funded through State Clean Diesel Grant funds allocated by the EPA. The primary goal of the PA State Clean Diesel Grant Program is to improve air quality by decreasing emissions from diesel-powered mobile sources, through funding diesel emission reduction projects. The PA State Clean Diesel Grant begins with a competitive application process, in which eligible and complete applications are scored using criteria substantially similar to the scoring criteria used by EPA in the National Clean Diesel Funding Assistance Program Request for Proposals (National RFP). The highest scoring application(s) is recommended for funding. Other criteria are also considered, such as the environmental, economic, and energy policy goals of the Commonwealth. Upon approval of the Secretary of the Department and the Governor's Office, funding is offered to the highest scoring successful applicant(s). Grant agreements are executed with those applicants that accept funding (subgrantees). Grant funding is offered as a reimbursement; subgrantees must show that funds have been expended for eligible project costs and the subgrantees are reimbursed after approval of their submitted reimbursement requests. Once a reimbursement request is approved, DEP will draw down a percentage of the award from EPA and will request the remaining reimbursement funds from the Trustee of the Mitigation Trust Fund to be deposited in a Commonwealth account for disbursement to the subgrantees. The addition of the process to request funding from the Trustee for disbursement to the subgrantees may result in a longer time period before a subgrantee is fully reimbursed, compared to DEP's standard 6-8-week payment period. Subgrantees are also responsible for complying with all reporting requirements, including submitting vehicle usage data and calculating emission reductions using EPA's Diesel Emission Quantifier (DEQ), or a different DEP approved methodology for quantifying emission reductions, if supporting documentation and reproducible calculations are provided. The PA State Clean Diesel Grant Program has broad eligibility, to make funding available for as many eligible applicants and eligible projects as possible. DEP is committing significant voluntary match funding under both the FY 2019 & 2020 awards. All subgrantees will be required to comply with the applicable terms of the 2019 & 2020 State Clean Diesel Grant Program Information Guide, the EPA General Terms and Conditions (effective October 1, 2018), and any other Clean Diesel Funding Assistance (DERA) Programmatic Terms and Conditions issued by EPA.

## **TIMELINE AND MILESTONES:**

DEP announced a competitive grant program that allowed applicants to apply for grant reimbursement funding to cover costs associated with eligible projects, including replacements, retrofits, and repowers of eligible on-road/non0-road/marine/rail equipment, in Fall of 2021. Complete and eligible applications were reviewed and scored using criteria similar to the EPA's National RFP. The applicants with the highest scores - based on the size of the project fleet, emissions reduced, financial match, the NAAQS attainment status of the area where the vehicle operate, and other several other criteria - were awarded funds under the FFY 20 PA State Clean Diesel Grant Program, which closed for applications on 1/7/22. DEP awarded grants to the four top-scoring applications; no funds remained to fund any additional projects. Of these four potential grantees, three declined their awards. DEP is now in the process of approving and

offering awards to the 1<sup>st</sup> and 2<sup>nd</sup> runner-up projects (5<sup>th</sup> and 6<sup>th</sup> place) and anticipates those projects to be underway by mid-summer 2023. As stated above in the Roles and Responsibilities section, grantees are eligible to be reimbursed as project work is completed and project costs are paid by the grantee.

## **UPDATED PROJECT TIMELINES**

Firstly, the COVID-19 pandemic (March 2020 through September 2021) led to unprecedented delays in the progression of the FY 2019 and 2020 PA State Clean Diesel Grant Programs and continues to have lingering effects. Early in the pandemic, challenges presented by the COVID shutdowns, personnel losses, and newly created DEP telework protocols caused lengthy delays with nearly all aspects of the Program: opening grant programs for applications (FY20); scoring and selecting sub-award grant applications (FY19 and FY20); and public announcement of awards (FY19 & FY20).

Secondly, the FY19 PA State Clean Diesel Grant Program sub-grantees had experienced significant delays with the completion of their projects, as the lingering effects of the COVID pandemic have created substantial backlogs in the medium- and heavy-duty commercial vehicle manufacturing and supply chains. While a few sub-grantee projects had completed their projects at the time of the 2022 NCTE for this grant, three projects are unable to complete their projects by the end of their original Periods of Performance due to the ongoing COVID-related supply chain issues: McIlwain School Bus, Vogel Disposal Service, and Valley Waste Disposal Service. After receiving an approved NCTE from EPA for FY19 [&FY20], PA DEP extended the Periods of Performance for the above three sub-grantees to March 31, 2023.

Thirdly, and in conjunction with the second point above, the roll-out of the FY20 PA State Clean Diesel Grant solicitation was likewise substantially delayed and didn't open for applications until October 2021. Around this time, the COVID pandemic seemed to be lessening, but the backlogs PA DEP was experiencing due to the pandemic and persistent staffing shortages hadn't improved until quite some time after this.

The application period for the FY20 PA State Clean Diesel Grant closed on January 1, 2022. However, due to the backlogs and staffing shortages, DEP couldn't review and score applications and make awards announcements for this round until October 2023.

Lastly, three of the four applicants awarded funding under the FY20 program, declined to accept their awards for the following reasons:

- City of Pittsburgh; all-electric replacement of eight refuse trucks.  
Reason: Applied and awarded to another Driving PA Forward grant for the same fleet. This project was awarded under the other program, which has higher reimbursement rates than this program. Applicant withdrew their funding application.

- SMS Mill Services, LLC; one diesel replacement and two all-electric replacements of aggregate materials handlers and a front-end loader (respectively).  
Reason: Facility changed ownership after grant application was submitted. The current owners are not interested/non-responsive to PA DEP's award notifications and status requests.
  
- Dietz & Watson, Inc.; all-electric replacement of one transportation refrigeration unit (TRU).  
Reason: Dispute with TRU leasing company and consulting firm led applicant to withdrawal their funding application.

To meet funding obligations for the FY20 DERA State Grant to EPA, PA DEP is preparing to offer awards to the fifth and sixth scoring applicants in the FY20 pool, with some of the funds freed up by the above three funding request withdrawals. DEP anticipates approving and finalizing the grant agreements for these two additional awards by mid-August 2023. This would allow the grantees a minimum of seven months to complete their FY20 PA State Clean Diesel Grant projects. Having spoken to the prospective grantees ahead of time, each committed to completing their projects by March 31, 2024, if successfully awarded funding. This would permit DEP to close-out the FYs 19-20 DERA State Grants with EPA by September 30, 2024

PA DEP is requesting a No Cost Time Extension from EPA, extending the end date for the existing period of Performance from September 30, 2023, to September 30, 2024.

## **FY19 Proposed Timeline and Milestones**

	<b>Q4 2019</b>	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>	<b>Q1 2021</b>	<b>Q2 2021</b>	<b>Q3 2021</b>
	Oct- Dec	Jan- Mar	Apr- June	July- Sept	Oct- Dec	Jan- Mar	Apr- June	July- Sept
Receive grant from EPA	X							
<b>Task 1: Public Notification</b>								
A. Give a 45-day notice to Policy Office	X	X						
B. Publish in <i>Pa. Bulletin</i>		X						
C. Present webinar for interested parties		X						
D. Receive applications		X						
<b>Task 2: Choose grantees</b>								
A. Evaluate applications		X	X					
B. Make grantee selection				X				
C. Review by management (~60 days)				X	X	X		
D. Notify grantees and issue grants						X	X	
<b>Task 3: Purchase Equipment</b>								
A. Grantees purchase equipment							X	X

## **FY19 Continued**

	<b>Q4 2021</b>	<b>Q1 2022</b>	<b>Q2 2022</b>	<b>Q3 2022</b>	<b>Q4 2022</b>	<b>Q1 2023</b>	<b>Q2 2023</b>	<b>Q3 2023</b>
	Oct- Dec	Jan- Mar	Apr- June	Jul- Sept	Oct- Dec	Jan- Mar	Apr- June	July- Sept
<b>Task 3: Purchase Equipment</b>								
A. Grantees purchase equipment	X	X	X	X				
B. Grantee submits invoices for review and approval		X	X	X	X	X		
C. Department reimburses grantee for purchase or taking delivery of invoiced equipment						X	X	X
D. Close grants							X	X
<b>Task 4: Reporting</b>								
A. Department evaluates project and emission reductions								X
B. Provide PA DEP final report to EPA								w/ FY20



## **FY20 Proposed Timeline and Milestones**

	<b>Q3 2020</b>	<b>Q4 2020</b>	<b>Q1 2021</b>	<b>Q2 2021</b>	<b>Q3 2021</b>	<b>Q4 2021</b>
	July- Sept	Oct-Dec	Jan-Mar	Apr- June	July- Sept	Oct- Dec
Receive grant from EPA	X					
<b>Task 1: Public Notification</b>						
A. Give a 45-day notice to Policy Office					X	X
B. Publish in <i>Pa. Bulletin</i>						X
C. Present webinar for interested parties						X
D. Receive applications						X

## **FY20 Continued**

	<b>Q1 2022</b>	<b>Q2 2022</b>	<b>Q3 2022</b>	<b>Q4 2022</b>	<b>Q1 2023</b>	<b>Q2 2023</b>	<b>Q3 2023</b>
	Jan- Mar	Apr- June	July- Sept	Oct- Dec	Jan- Mar	Apr- June	July- Sept
D. Receive applications	X						
<b>Task 2: Choose grantees</b>							
A. Evaluate applications		X					
B. Make grantee selection			X				
C. Review by management (~60 days)			X				
D. Notify grantees and issue grants				X	X	X	
<b>Task 3: Purchase Equipment</b>							
A. Grantees purchase equipment						X	X
B. Grantee submits invoices for review and approval							
C. Department reimburses grantee for purchase or taking delivery of invoiced equipment						X	
D. Close grants						X	X
<b>Task 4: Reporting</b>							
A. Department evaluates project and emission reductions							X
B. Provide PA DEP final report to EPA							X

X = 5<sup>th</sup> and 6<sup>th</sup> place “runner-up” awards

**FY20 Continued**

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
	Oct- Dec	Jan- Mar	Apr- June	July- Sept	Oct- Dec	Jan- Mar	Apr- June
A. Grantees purchase equipment						X	X
B. Grantee submits invoices for review and approval							
C. Department reimburses grantee for purchase or taking delivery of invoiced equipment						X	X
D. Close grants						X	X
<b>Task 4: Reporting</b>							
A. Department evaluates project and emission reductions							X
B. Provide PA DEP final report to EPA							Sept 2023

**DERA PROGRAMMATIC PRIORITIES:**

The principal objective of the assistance to be awarded under this program is to achieve significant reductions in diesel emissions in terms of tons of pollution produced and reductions in diesel emissions exposure from vehicles, engines and equipment operating in areas that receive a disproportionate quantity of air pollution from diesel fleets (priority areas). These priority areas include areas that meet any of the following criteria: areas in nonattainment or maintenance of NAAQS for ozone and/or PM<sub>2.5</sub>; areas with toxic air pollutant concerns as identified from the National Air Toxics Assessment data; or areas where vehicles/engines/equipment are located at or service goods movement facilities including ports and airports, railyards, terminals, and distribution centers. This programmatic priority is achieved by prioritizing projects in priority locations identified by EPA and in other poor air quality areas. DEP supports these programmatic priorities by awarding additional points during the scoring process to priority locations, which include Allegheny, Armstrong, Beaver, Berks, Bucks, Butler, Cambria, Carbon, Chester, Cumberland, Dauphin, Delaware, Fayette, Greene, Indiana, Lancaster, Lawrence, Lebanon, Lehigh, Montgomery, Northampton, Philadelphia, Washington, Westmoreland, and York Counties in FYs 2019 & 2020. These counties are identified in EPA’s 2020 Priority County List document.

**EPA’S STRATEGIC PLAN LINKAGE AND ANTICIPATED OUTCOMES/OUTPUTS:**

The PA State Clean Diesel Grant Program supports EPA’s 2018-2022 Strategic Plan Objective 1.1, ‘Improve Air Quality,’ which states, “work with states and tribes to accurately measure air quality and ensure that more Americans are living and working in areas that meet high air quality standards.” The FY 2019 & 2020 PA State Clean Diesel Grant Programs will fund projects that reduce emissions from diesel fleets, thereby reducing local and regional air pollution of criteria pollutants, air toxics, and greenhouse gases, by replacing or upgrading older diesel equipment and engines with newer, cleaner equipment and engines. These projects will contribute to nonattainment areas and maintenance areas in Pennsylvania meeting air quality standards. DEP

will ensure that Pennsylvania benefits from the funded projects by requiring that the vehicles or equipment being retrofitted, repowered, or replaced to operate predominately in Pennsylvania. Additionally, even though it is not the goal of the PA State Clean Diesel Grant Program, reducing diesel emissions in high population areas and high pollution areas may lead to some improvement in indoor air quality, due to reduced exposure to diesel exhaust emissions, which can be transported indoors without dilution in high population density and high pollution areas.

### **Outputs:**

DEP anticipates several outputs from the projects funded by this grant, which may include but are not limited to the following: number of retrofitted engines/vehicles/equipment; hours of operation and idling time; fleet details of both old and new vehicles and engines, including make, model, and model year; cost-effectiveness of project; and providing support to clean diesel coalitions by sharing information and working with interested fleets. To acquire this information, DEP will require sub-award recipients to provide information that is required to complete EPA's quarterly reporting documents. DEP will collate information received from the grant recipients to provide a summary of outputs to EPA for all projects funded by this program.

To quantify emission reductions, DEP will require the use of the EPA's Diesel Emission Quantifier (DEQ) which can be found here: <https://cfpub.epa.gov/quantifier/> or EPA's Motor Vehicle Emissions Simulator (MOVES), found at: <https://www.epa.gov/moves>. Health benefits can also be derived from the DEQ. If the project is of a type that cannot be quantified by the DEQ or MOVES, DEP will allow applicants to propose a different methodology for quantifying emission reductions, if supporting documentation and reproducible calculations are provided to DEP. DEP may also utilize PAQONE, a MOVES-based mobile source model used for off-network and project level analysis, to analyze emission reduction estimates.

DEP will post the number of FY 2019 & 2020 sub-awards, including detailed project descriptions, to notify the public of the funded projects and to promote the use of the funded technologies. DEP will also submit all required quarterly progress reports and a final report to EPA, at the completion of all funded projects.

### **Outcomes:**

Expected outcomes from projects funded under this program may include, but are not limited to, the following:

Short-term outcomes: increased number of retrofitted, repowered, or replaced diesel vehicles and equipment in Pennsylvania; immediate reduction in exposure to diesel emissions for populations near the upgraded diesel vehicles and equipment; decrease in diesel fuel use and an increase in the use of alternative fuels, including all-electric; increased business for emission reduction or idle reduction equipment manufacturing and sales companies; annual pounds or tons of PM<sub>2.5</sub>, NO<sub>x</sub>, greenhouse gases (GHG), VOC/HC, and CO reduced.

Medium-term outcomes: documented annual emission reductions and fuel savings; increased awareness of emission reduction technology and methods via press releases, project details

posted on DEP's website, listservs, and word of mouth by fleet owners and operators; kickstart transformations of individual fleets to cleaner engines and fuels; increased interest in grant funding for similar projects; and educational outreach by DEP and/or fleet owners and operators about emission and idle reduction technologies.

Long-term outcomes: health benefits achieved (health benefits may include reductions in numbers of illnesses, health care costs, or missed work/school absences); adoption of a corporate/business idle-reduction policy or changes in driver behavior regarding idling practices; documented improved ambient air quality; an increased understanding of the environmental or economic effectiveness of the implemented technology; and widespread adoption of the implemented technologies resulting in a transformation of the vehicle fleet.

#### **SUSTAINABILITY OF THE PROGRAM:**

DEP includes requirements in all grant agreements for sub-awards funded by the FY 2019 & 2020 programs to keep and maintain diesel emission reduction technology for a specific amount of time. Some equipment funded by this program can easily be removed from a vehicle or piece of equipment. Requiring that the retrofit technology, repowered engine, or replaced vehicle remains on the vehicle and be maintained for a specified amount of time will ensure that anticipated emission reductions are realized. DEP usually requires that the retrofit equipment remains used on the vehicle for at least four years and repowered and replaced equipment for longer periods.

DEP staff will work with local air agencies, media outlets, and local non-governmental organizations to maintain awareness about this grant program and to inform the public of the projects currently being funded under this program. In addition to web postings and press releases, DEP publishes notice of available grant funding in the *Pennsylvania Bulletin* to keep the public informed of grant opportunities. DEP will also provide updates when projects are completed and provide a breakdown of the technologies funded and the final costs of the projects. Information about grant awards will be posted on DEP's new Driving PA Forward initiative website here: <https://dep.pa.gov/DrivingPAForward/>, and will be provided in DEP's Driving PA Forward newsletter. This will include an interactive project map where interested parties can find out specifics about each project.

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#### **BUDGET NARRATIVE**

This section of the work plan includes detailed itemized budget proposals for both FY 2019 and 2020, using the table below. The expenses for each of the categories being performed within the grant/project period are justified below the table. PA DEP has indicated which costs will be paid by Pennsylvania's allocation from EPA, including bonus match, and which costs will be paid by Pennsylvania's voluntary matching funds. Costs related to personnel, fringe benefits, travel, equipment, supplies, contractual costs, other direct costs, indirect costs, and total costs are itemized. The budget detail portion of the work plan includes a detailed description of how PA DEP will obtain its voluntary cost-share and how the cost-share funding will be used.

**Itemized Project Budget**

<b>FY2019 Budget</b>					
<b>Budget Category</b>	<b>EPA Allocation</b>	<b>Mandatory Cost-Share</b>	<b>Voluntary Match (if applicable)</b>		<b>Line Total</b>
			<b>VW Mitigation Trust Funds</b>	<b>Other Funds</b>	
1. Personnel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Fringe Benefits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3. Travel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4. Equipment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Supplies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. Contractual	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
7. Other	\$500,532.00	\$0.00	\$ 2,154,309.00	\$0.00	\$2,654,841.00
<b>8. Total Direct Charges (sum 1-7)</b>	\$500,532.00	\$0.00	\$ 2,154,309.00	\$0.00	\$2,654,841.00
9. Indirect Charges	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>10. Total (Indirect + Direct)</b>	\$500,532.00	\$0.00	\$ 2,154,309.00	\$0.00	\$2,654,841.00
11. Program Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
12. Other Leveraged Funds*	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

<b>FY2020 Budget</b>					
<b>Budget Category</b>	<b>EPA Allocation</b>	<b>Mandatory Cost-Share</b>	<b>Voluntary Match (if applicable)</b>		<b>Line Total</b>
			<b>VW Mitigation Trust Funds</b>	<b>Other Funds</b>	
1. Personnel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2. Fringe Benefits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3. Travel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4. Equipment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5. Supplies	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. Contractual	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
7. Other	\$553,494.00	\$0.00	\$ 2,154,310.00	\$0.00	\$2,707,804.00
<b>8. Total Direct Charges (sum 1-7)</b>	\$553,494.00	\$0.00	\$ 2,154,310.00	\$0.00	\$2,707,804.00
9. Indirect Charges	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>10. Total (Indirect + Direct)</b>	\$553,494.00	\$0.00	\$ 2,154,310.00	\$0.00	\$2,707,804.00
11. Program Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
12. Other Leveraged Funds*	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

**Explanation of Budget Framework**

- **Personnel –**  
DEP is not requesting funding for Personnel under the FYs 2019 & 2020 DERA funding.
- **Fringe Benefits –**  
DEP is not requesting funding for Fringe Benefits under the FYs 2019 & 2020 DERA funding.
- **Travel –**  
DEP is not requesting funding for Travel under the FYs 2019 & 2020 DERA funding.
- **Supplies –**  
DEP is not requesting funding for Supplies under the FYs 2019 & 2020 DERA funding.
- **Equipment –**  
DEP is not requesting funding for Equipment under the FYs 2019 & 2020 DERA funding.
- **Contractual –**  
DEP is not requesting funding for Contractual under the FYs 2019 & 2020 DERA funding.
- **Other –**  
All funding received by DEP from EPA under the FYs 2019 & 2020 DERA funding will be distributed as sub-grants or sub-awards, and thus, falls under the ‘Other’ category for this narrative.
- **Indirect Charges –**  
DEP is not requesting funding for Indirect Charges under the FYs 2019 & 2020 DERA funding.

	<b>FY 2019</b>	
<b>Category: Other</b>	<b>EPA</b>	<b>State or Territory Match (if applicable)</b>
Sub-award: Multiple recipients for diesel emission reduction projects in Pennsylvania	\$500,532	\$2,154,309.00

	<b>FY 2020</b>	
<b>Category: Other</b>	<b>EPA</b>	<b>State or Territory Match (if applicable)</b>
Sub-award: Multiple recipients for diesel emission reduction projects in Pennsylvania	\$553,494.00	\$2,707,804.00

### **Administrative Costs Expense Cap**

States and territories must demonstrate that no more than 15% of a state’s or territory’s total project costs are being used to cover administrative costs as identified in OMB Circular A-87 Appendix B (e.g. personnel, benefits, travel, supplies). DEP is not proposing to use any of the EPA FYs 2019 or 2020 funding for administrative costs. The Department may use some of DEP’s voluntary match funding (also limited to 15 percent of total project costs in the State Trust Agreement) to fund program administrative costs.

### **Matching Funds and Cost-Share Funds**

DEP intends to provide voluntary match funds for both FYs 2019 & 2020. The source of these funds will be the Mitigation Trust Fund, established in the State Trust Agreement. DEP is proposing to overmatch the base funding with Mitigation Trust Funds (\$2,154,309 for FY19 and \$2,154,310 for FY20). DEP is not subject to mandatory cost-share requirements, as all funds are expected to be awarded as sub-grants. The sub-grantees will, however, be subject to the DERA funding limits and minimum mandatory cost-share requirements identified in EPA’s FY 2019 & 2020 State Clean Diesel Grant Program Information Guides.

### **Funding Partnerships**

If a DERA grant recipient intends to fund target fleets that they do not own and operate, they have the option to (1) make a **subaward** or (2) provide **participant support costs** to a project partner. Both options can fund a project partner’s equipment and installation costs, but only subawards can fund a project partner’s direct and indirect costs such as personnel and travel. DEP will be funding all projects through subawards granted through a competitive grant process.