

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)

Action Title:	Zero-Emission Buses
Beneficiary's Project ID:	San Joaquin Valley APCD -Buses
Funding Request No.	<i>(sequential)</i> 1
Request Type: (select one or more)	<input type="checkbox"/> Reimbursement <input checked="" type="checkbox"/> Advance <input type="checkbox"/> Other (specify): _____
Payment to be made to: (select one or more)	<input type="checkbox"/> Beneficiary <input checked="" type="checkbox"/> Other (specify): <u>San Joaquin Valley Air Pollution Control District</u>
Funding Request & Direction (Attachment A)	<input checked="" type="checkbox"/> Attached to this Certification <input type="checkbox"/> To be Provided Separately

SUMMARY

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

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

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

Action Title:	Zero-Emission Buses
Beneficiary's Project ID:	San Joaquin Valley APCD-Buses
Funding Request No.	(sequential) 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 transit, school, and shuttle buses 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 buses with zero-emission buses, supporting early adoption of these technologies while reducing diesel's harmful impacts on children, the elderly, and other priority populations. The Plan allocates \$130 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):

Transit agencies, school districts, and shuttle bus owners will be offered first-come, first-served funding opportunities to scrap and replace older internal combustion engine buses with zero-emission buses. California will provide funding to bus owners in two allocations of \$65 million each, two years apart. The San Joaquin Valley Air Pollution Control District 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 buses with internal combustion engines that are compliant with current regulations are eligible for replacement. They include most school buses, and engine model year 2009 and older transit and shuttle buses. California expects to fund about 425 Class 4 through 8 zero-emission buses, reducing NOx emissions, diesel particulate matter, greenhouse gases, and other harmful pollutants. No more than 50 percent of the available funds in each installment will be allocated to a single bus category. Zero-emission buses of all types represent a beachhead that has potential to transfer and spread to broader applications, making their environmental and economic benefits far-reaching. This project supports the early adoption of zero-emission technology in a heavy-duty application, increases economies of scale to help bring down technology costs, and reduces harmful exposure for the State's most sensitive populations. Based on an evaluation of historical participation data from other first-come, first-served zero-emission bus incentives, CARB anticipates at least 50 percent of the \$130 million in vehicle funding will go to projects that benefit disadvantaged or low-income communities.

Estimate of Anticipated NOx Reductions (5.2.3):

The funded vehicle replacements will reduce an estimated 1,650 tons of NOx emissions over a 10-year period. A majority of the estimated reductions are expected to come from transit bus replacements, since they provide the highest cost-effectiveness based on their higher annual miles. 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 \$400,000 for a new battery electric school bus, up to \$180,000 for a new battery electric transit bus, up to \$400,000 for a new fuel cell electric transit bus, and up to \$160,000 for a new battery electric shuttle bus. These amounts are expected to fund up to 95 percent of the cost of a school bus, the incremental costs of a zero-emission transit bus above the typical Federal Transit Administration funding, and to fund a large portion of the incremental costs for a battery-electric shuttle bus over a conventionally-fueled shuttle bus. A minimum 5 percent cost share is required for school buses. As required by the Consent Decree, total Trust funding per vehicle must not exceed 75 percent for non-government owned vehicles and 100 percent for government owned vehicles.

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 California's priority populations.

**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:

3/5/19

Edna Murphy

[NAME] Edna Murphy
[TITLE] Administrative Division Chief

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	June 2019
Solicit for Applications (includes outreach to potential applicants)	June 2019	December 2022
Application Selection for Projects to be Funded	July 2019	June 2023
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 Applicants	July 2019	June 2023
Repeat Solicitation through contracts with selected applicants as needed if Unspent Direct Project Funds Remain	N/A	N/A
Bus delivery	July 2019	January 2028
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	\$130,000,000	\$130,000,000	
SJVAPCD Administrative Costs Program development, outreach, administration	\$12,997,066	\$12,997,066	
CARB Administrative Costs Program planning, development, oversight	\$4,690,871	\$4,690,871	
Total	\$147,687,937	\$147,687,937	

CARB expects about 425 buses will be funded. The budgeted equipment funds above will provide up to \$400,000 for a new battery electric school bus, up to \$180,000 for a new battery electric transit bus, up to \$400,000 for a new fuel cell electric transit bus, and up to \$160,000 for a new battery electric shuttle bus. Remaining bus costs come from bus owners and/or other funding programs. As required by the Consent Decree, total Trust funding per vehicle will not exceed 75 percent for non-government owned vehicles and 100 percent for government owned vehicles. A minimum 5 percent cost share is required for school buses. The first drawdown of funds for 2019 includes administrative costs for program planning, development, outreach, solicitations, and application scoring. Equipment 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	\$36,000,000	\$34,000,000	\$34,000,000	\$28,000,000	\$6,220,812	\$5,963,680	\$1,143,318	\$1,168,171	\$1,191,956
2. Anticipated Annual Cost Share	\$23,005,000	\$23,005,000	\$23,005,000	\$19,554,250	\$13,227,875	\$13,227,875	\$0	\$0	\$0
3. Anticipated Total Project Funding by Year (line 1 plus line 2)	\$59,005,000	\$57,005,000	\$57,005,000	\$47,554,250	\$19,448,687	\$19,191,555	\$1,143,318	\$1,168,171	\$1,191,956
4. Cumulative Trustee Payments Made to Date Against Cumulative Approved Beneficiary Allocation	\$0	\$36,000,000	\$70,000,000	\$104,000,000	\$132,000,000	\$138,220,812	\$144,184,492	\$145,327,810	\$146,495,981
5. Current Beneficiary Project Funding to be paid through the Trust (line 1)	\$36,000,000	\$34,000,000	\$34,000,000	\$28,000,000	\$6,220,812	\$5,963,680	\$1,143,318	\$1,168,171	\$1,191,956
6. Total Funding Allocated to for Beneficiary, inclusive of Current Action by Year (line 4 plus line 5)	\$36,000,000	\$70,000,000	\$104,000,000	\$132,000,000	\$138,220,812	\$144,184,492	\$145,327,810	\$146,495,981	\$147,687,937
7. Beneficiary Share of Estimated Funds Remaining in Trust	\$422,636,320	\$386,636,320	\$352,636,320	\$318,636,320	\$290,636,320	\$284,415,508	\$278,451,828	\$277,308,510	\$276,140,339
8. Net Beneficiary Funds Remaining in Trust, net of cumulative Beneficiary Funding Actions (line 7 minus line 6)	\$386,636,320	\$352,636,320	\$318,636,320	\$290,636,320	\$284,415,508	\$278,451,828	\$277,308,510	\$276,140,339	\$274,948,383

Budget Attachment

3rd Party Administrator's Administrative Costs

Estimated Staffing Hours	18,825	17,325	11,550	10,700	14,175	13,425	11,250	8,650	8,650	8,650	8,650	123,200
Estimated Staffing Costs (including indirect costs for admin, supplies, facilities, etc.)	\$ 1,691,888	\$ 1,615,860	\$ 1,086,286	\$ 1,056,301	\$ 1,399,983	\$ 1,359,155	\$ 1,167,979	\$ 928,174	\$ 951,378	\$ 975,162	\$ 975,162	\$ 12,252,866

Outreach and Public Meeting costs:

Outreach and subcontract costs (outreach, subcontracts, Workshops, media, meetings)	\$ 515,000.00
Travel	\$ 50,000.00
Statewide Database	\$ 200,000.00
Total Estimated Costs	\$ 12,997,866

CARR's Administrative Costs

Estimated Staffing Hours	7,200	5,760	5,580	5,040	3,600	2,700	2,160	1,494	1,476	1,440	96,450
Estimated Staffing Costs (including indirect costs for admin, supplies, facilities, etc.)	\$ 848,871	\$ 695,910	\$ 691,017	\$ 639,748	\$ 468,387	\$ 366,073	\$ 295,260	\$ 209,327	\$ 211,975	\$ 211,975	\$ 4,652,342

Travel (includes meetings, on-site program reviews and audits, facility fees)

Total Estimated Costs	\$ 58,529
Overall Total Estimated Admin Costs	\$ 4,690,871
Overall Total Estimated Admin Costs	\$ 17,687,937

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)

Bus Category	Battery Electric Bus	Fuel Cell Bus
School Bus	\$250,000 - \$425,000	NA
Transit Bus	\$250,000 - \$1,000,000	\$700,000 - \$2,000,000
Shuttle Bus	\$100,000 - \$300,000	NA

Cost estimates were provided from dealer invoices and information received for other CARB-implemented funding programs.

School buses: Class 4-8, Type A - D, multiple manufacturers/vendors

Transit buses: Class 4-8 23 ft to 35 ft: \$250,000 - \$550,000, multiple manufacturers/vendors

Class 4-8 40 ft to 60 ft: \$700,000 - \$1,000,000, multiple manufacturers/vendors

Shuttle buses: Class 4-6, multiple manufacturers/vendors