

Iowa's Volkswagen Settlement Environmental Mitigation Trust Program Volkswagen Diesel Emissions Environmental Mitigation Trust for State Beneficiaries

Semiannual Report (March 14, 2019 – September 14, 2019) for Funding Request No. 1 (Item 10 – DERA Option)



Volkswagen Diesel Emissions Environmental Mitigation Trust for State Beneficiaries, Puerto Rico, and the District of Columbia c/o Wilmington Trust, N.A. as Trustee Wilmington Trust, National Association Rodney Square North

1100 North Market Street

Attn: Capital Markets & Agency Services

Wilmington, DE 19890

State Trust or Trustee:

The Iowa Department of Transportation is the designated beneficiary of the Volkswagen Environmental Mitigation Trust Agreement for State Beneficiaries for the State of Iowa. In accordance with subparagraph 5.3, Beneficiary Reporting Obligations, of the Volkswagen Environmental Mitigation Trust Agreement for State Beneficiaries, this is the first semiannual report (no later than six months after receiving the first disbursement of Trust Assets of Item 10 – DERA Option that occurred on March 14, 2019) to be submitted to the Trustee.

This semiannual report is for Funding Request No. 01, EMA Action Type Item 10 – DERA Option and for the sixmonth reporting period of March 14, 2019 to September 14, 2019. Should you have any questions regarding this semiannual report, please ask us.

Attestation:

I attest that the information in this Semiannual Report (March 14, 2019 – September 14, 2019) is true and correct and that the submission is made under penalty of perjury.

Mark Lowe

<u>**Iowa Department of Transportation**</u>

Lead Agency

for

State of lowa Beneficiary







<u>a/q/2019</u> Date

Beneficiary	State of Iowa
Lead Agency	Iowa Department of Transportation
Reporting Period	March 14, 2019 - September 14, 2019
Action Title(s)	2017-2018 Diesel Emission Reduction Act (DERA) Option
Beneficiary Proj. ID	ADM-VOLK(001)90-19 (EPA-DERA(001)9K-18)
Funding Request No.	01

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	Summary of All Funding								
Volkswagen F				en Funds EPA Funds		Participant Funds			
Funding Request No.	EMA Action Type	Amount Funded by Trust Budgeted	Amount Funded by Trust Expended	Amount Funded by EPA Budgeted	Amount Funded by EPA Expended	Amount Funded by Participant Budgeted	Amount Funded by Participant Expended	Total Funding Amount Budgeted	Total Funding Amount Expended
01	Item 10 - DERA Option	\$600,000.00	\$0.00	\$762,941.00	\$0.00	\$2,502,609.05	\$0.00	\$3,865,550.05	\$0.00
7	TOTAL	\$600,000.00	\$0.00	\$762,941.00	\$0.00	\$2,502,609.05	\$0.00	\$3,865,550.05	\$0.00

lowa's Volkswagen Settlment Environmental Mitigation Trust Program Semiannual Report (March 12, 2019 - September 12, 2019)

Beneficiary State of Iowa	
Lead Agency	Iowa Department of Transportation
Reporting Period	March 14, 2019 - September 14, 2019

Funding Request No.	01
Action Title(s)	2017-2018 Diesel Emission Reduction Act (DERA) Option
Request Type	Advance

ELECTRIC STATE			Summa	ary of All Fund	ling					
		Volkswagen Funds		EPA Funds		Participant Funds				
Project Participant	Project Description	Amount Funded by Trust Budgeted	Amount Funded by Trust Expended	Amount Funded by EPA Budgeted	Amount Funded by EPA Expended	Amount Funded by Participant Budgeted	Amount Funded by Participant Expended	Total Funding Amount Budgeted	Total Funding Amount Expended	Status
Newt Marine Services	Replacement of two unregulated, 1985 model year marine diesel engines with two 2018 Tier 3 diesel engines	\$109,600.92	\$0.00	\$139,365.05	\$0.00	\$471,574.03	\$0.00	\$720,540.00	\$0.00	Completion expected by 4/30/19
Newt Marine Services	Replacement of two unregulated, 2000 model year marine diesel engines with two 2019 Tier 3 diesel engines	\$75,005.89	\$0.00	\$95,375.11	\$0.00	\$347,741.00	\$0.00	\$518,122.00	\$0.00	Completion expected by 4/30/19
	Replacement of two unregulated, 1999 model year marine diesel engines with two 2018 Tier 3 diesel engines	\$111,009.37	\$0.00	\$141,156.00	\$0.00	\$477,974.63	\$0.00	\$730,140.00	\$0.00	Completion expected by 4/30/19
Des Moines Area Regional Transit Authority	Replacement of one 2003 diesel transit bus with one all-electric transit bus	\$166,404.86	\$0.00	\$211,595.14	\$0.00	\$485,000.00	\$0.00	\$863,000.00	\$0.00	Completion expected by 9/30/20
Iowa Northern Railway Company	Purchase and install electric block heaters on 20 locomotives	\$61,631.43	\$0.00	\$78,368.57	\$0.00	\$210,000.00	\$0.00	\$350,000.00	\$0.00	Completion expected by 9/30/19
Burke Marketing Corporation	Purchase and install five remote plug-in electric charging stations	\$6,581.31	\$0.00	\$8,368.59	\$0.00	\$34,883.10	\$0.00	\$49,833.00	\$0.00	Completion expected by 9/30/19
Brown NationaLease	Replacement of five 2006 model year refrigerated straight trucks with new refrigerated straight trucks powered by a 2017 model year or newer EPA certified engine.	\$55,836.42	\$0.00	\$70,999.83	\$0.00	\$380,508.75	\$0.00	\$507,345.00	\$0.00	Completion expected by 9/30/19
,	Purchase and install fuel fired coolant heaters on 85 trucks	\$13,929.80	\$0.00	\$17,712.71	\$0.00	\$94,927.54	\$0.00	\$126,570.05	\$0.00	Completion expected by 9/30/19
TOTAL		\$600,000.00	\$0.00	\$762,941.00	\$0.00	\$2,502,609.05	\$0.00	\$3,865,550.05	\$0.00	

No modifications have been made to this Eligible Mitigation Action Type (Item 10 - DERA Option). Four projects have received extensions from EPA to progress beyond September 30, 2019. All projects under Funding Request No. 1 should be completed by September 30, 2020.

U. S. Environmental Protection Agency State Clean Diesel Grant Program - Quarterly Report

Grant Recipient	Iowa Department of Transportation				
Grant#	97761001				
Reporting Period	Jan. 1, 2019 - Mar. 31, 2019				

 WORKPLAN BUDGET
 FY17
 FY18

 Total EPA Funds
 \$350,256.00
 \$412,685.00

 Awarded
 \$350,256.00
 \$412,685.00

 Total Mandatory
 Cost-Share
 Total Voluntary

 Matching Funds
 \$300,000.00
 \$300,000.00

 Total Project Costs
 \$650,256.00
 \$712,685.00

Instructions: Complete all relevant fields in this worksheet and use the other

		Table 1. Rate of	Expenditure. Record	all funds expended	for each budget o	category.			
	Federal Funds Expended this	Mandatory Cost- Share Expended this	Voluntary Match Exp	ended this Reporting	Cumulative Federal Funds	Cumulative Mandatory Cost-	Cumulative Voluntary Match Expended		
	Reporting Period	Reporting Period	Mitigation Funds	Other Funds	Expended	Share Expended	Mitigation Funds	Other Funds	
Personnel							24	1 Mr. N. 191-	
Fringe Benefits									
Travel									
Equipment									
Supplies									
Contractual					~				
Subawards									
Participant Support Costs									
(e.g., Rebates)							S		
Other									
Indirect Charges					7 154	,		4	
TOTALS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.0	

	Table 2. Narrative Responses
Question	Answer
What actual accomplishments occurred during the reporting period?	The Iowa DOT was able to officially award three 2018 projects on April 1, 2019 (outside the quarter) and were added to the website on April 19, 2019. Updates on the five projects selected for the 2017 funding: 1) Anderson Erickson Dairy (AED) was awarded under the Verified Idle Reduction Technologies - Highway category. Previously, AE had installed 13 (of 85) heaters. From 1/1/19 to 3/31/19, AE installed an additional 21 heaters, totaling 34 of 85. Cold weather in February hindered installation progress; 2) Brown NationaLease (BNL) was awarded under the Vehicle and Equipment Replacements - Highway Diesel Vehicles and Buses category. BNL ordered trucks on 9/26/18 with a scheduled build date of 1/25/19. BNL notes the trucks were assigned build slots at the factory but were still waiting on confirmation that the trucks were indeed built; 3) Burke Marketing Corporation was awarded under the Verified Idle Reduction Technologies - Electrified Parking Spaces category. Burke ordered equipment on 9/13/18 and installed the charging stations; 4) Des Moines Area Regional Transit Authority (DART) was awarded under the Vehicle and Equipment Replacements - Highway Diesel Vehicles and Buses category. DART met with the vendor on a couple of occasions to review production and other testing requirements; 5) Iowa Northern Railway Company (IANR) was awarded under the Verified Idle Reduction Technologies - Locomotives category. IANR ordered equipment on 8/30/18 and started installing the equipment on 10/22/2018. Two locomotive installations are complete, four are currently in the shop for HotStart installations, and 13 still remain.
Did you award any rebates or subawards during the reporting period? If so, list the recipients and how much funding they received.	No, missed the quarter by one day. Participant support costs were awarded 2018 DERA funding to one participant for three marine engine replacements on April 1, 2019.
Provide a comparison of actual accomplishments with the anticipated outputs/outcomes and timelines/milestones specified in the project Work Plan.	The project period for FY 2017 was extended to September 30, 2019. Therefore, all but one FY 2017 awarded projects are on schedule for completion, barring any unforeseen circumstances. I will be asking for an extension on the FY 2017 and FY 2018 awards. In looking at the FY 2018 Work Plan, the timeline and milestones had not been in line with how the program is running currently. For example, the Work Plan notes that participants would begin their projects on December 1, 2018 when the date actually became April 1, 2019. Not holding to the original timeline in the beginning put the program back a couple of months as well as the underestimation of time needed for awarding projects, approvals, and document signing set the program back a few more months. Three marine engine replacement projects were officially awarded on April 1, 2019. The total expected tons of diesel exhaust reduction achieved for the three FY 2018 marine engine replacement projects are: 16.138 for NOx, 0.607 for PM2.5, 0.586 for HC, 1.988 for CO, and 1,153.4 for CO2. The total cost-effectiveness combined for all three projects in \$/ton are: \$472,927 for NOx, \$11,696,553 for PM2.5, \$12,556,610 for HC, \$4,170,051 for CO, and \$5,480 for CO2. Health benefits resutlts show a total of 0.607 for Annual Diesel PM2.5 Reduction (short tons) and Annual Benefits of \$323,000.

		April 2010		
If anticipated outputs/outcomes and/or timelines/milestones are not met, why not? Did you encounter any problems during the reporting period which may interfere with meeting the project objectives?	The selected participants for FY 2018 were first timers and that with their legal counsel review of the requirements and some edute of September but I explained that an end date cannot be explained diesel engines are great projects due to their high operamonths slowed their heater installations. DART received some Altoona testing until February 2020 and the deadline for delive winter that impacted their ability to maintain their intended schools have to finish before September ends.	email back and forth with questions. They didn't like the end extended without their first being a date to extend. Replacing thing hours and older tier levels. AE noted that colder winter bad news that the bus they ordered would not complete the ery was pushed to June 2020. IANR experienced a harsh		
How do you propose to remedy any problems? Identify how and the date you will get back on course to meet the anticipated outputs/outcomes and/or timelines/milestones specified in the project work plan.	For the most part, we are on course for FY 2017 projects. Four of five awarded projects indicate they should finish by the performance period end date and one project plus the three FY 2018 awarded projects look like they will go beyond the performance period end date (all four relate to engine/vehicle replacement). There is nothing really one can do about the delay in testing and production of the electric bus.			
If any cost-shares are reported for this Reporting Period in Table 1 above, identify the source of the funds.	n/a			
Was any program income generated during the reporting period? Identify amount of program income, how it was generated, and how the program income was/will be used.	n/a			
Did any public relations events regarding this grant take place during the reporting period?	No.			
What is the URL for the state website listing the total number and dollar amount of subawards, rebates, or loans provided, as well as a breakdown of the technologies funded? Please also list any other state websites used for outreach related to the State DERA Grant Program.	https://iowadot.gov/dera/previous-dera-awards	http://www.iowadnr.gov/Environmental-Protection/Air- Quality/DERA-Grants		
What project activities are planned for the next reporting period?	FY 2017 awarded projects: 1) AED plans to install 30 more heaters by June 2019 and provide driver training on the new equipment; 2) BNL is hopeful the the trucks have been built and is looking forward to them being delivered in the next 30 days to move forward with installation of truck body and refrigeration units; 3) Burke will be submitting a claim for reimbursement; 4) DART will continue to meet with Proterra to receive updates on the timeline and delivery of the electric bus while they proceed with installing their electric infrastructure upgrades; 5) IANR will continue to install equipment on one locomotive every 1.5 weeks until all are complete. Four are in the shop and 13 remain. FY 2018 awarded projects: I will have an update with the next report regarding purchase order date, estimated delivery date, estimated installation date, and estimated completion date.			

Quarterly Report - DERA State Grant Program FY17-FY18 Project Narrative

Office of Transportation and Air Quality National Clean Diesel Campaign April 2018

	Table 3. Subaward Reporting Requirements					
Requirement	Response					
Summaries of results of reviews of financial and programmatic reports	n/a					
Summaries of findings from site visits and/or desk reviews to ensure effective subrecipient performance	n/a					
Environmental results the subrecipient achieved	n/a					
Summaries of audit findings and related pass-through entity management decisions	n/a					
Actions the pass-through entity has taken to correct deficiencies such as those specified at 2 CFR 200.331(e), 2 CFR 200.207 and the 2 CFR 200.338 Remedies for Noncompliance	n/a					

U. S. Environmental Protection Agency State Clean Diesel Grant Program - Quarterly Report

Grant Recipient	Iowa Department of Transportation				
Grant #	97761001				
Reporting Period	Apr. 1, 2019 - June 30, 2019				

WORKPLAN BUDGET	FY17	FY18
Total EPA Funds Awarded	\$350,256.00	\$412,685.00
Total Mandatory Cost-Share		
Total Voluntary Matching Funds	\$300,000.00	\$300,000.00
Total Project Costs	\$650,256.00	\$712,685.00

Instructions: Complete all relevant fields in this worksheet and use the other

Table 1. Rate of Expenditure. Record all funds expended for each budget category.								
	Federal Funds	Mandatory Cost- Share Expended this	Voluntary Match Expended this Reporting Period		Cumulative Federal Funds	Cumulative Mandatory Cost-	Cumulative Voluntary Match Expended	
	Expended this							
	Reporting Period	Reporting Period	Mitigation Funds	Other Funds	Expended	Share Expended	Mitigation Funds	Other Funds
Personnel								
Fringe Benefits								
Travel								
Equipment								
Supplies								
Contractual								
Subawards								
Participant Support Costs								
(e.g., Rebates)						Q.		
Other								
Indirect Charges								
TOTALS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.0

Table 2. Narrative Responses					
Question	Answer				
What actual accomplishments occurred during the reporting period?	Just prior to the reporting peiod on March 14, 2019, the Iowa DOT received advance funding from the Volkswagen Environmental Trust for State Beneficiaries in the amount \$600,000.00 for the FY 2017 and FY 2018 projects. During the quarter of April 1, 2019 through June 30, 2019, the Iowa DOT was able to officially award three 2018 projects on April 1, 2019 and were added to the website on April 19, 2019. Updates on the five projects selected for the 2017 funding: 1) Anderson Erickson Dairy (AED) was awarded under the Verified Idle Reduction Technologies - Highway category. Previously, AE had installed 34 (of 85) heaters. From 4/1/19 to 6/30/19, AE installed an additional 32 heaters, totaling 66 of 85.; 2) Brown NationaLease (BNL) was awarded under the Vehicle and Equipment Replacements - Highway Diesel Vehicles and Buses category. BNL ordered trucks on 9/26/18 with a scheduled build date of 1/25/19. BNL notes the trucks were built and delivered to thier service location. BNL has begun their service inspection on them and anticipate putting them into service by end of July; 3) Burke Marketing Corporation was awarded under the Verified Idle Reduction Technologies - Electrified Parking Spaces category. Burke ordered equipment on 9/13/18 and installed the charging stations but have not submitted paperwork, invoices, etc. for reimbursement; 4) Des Moines Area Regional Transit Authority (DART) was awarded under the Vehicle and Equipment Replacements - Highway Diesel Vehicles and Buses category. DART met with Proterra to review the electric bus specifications as well as schedule a pre-production meeting on-site at Proterrra; 5) Iowa Northern Railway Company (IANR) was awarded under the Verified Idle Reduction Technologies - Locomotives category. IANR ordered equipment on 8/30/18 and started installing the equipment on 10/22/2018. Fifteen locomotive HotStart installations are complete, and five still remain. Updates on the five projects selected for the 2018 funding: 1) Sunflower Enterprises, Inc. (SE Katie Ann) was awar				
Did you award any rebates or subawards during the reporting period? If so, list the recipients and how much funding they received.	Participant support costs were awarded 2018 DERA funding to one participant (Sunflower Enterprises, Inc.) for three marine engine replacements on April 1, 2019. The Katie Ann marine engine replacement received \$243,380 or 40% of eligible costs, whichever is less. The Randy Kanipe marine engine replacement received \$170,381 or 40% of eligible costs, whichever is less. The Tigre marine engine replacement received \$240,180 or 40% of eligible costs, whichever is less.				



		April 2018			
Provide a comparison of actual accomplishments with the anticipated outputs/outcomes and timelines/milestones specified in the project Work Plan.	The project period for FY 2017 was extended by EPA to September 30, 2019. It is expected that four FY 2017 awarded projects are on schedule for completion, barring any unforeseen circumstances. One FY 2017 electric bus replacement project has encountered delays with the manufacturer. A request was granted for the project to extend its deadline to September 30, 2020 to allow delivery of the new electric bus. As noted in previous status reports, the timeline and milestones for the FY 2018 Work Plan had not been in line with how the program is currently operating. For example, the Work Plan notes that participants would begin their projects on December 1, 2018 when the date actually became April 1, 2019. Not holding to the original timeline in the beginning put the program back a couple of months as well as the underestimation of time needed for awarding projects, approvals, and document signing set the program back a few more months. Three marine engine replacement projects were officially awarded on April 1, 2019. The total expected tons of diesel exhaust reduction achieved for the three FY 2018 marine engine replacement projects are: 16.138 for NOx, 0.607 for PM2.5, 0.586 for HC, 1.988 for CO, and 1,153.4 for CO2. The total cost-effectiveness combined for all three projects in \$/ton are: \$472,927 for NOx, \$11,696,553 for PM2.5, \$12,556,610 for HC, \$4,170,051 for CO, and \$5,480 for CO2. Health benefits resutlts show a total of 0.607 for Annual Diesel PM2.5 Reduction (short tons) and Annual Benefits of \$323,000. Because of the late start to FY 2018 projects and the type of projects selected, a request was approved to extend the completion deadline of the three FY 2018 projects to September 30, 2020. There is an expected long lead time for delivery of the engines and drydock availability to install the new engines is available for one marine vessel at a time.				
If anticipated outputs/outcomes and/or timelines/milestones are not met, why not? Did you encounter any problems during the reporting period which may interfere with meeting the project objectives?	The selected participants for FY 2018 were first timers and that slowed them down with signing the project agreements, with their legal counsel review of the requirements and some email back and forth with questions. They didn't like the end date of September but I explained that an end date cannot be extended without their first being a date to extend. Replacing marine diesel engines are great projects due to their high operating hours and older tier levels. AE had a delay in the installation of some heaters because they found needing to repair some of their trucks before they were able to send the trucks back out to their drivers. DART received some bad news that the bus they ordered would not complete the Altoona testing until February 2020 and the deadline for delivery was pushed to June 2020. IANR noted that no delays are expected with their remaining installations and is scheduled to be completed on-time. Burke are waiting on invoices to come in.				
How do you propose to remedy any problems? Identify how and the date you will get back on course to meet the anticipated outputs/outcomes and/or timelines/milestones specified in the project work plan.	AE noted that the installs were going quickly but they were having difficulty obtaining the inovices from the vendor. Burke mentioned a similar situation about waiting on final invoices to arrive. They are working to get those invoices in order to submit a claim for the next reporting period. For the most part, projects are on course for FY 2017, except for DART electrib bus project. Four of five awarded projects indicate they should finish by the performance period end date and one project plus the three FY 2018 awarded projects look like they will go beyond the performance period end date (all four relate to engine/vehicle replacement). These last four project have been extended to September 2020.				
If any cost-shares are reported for this Reporting Period in Table 1 above, identify the source of the funds.	No cost-shares are reported for this reporting period. Reimburs claims, invoices, etc. have been turned in at this time.	sement claims have been sent out to project sponsors but no			
Was any program income generated during the reporting period? Identify amount of program income, how it was generated, and how the program income was/will be used.	No. n/a.				
Did any public relations events regarding this grant take place during the reporting period?	No.				
What is the URL for the state website listing the total number and dollar amount of subawards, rebates, or loans provided, as well as a breakdown of the technologies funded? Please also list any other state websites used for outreach related to the State DERA Grant Program.	https://iowadot.gov/dera/previous-dera-awards	http://www.iowadnr.gov/Environmental-Protection/Air- Quality/DERA-Grants			
What project activities are planned for the next reporting period?	FY 2017 awarded projects: 1) AE plans to finish installing hea old units disabled by the end of July or early August; 3) Burke on a final invoice; 4) DART will continue to meet with Proterr electric bus while they proceed with installing their electric inf HotStart installations. projects: 1) SE Katie Ann is expecting to order/purchasse enginer and components; 3) SE Tigre is expect	will be submitting a claim for reimbursement. Still waiting ra to discuss updates on the timeline and delivery of the rastructure upgrades; 5) IANR will install the remaining five FY 2018 awarded ine and components; 2) SE Randy Kanipe is expecting to			

Table 3. Subaward Reporting Requirements					
Requirement	Response				
Summaries of results of reviews of financial and programmatic reports	n/a				
Summaries of findings from site visits and/or desk reviews to ensure effective subrecipient performance	n/a				
Environmental results the subrecipient achieved	n/a				
Summaries of audit findings and related pass-through entity management decisions	n/a				
Actions the pass-through entity has taken to correct deficiencies such as those specified at 2 CFR 200.331(e), 2 CFR 200.207 and the 2 CFR 200.338 Remedies for Noncompliance	n/a				