

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

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)

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

SUMMARY

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

SUMMARY ATTACHMENT

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

The primary goal of the State of Delaware's Volkswagen Environmental Mitigation plan is to improve and protect ambient air quality by implementing eligible mitigation projects that will achieve significant and sustained reductions in NOx emission exposures in areas with poor air quality; areas with historical air quality issues; and areas that receive a disproportionate quantity of air pollution from diesel. The Delaware Department of Natural Resources and Environmental Control (DNREC) is partnering with the Delaware Department of Education (DoEd), ASA Transportation (ASA), and Lehane's Bus Service, Inc. (Lehane) to scrap and replace 23 older diesel school buses. A total of 14 school buses will be replaced as clean diesel and 5 will be replaced as propane through Phase 1 – Year 4 under the Volkswagen Environmental Trust Program with the DoEd. Asa Transportation is replacing one diesel school bus and Lehane is replacing three diesel buses with clean diesel under Appendix-D-2 under the Volkswagen Environmental Mitigation Plan and the State Clean Diesel Program. Advanced Student Transportation has one bus listed under the DERA Option but they had to cancel their project with the Department due to staffing and COVID reasons.

The three project partners are committed to providing schools with reliable, innovative, and efficient green transportation solutions. Air pollution from diesel vehicles has health implications for everyone, but children are more susceptible because they breathe more air per pound of body weight than do adults. Children riding older diesel school buses are exposed to significant levels of fine particulate matter and other harmful pollutants. Although school bus engines burn cleaner than those of a decade ago, Delaware is motivated by saving fuel costs and reducing school children's exposure to cancer-causing and smog forming pollution through the replacement of old diesel school buses throughout the state. The FY2021 DERA workplan and the Delaware's Volkswagen Environmental Mitigation Plan are attached to further support this funding request.

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

The Delaware Department of Natural Resources and Environmental Control (DNREC) is partnering with the Delaware Department of Education (DoEd) to scrap and replace 19 older diesel school buses (Phase 1-Year 4). An additional eight school buses are being replaced through the FY2021 Clean Diesel Emission Reduction Act grant (DERA) Program with Volkswagen Mitigation Funds as the cost share (Phase 4). The DoEd school buses will serve 4 school districts around the state. The Asa Transportation and Lehane Bus Service school buses will serve Kent and New Castle, respectively. The replacement school buses will be fueled by clean diesel or propane under the following replacement schedule:

School Bus Replacement Program	Propane	Diesel	Total
Appendix D-2 Eligible Mitigation Action Replacement (Phase 1 Year 4)	5	14	19
FY2021 DERA Grant/Phase 4 – Asa Transportation	-	1	1
FY2021 DERA Grant/Phase 4 – Lehane Bus Service	-	3	3
Total	5	18	23

Describe How the Beneficiary will Make Documentation Publicly Available (5.2.7.2)

Subparagraph 5.2.7.2 of the Environmental Mitigation Trust Agreement for State Beneficiaries requires that Beneficiaries include in their funding requests:

A commitment by the Beneficiary to maintain and make publicly available all documentation submitted in support of the 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, together with an explanation of the procedures by which the Beneficiary shall make such documentation publicly available;

The Department of Natural Resources and Environmental Control (DNREC) in the State of Delaware is committed to maintaining and making publicly available all documentation submitted in support of the funding requests and all records supporting all expenditures of Eligible Mitigation Action funds.

The public will be able to view funding requests on the DNREC website. DNREC will maintain these records on the Volkswagen (VW) Environmental Mitigation Trust Fund specific webpage. The webpage is designed to support public access and limit burden for the general public. The webpage can currently be found at <https://dnrec.alpha.delaware.gov/air/mobile-sources/vw-mitigation-plan/>.

DNREC has also created an electronic listserv. The Listserv is open to the public, used to communicate news, events, and information related the Environmental Mitigation Trust Fund. The listserv is advertised through the website and at public events related to the Volkswagen Environmental Mitigation Fund.

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

Air pollution from diesel vehicles has health implications for everyone, but children are more susceptible because they breathe more air per pound of body weight than do adults. Children riding older diesel school buses are exposed to significant levels of fine particulate matter and other harmful pollutants. Although school bus engines burn cleaner than those of a decade ago, Delaware is motivated by saving fuel costs and reducing school children's exposure to cancer-causing and smog forming pollution through the replacement of old diesel school buses.

The lifetime emission reductions (in short tons) for the school buses are as follows:

School Bus Replacement Program	Buses	NOx	PM2.5	HC	CO
Appendix D-2 Eligible Mitigation Action Replacement (Phase 1 Year 4)	19	3.037	0.075	0.277	1.321
FY2021 DERA Grant/Phase 4 – Asa	1	0.260	0.023	0.036	0.131
FY2021 DERA Grant/Phase 4 – Lehane	3	0.780	0.070	0.107	0.394

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

The Delaware Department of Natural Resources and Environmental Control sent emails to the representatives from the U.S. Department of the Interior and the U.S. Department of Agriculture listed in subparagraph 4.2.8 of the State Trust Agreement on February 19, 2018.

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).

The State of Delaware has been designated by the U.S. Environmental Protection Agency (EPA) as non-attainment for ozone (2008 and 2015 standards) in New Castle County and Sussex (2008 standards). Delaware's New Castle County has also been re-designated as attaining the fine particulate matter standard for both 1997 and 2006. New Castle County has a 10-yr maintenance plan in place.

The Department has recommended that FY2021 Diesel Emission Reduction Act (DERA) funds and Volkswagen Environmental Mitigation Funds under Phase 1 and Phase 4 be used to replace diesel school buses with cleaner school buses. DNREC's 2017 Emissions Inventory has concluded that up to 38% of in-state NOx emissions can be attributed to the transportation sector. Delaware's emissions from heavy and medium duty vehicles (which include school buses) are becoming an increasingly larger source of overall mobile source emissions for nitrogen oxides (NOx).

Studies have demonstrated that older, more polluting diesel school buses present significant health risks for the students who typically ride the bus. This includes the exacerbation of pre-existing pulmonary disorders such as asthma. Asthma is the most common long-term childhood disease, making newer and cleaner buses an urgent priority. Additionally, children are more susceptible to air pollution because their respiratory systems are still developing and they have faster breathing rates than do adults.

Lastly, replacing school buses with buses that operate on cleaner burning fuel will assist the Department in reducing emissions in Delaware's environmental justice areas. Environmental Justice is the act of equity among all races, ethnicities, income, and social classes of people and includes any census tract with a poverty level of 20% or higher and where 30% or more are considered minorities. The Department of Education buses will serve 4 school districts in Kent and New Castle County, respectively. The Department's mission relative to environmental justice ensures that no particular area receives disproportionate environmental impacts due to air pollution.

If applicable, describe how the mitigation action will mitigate the impacts of NO_x 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]

ATTACHMENT B

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

Project management Plan/ Project Schedule and Milestones

Milestone	Date
Solicitation of Phase 4 DERA Option Project Partner	Q1 2022
Solicitation of School buses – Department of Education (Phase 1 Year 4)	Q3 2021
Asa Transportation and Lehane Bus Service selected for Phase 4	Q3 2021
EPA Granted Award	Q3 2021
Department of Education submits ITB & selects vendors	Q4 2021 /Q1 2022
Department of Education orders replacement school buses	Q1 2022
DNREC/Asa & DNREC/Lehane contracts signed for Phase 4 for DERA Option and DNREC/Department of Education MOU signed for Phase 1 Year 4.	Q4 2021 /Q1 2022
Trustee Receives Funding Request - Funding Approved and Issued to DNREC	Q3 2022
DNREC makes reimbursements	Q4 2022

Project Budget

Budget Category	Federal DERA Grant Funds	Share of Total Budget Funded by the Trust	Cost Share (Paid by Project Partner)	Sub-Total
School Bus Replacements – VW Phase 1 Year 4 (19 bus replacements)	\$0.00	\$624,204.90	\$1,456,478.10	\$2,080,683.00
School Bus Replacements – FY 2021 DERA/VW (4 bus replacements)	\$10,978.00	\$76,301.25	\$261,837.75	\$349,117.00
Project Totals	\$10,978.00	\$700,506.15	\$1,718,315.85	\$2,429,800.00
Percentage	0.5%	28.8%	71.1%	

PROJECTED TRUST ALLOCATIONS

	2022
1. Anticipated Annual Project Funding Request to be paid through the Trust	\$700,506.15
2. Anticipated Annual Cost Share	\$1,718,315.85
3. Anticipated Total Project Funding by Year (line 1 plus line 2)	\$2,418,822.00
4. Cumulative Trustee Payments Requested/Made to Date Against Cumulative Approved Beneficiary Allocation	\$ 0
5. Current Beneficiary Project Funding to be paid through the Trust (line 1)	\$700,506.15
6. Total Funding Allocated to Beneficiary, inclusive of Current Action by Year (line 4 plus line 5)	\$700,506.15
7. Beneficiary Share of Estimated Funds Remaining in Trust	\$ 6,562,200.22
8. Net Beneficiary Funds Remaining in Trust, net of cumulative Beneficiary Funding Actions (line 7 minus line 6)	\$5,861,694.07

ATTACHMENT C

Detailed Plan For Reporting On Eligible Mitigation Action Implementation

The Delaware Department of Natural Resources and Environmental Control (DNREC) will provide detailed reporting on Volkswagen Phase 1 – year 4 School Bus Replacements and the Category 10 – FY2021 DERA grant option for all school bus replacements in the following ways:

- Timely updates to DNREC Volkswagen (VW) Environmental Mitigation Plan webpage.
- Delaware’s semiannual reporting obligations to Wilmington Trust (the “Trustee”); and
- Quarterly reports submitted to the Environmental Protection Agency (EPA).

DNREC maintains a Volkswagen (VW) Environmental Mitigation specific webpage that has been designed to support public access and limit burden for the general public. DNREC’s VW specific webpage can be found at <https://dnrec.alpha.delaware.gov/air/mobile-sources/vw-mitigation-plan/>. Timely updates to the webpage will inform the general public on the each project’s status.

DNREC shall, in the next semiannual report following the Trustee’s approval of this project, describe the progress implementing this Eligible Mitigation Action that will include a summary of all costs expended on the Eligible Mitigation Action through the reporting date per 5.3 of the Environmental Mitigation Trust Agreement for State Beneficiaries. The report will also include a complete description of the status, development, implementation (including project schedule and milestone updates), and any modification to this Eligible Mitigation Action.

Finally, one of the requirements of the FY 2021 Diesel Emission Reduction Act (DERA) State Clean Diesel Grant Program is the timely submission of quarterly reports to the EPA. DNREC will submit timely reports to the EPA. They will also be included in the semiannual reports that DNREC provides to the Trustee.

ATTACHMENT D

Detailed Cost Estimates From Selected or Potential Vendors For Each Proposed Expenditure Exceeding \$25,000.

The Delaware Department of Natural Resources and Environmental Control (DNREC) has provided detailed cost estimates from the Delaware Department of Education, as well as, from Asa Transportation and Lehane Bus Service. The Department has included a copy of the estimates and copies costs from American Bus, IG Burton and Wolfington Body Co. for the Delaware Department of Education school bus replacements.

Table 1 – School Buses for Replacement - Department of Education - Volkswagen Phase 1 Year 4							
School District*	Existing VIN	Model Year	EPA Funds	Volkswagen Environmental Mitigation Funds (VW)	Mandatory Cost Share	Total	Vendor
Brandywine (P)	4DRBUSKP18A576653	2008		\$30,094.50	\$70,220.50	\$100,315.00	Wolfington
Brandywine (P)	1HVBBABM61H407763	2002		\$30,094.50	\$70,220.50	\$100,315.00	Wolfington
Brandywine (P)	4UZAAXDH26CV56386	2006		\$30,094.50	\$70,220.50	\$100,315.00	Wolfington
Caesar Rodney (P)	4UZAAXDH07CX15486	2007		\$30,094.50	\$70,220.50	\$100,315.00	Wolfington
Caesar Rodney (P)	4UZAAXDH47CX15488	2007		\$30,094.50	\$70,220.50	\$100,315.00	Wolfington
Capital (D)	4UZAAXDH96CV84203	2006		\$35,614.20	\$83,099.80	\$118,714.00	I.G. Burton
Capital (D)	1BAKGCKH97F242473	2007		\$28,593.90	\$66,719.10	\$95,313.00	Wolfington
Christina (D)	1BAKGCPH79F259994	2009		\$39,367.80	\$91,858.20	\$131,226.00	I.G. Burton
Christina (D)	1HVBBABP14H603026	2004		\$39,367.80	\$91,858.20	\$131,226.00	I.G. Burton
Christina (D)	4DRBUAFM55B975419	2005		\$34,610.10	\$80,756.90	\$115,367.00	American Bus
Christina (D)	4DRBUSK68A576664	2008		\$34,610.10	\$80,756.90	\$115,367.00	American Bus
Christina (D)	4UZABRDUX9CAD3626	2009		\$30,479.10	\$71,117.90	\$101,597.00	Wolfington
Christina (D)	4UZAAWDH56CV56537	2006		\$34,872.00	\$81,368.00	\$116,240.00	I.G. Burton
Christina (D)	4UZAAWDH07CX46117	2007		\$34,872.00	\$81,368.00	\$116,240.00	I.G. Burton
Christina (D)	4UZAAWDH76CV56541	2006		\$34,872.00	\$81,368.00	\$116,240.00	I.G. Burton
Christina (D)	1BAKGCPH75F225538	2005		\$35,081.70	\$81,857.30	\$116,939.00	I.G. Burton
Christina (D)	1BAKGCPH75F225541	2005		\$31,323.30	\$73,087.70	\$104,411.00	Wolfington
Christina (D)	4DRBUSKP78A576429	2008		\$30,034.20	\$70,079.80	\$100,114.00	American Bus
Christina (D)	4DRBUSKP38A576430	2008		\$30,034.20	\$70,079.80	\$100,114.00	American Bus
Total				\$624,204.90	\$1,456,478.10	\$2,080,683.00	Wolfington

Table 2 – School Buses for Replacement - Volkswagen Phase 4 DERA 10 Option						
Transportation Provider	Existing VIN	Model Year	EPA Funds	Volkswagen Environmental Mitigation Funds (VW)	Mandatory Cost Share	Total
Asa Transportation, Inc.	1BAKGCKA76F234275	2006	\$10,978.00	\$11,147.00	\$66,375.00	\$88,500.00
Lehane's Bus Service, Inc.	4DRBRABN44A966585	2004		\$21,425.00	\$64,275.00	\$85,700.00
	4DRBRABNX4A966705	2004		\$21,425.00	\$64,275.00	\$85,700.00
	1HVBBABP64H655896	2004		\$22,304.25	\$66,912.75	\$89,217.00
Total			\$10,978.00	\$76,301.25	\$261,837.75	\$349,117.00

Total Funds	EPA Funds	Volkswagen Environmental Mitigation Funds (VW)	Mandatory Cost Share	Total
Total Phase 1 - Year 4 (Table 1)	\$0.00	\$624,204.90	\$1,456,478.10	\$2,080,683.00
Total Phase 4 DERA Option (Table 2)	\$10,978.00	\$76,301.25	\$261,837.75	\$349,117.00
Total	\$10,978.00	\$700,506.15	\$1,718,315.85	\$2,429,800.00
Percentage of Funds	0.5%	28.8%	71.1%	

AGREEMENT BETWEEN THE DEPT. OF EDUCATION AND VENDOR

Agreement made this 20th day of December in the year Two Thousand and Twenty-one (2021) between the Department of Education and Vendor:

American Bus Sales & Service, Inc.
195 Defense Highway
Annapolis, MD 21401


for the following school buses on ITB DOE #2022-05(a):

UNIT	TYPE	STATE SHARE	DISTRICT	DISTRICT SHARE	TOTAL COST PER UNIT
16-19	72/D/A	\$411,908.00	Capital	\$8,400.00	\$105,077.00
26-27	84/D/A	\$209,924.00	Colonial	\$20,810.00	\$115,367.00
35-36	72/D/A	\$199,958.00	Seaford	\$270.00	\$100,114.00
38*	72/D/A	\$101,619.00	Indian River	\$135.00	\$101,754.00
54 (a-e)*	24/G/A	\$0.00	Red Clay	\$305,855.00	\$61,171.00
*Unit 38 (1) unit is being awarded for Indian River School District. Additional unit(s) #38 are contingent on need and funding availability. Label Unit #38 as "Indian River School District"					
*Unit 54 (a-e) units are being awarded for Red Clay Consolidated School District. Additional unit(s) #54 are contingent on need and funding availability. Label Unit #54 as "Red Clay Consolidated School District"					

The Department of Education and Vendor agree to the following:

1. The contract consists of this Agreement and the specifications in ITB DOE #2022-05(a).
2. The work to be performed shall not commence or materials to be supplied shall not be ordered until the vendor receives the State of Delaware purchase order(s) to cover the cost of this contract.
3. Liquidated damages waived due to supply chain issues for parts and materials across the industry.

This Agreement executed the day and year first written above.



Kim Klein
Associate Secretary, Operations Support

12/21/2021


Date



Vendor

12-22-2021

Date


12/20/2021
BAH

52-1898449

Federal Employer's Identification Number

1995 113335

Delaware Business License Number



DEPARTMENT OF EDUCATION

Townsend Building
401 Federal Street Suite 2
Dover, Delaware 19901-3639
DOE WEBSITE: <http://www.doe.k12.de.us>

Susan S. Bunting, Ed.D.
Secretary of Education
Voice: (302) 735-4000
FAX: (302) 739-4654

December 20, 2021

Mr. Wayne Dhue
i.g. Burton, Inc.
793 Bay Road
Milford, DE 19963

Dear Mr. Dhue:

This is to advise you that your firm has been awarded Units 7-8, 24-25, 29-31, and 33 of ITB DOE #2022-05(b) for school buses. The Department of Education (DOE) is responsible for \$939,209.00 and the school districts are responsible for \$26,330.00 which results in an overall total of \$965,539.00.

Enclosed is the copy of the Agreement between the DOE and Vendor covering this transaction. Please sign this Agreement and return to DOE.

Upon receipt of the signed copy of this Agreement, your bid bond will be returned and a purchase order will be processed. DOE will also instruct the school districts to issue purchase orders for their costs of the options.

Sincerely,

A handwritten signature in blue ink that reads "Jennifer Carlson".

Jennifer Carlson
Director of Finance

Enclosures
cc: Mr. Tyler Bryan

AGREEMENT BETWEEN THE DEPT. OF EDUCATION AND VENDOR

Agreement made this 20th day of December in the year Two Thousand and Twenty-one (2021) between the Department of Education and Vendor:

i.g. Burton, Inc.
793 Bay Road
Milford, DE 19963

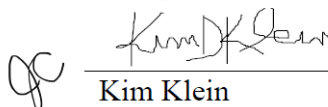
for the following school buses on ITB DOE #2022-05(b):

UNIT	TYPE	STATE SHARE	DISTRICT	DISTRICT SHARE	TOTAL COST PER UNIT
7-8	72/P/A	\$231,940.00	Brandywine	\$5,488.00	\$118,714.00
24-25	84/D/A	\$246,148.00	Colonial	\$16,304.00	\$131,226.00
29-31	72/P/A	\$345,816.00	Red Clay	\$2,904.00	\$116,240.00
33	72/P/A	\$115,305.00	Red Clay	\$1,634.00	\$116,939.00

The Department of Education and Vendor agree to the following:


1. The contract consists of this Agreement and the specifications in ITB DOE #2022-05(b).
2. The work to be performed shall not commence or materials to be supplied shall not be ordered until the vendor receives the State of Delaware purchase order(s) to cover the cost of this contract.
3. Liquidated damages waived due to supply chain for parts and materials across the industry.

This Agreement executed the day and year first written above.


Kim Klein
Associate Secretary, Operations Support

12/21/2021

Date

 12/20/2021
BAH


Vendor


Date

51-0102421
Federal Employer's Identification Number

1989012552
Delaware Business License Number



DEPARTMENT OF EDUCATION

Townsend Building
401 Federal Street Suite 2
Dover, Delaware 19901-3639
DOE WEBSITE: <http://www.doe.k12.de.us>

Susan S. Bunting, Ed.D.
Secretary of Education
Voice: (302) 735-4000
FAX: (302) 739-4654

December 20, 2021

Mr. Matthew Prince
Wolffington Body Co., Inc.
PO Box 218
Exton, PA 19341

Dear Mr. Prince:

This is to advise you that your firm has been awarded Units 1-6, 9, 10-12,13,14-15,20-23,28,32,34, and 41 of ITB DOE #2022-05(c) school buses. The Department of Education (DOE) is responsible for \$1,962,543.00 and the school districts are responsible for \$109,935.00 which results in an overall total of \$2,072,478.00

Enclosed is the copy of the Agreement between the DOE and Vendor covering this transaction. Please sign the copy of this Agreement and return to DOE.

Upon receipt of one copy of this Agreement, your bid bond will be returned and a purchase order will be processed. DOE will also instruct the school districts to issue purchase orders for their costs of the options.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Carlson".

Jennifer Carlson
Director of Finance

Enclosures
cc: Mr. Tyler Bryan

AGREEMENT BETWEEN THE DEPT. OF EDUCATION AND VENDOR

Agreement made this 20th day of December in the year Two Thousand and Twenty-one (2021) between the Department of Education and Vendor:

Wolfington Body Co., Inc.
PO Box 218
Exton, PA 19341

for the following school buses on ITB DOE #2022-05(c):

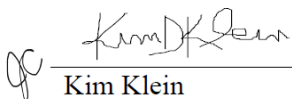
UNIT	TYPE	STATE SHARE	DISTRICT	DISTRICT SHARE	TOTAL COST PER UNIT
1-6	72/P/A	\$530,640.00	Brandywine	\$71,250.00	\$100,315.00
9	54/G/A	\$93,161.00	Cape Henlopen	\$650.00	\$93,811.00
10-12	54/D/A	283,989.00	Cape Henlopen	\$1,950.00	\$95,313.00
13	72/G/A	\$79,176.00	Cape Henlopen	\$10,655.00	\$89,831.00
14-15	72/D/L/A	\$202,738.00	Capital	\$3,610.00	\$103,174.00
20-23	60/D/L/A	\$375,988.00	Christina	\$7,220.00	\$94,802.00
28	54/D/L/A	\$97,517.00	Colonial	\$4,080.00	\$101,597.00
32	54/P/L/A	\$107,310.00	Red Clay	\$6,345.00	\$113,655.00
34	60/D/L/A	\$100,236.00	Seaford	\$4,175.00	\$104,411.00
41*	72/P	\$91,788.00	Caesar Rodney	\$0.00	\$91,788.00

*Unit 41 (1) unit is being awarded for Caesar Rodney School District. Additional unit(s) #41 are contingent on need and funding availability. Label Unit #36 as "Caesar Rodney School District"

The Department of Education and Vendor agree to the following:

1. The contract consists of this Agreement and the specifications in ITB DOE #2022-05(c)
2. The work to be performed shall not commence or materials to be supplied shall not be ordered until the vendor receives the State of Delaware purchase order(s) to cover the cost of this contract.
3. Liquidated damages waived due to supply chain issues for parts and materials across the industry.


This Agreement executed the day and year first written above.



Kim Klein
Associate Secretary, Operations Support

12/21/2021

Date


12/20/2021

BAT



Vendor Matthew Prince
Wolfington Body Co., Inc.

12 / 23 / 2021

Date

23-1230582

Federal Employer's Identification Number

1989003913

Delaware Business License Number

School Bus Replacement Application

General Information:

Applicant: <i>Asa Transportation, Inc.</i>			
Mailing Address: <i>2319 S. Dupont Hwy</i>			
City: <i>Dover</i>	State: <i>DE</i>	Zip: <i>19901</i>	County: <i>Kent</i>
Daytime Phone: <i>302-465-3266</i>		Alternate Phone: <i>302-698-3555</i>	
Email: <i>asatrans2003@yahoo.com</i>			
Tax Identification Number: <i>030404333</i>			
District(s) served: <i>Capital</i>			
Equipment Owner (if different from Applicant): <i>Same</i>			
Mailing Address:			
City:	State:	Zip:	County:
Daytime Phone:		Alternate Phone:	
Email:			

Vehicle Information

School Bus Replacements:	
Quantity	Number of Buses: <u>1</u>
Replacement Type	Propane _____ Clean Diesel <u>X</u>

Please enter vehicle specific information on your bus. This sheet allows input for 4 buses. Copy this sheet if more space is needed.

Vehicle Information	Vehicle Replacements			
Bus Number	<u>4</u>			
VIN	<u>1BAKGCKA76F234275</u>			
Engine Serial Number	<u>SAP 08186</u>			
Vehicle Make	<u>BLUE BIRD</u>			
Vehicle Model	<u>VISION</u>			
Vehicle Model Year	<u>2006</u>			
Engine Make				
Engine Model	<u>C7</u>			
Engine Model Year	<u>2006</u>			
Retrofit/Replacement Year	<u>N/A</u>			
Annual Fuel Used (gal/yr)	<u>2700</u>			
Annual Miles 2018	<u>13,500</u>			
Annual Miles 2019	<u>14,000</u>			
Annual Idling Hours				
Fuel Type	<u>Diesel</u>			
Remaining Life	<u>2</u>			
Normal Attrition Year	<u>14</u>			
Proposed Fuel Type	<u>Diesel</u>			
Technology Cost				

Project Budget

School Bus replacements require a 25% require a cost share. The applicant is responsible for detailing the proposed budget associated with the project. Please be as detailed as possible when completing your budget. Eligible Costs include the base price of new bus while Ineligible Costs include all administrative expenses such as taxes, titles, and registration. Copy this sheet if more space is needed.

Eligible Costs				
Make and Model	Capacity	Number of Each Item	Cost per Item	Estimated Costs
IC CE International	72	1	88,500	88,500
Total Eligible Costs				\$

Ineligible Costs				
Ineligible Item	Description	Number of Each Item	Cost per Item	Estimated Costs
Taxes	Taxes	1	2,177	2,177
Reg.	Registration	1	2,655	2,655
Repairs	Bus Repairs	Various	5,000	5,000
Total Ineligible Costs				\$ 9,832 =

Total Budget Summary	
1. Total Eligible Costs (from above)	\$ 88,500
2. Total Ineligible Costs (from above)	\$ 9,832
3. Total Costs	\$ 98,332
4. Total Cost share required from DERA or VW (25% of line 1)	\$ 22,125

Documentation Required:

- Copy of Title and Registration for each vehicle being replaced
- Copy of Vehicle Insurance
- Dated and Itemized Dealer Quote for each new bus. (Note: Taxes and registration are not included in reimbursement.)



MAIN OFFICE
Route 100 N., PO Box 218
Exton, PA 19341
Phone 610-458-8501
Toll-Free 1-800-662-2435
FAX 610-458-0293

CENTRAL PA BRANCH
Route 11 & 15
New Buffalo, PA 17069
Phone 717-834-3187
Toll-Free 1-800-248-9197
FAX 717-834-9545

NEW JERSEY BRANCH
1315 Route 38, PO Box 160
Mount Holly, NJ 08060
Phone 609-267-0763
Toll-Free 1-800-328-7636
FAX 609-261-9478

VISIT US ON THE WEB AT: www.wolfington.com

Order No.

Date: 04/27/21

(1) New 2022 IC CE 72 Passenger School Bus

Sale Price \$ 88,500.00

Cummins Diesel 6.7 ISB 24 HP Engine

Allison 2500 Automatic Transmission

Hydraulic Brake System Auto Adjustment 4 Channel ABS

Tinted Passenger Windows, 3 EE Windows per side,

100 Gallon Fuel Tank, Powder Coated Steel, Wheels White Roof

Cummins 5 Year Engine Warranty

Allison 7 Year Transmission Warranty

HOW TITLED

ASA Transportation
2319 S. DuPont highway
Dover, DE19901

Wolfington Body Company, Inc.

Tag & Title Fees

Tax

TOTAL

Less Deposit
Check

Balance Due
on Completion

TBD			
N/A			
	88,	500	.00
	1,	000	.00
	87,	500	.00



PURCHASER'S SIGNATURE

ADDRESS

CITY & STATE

PHONE NO.

Rick Damiani

Sales Representative

Accepted:

President or Vice President

CONDITIONS: Delivery is subject to strikes, fires, floods, Government interference or any other cause not within your control, and is sold "as is". • "As is" means that the condition or equipment of this vehicle is not guaranteed in any detail; and the purchaser understands and agrees that no warranty, expressed or implied, of this motor vehicle is made by this company, and the purchaser agrees not to make any claims against same. • It is expressly agreed that legal title to this vehicle shall not pass to me until the full purchase price thereof, as stipulated, shall have been paid by me. • It is agreed that said vehicle has not been represented to me as a model of any particular year, it being clear to me that the vehicle is sold by model or type, and not by calendar year of manufacture. • I agree that you may retain my deposit as liquidated damages, if I fail to accept the vehicle and its specified equipment and pay the balance due as herein required.

School Bus Replacement Application

General Information:

Applicant: <u>Lehanes Bus Service, Inc</u>			
Mailing Address: <u>1705 Wilmington Rd.</u>			
City: <u>New Castle</u>	State: <u>DE</u>	Zip: <u>19720</u>	County: <u>NCC</u>
Daytime Phone: <u>302-328-7100</u>		Alternate Phone:	
Email: <u>Lehanes.cp@gmail.com</u>			
Tax Identification Number: <u>51-0356894</u>			
District(s) served: <u>Colonial School district & Charter</u>			
Equipment Owner (if different from Applicant): <u>Same as above</u>			
Mailing Address:			
City:	State:	Zip:	County:
Daytime Phone:		Alternate Phone:	
Email:			

Vehicle Information

School Bus Replacements:	
Quantity	Number of Buses: <u>3</u>
Replacement Type	Propane _____ Clean Diesel <u>X</u>

Please enter vehicle specific information on your bus. This sheet allows input for 4 buses. Copy this sheet if more space is needed.

Vehicle Information	Vehicle Replacements			
Bus Number	2705	2406	2418	
VIN	4DRBRABN44A966585	4DRBRABN44A966705	1HVBABP64H64H655896	
Engine Serial Number				
Vehicle Make	International	International	International	
Vehicle Model	School bus	School BUS	School bus	
Vehicle Model Year	2004	2004	2004	
Engine Make	IC	IC	IC	
Engine Model	V8	V8	V8	
Engine Model Year	2004	2004	2004	
Retrofit/Replacement Year				
Annual Fuel Used (gal/yr)	10,950	10,950	10,950	
Annual Miles 2018	30K	30K	30K	
Annual Miles 2019	30K	30K	30K	
Annual Idling Hours	1,080 mins	1,080 mins per year	1,080 mins per year	
Fuel Type	Diesel	Diesel	Diesel	
Remaining Life	7-10 years	7-10 years	7-10 yrs	
Normal Attrition Year	2018	2018	2018	
Proposed Fuel Type	diesel	diesel	diesel	
Technology Cost				

1. Add

Project Budget

School Bus replacements require a 25% require a cost share. The applicant is responsible for detailing the proposed budget associated with the project. Please be as detailed as possible when completing your budget. Eligible Costs include the base price of new bus while Ineligible Costs include all administrative expenses such as taxes, titles, and registration. Copy this sheet if more space is needed.

Eligible Costs				
Make and Model	Capacity	Number of Each Item	Cost per Item	Estimated Costs
2021 Blue Bird	72	1	85,700.00	85,700.00
2021 Blue Bird	72	1	85,700.00	85,700.00
2022 Blue Bird	72	1	89,217.00	89,217.00
Total Eligible Costs				260,617.00

Ineligible Costs				
Ineligible Item	Description	Number of Each Item	Cost per Item	Estimated Costs
	Pending by the DMV			
Total Ineligible Costs				\$

Total Budget Summary	
1. Total Eligible Costs (from above)	\$ 260,617.00
2. Total Ineligible Costs (from above)	\$ Pending
3. Total Costs	\$
4. Total Cost share required from DERA or VW (25% of line 1)	\$ 65,154.25

Documentation Required:

- Copy of Title and Registration for each vehicle being replaced
- Copy of Vehicle Insurance
- Dated and Itemized Dealer Quote for each new bus. (Note: Taxes and registration are not included in reimbursement.)

To:

Lehanes Bus Service Inc.

1705 Wilmington Rd

New Castle, DE 19720

302-653-3886

ATTN: Crisi Lehane

Mrs. Lehane,

I would like to thank you for your business. This letter serves as a quotation for a unit to be ordered.
The specifications of the unit are as followed:

Make – Bluebird

Model – Vision

GVWR- 29,500lb.

Engine Model Year – 2021

Purchase Price - \$89,217.00

For more detailed specifications please reference quote number 200652.

Thank You,

Gordon Dhue

i.g. Burton & Co. Inc.

411 N Rehoboth Blvd

Milford, DE 19963

410-443-6058



To:

Lehanes Bus Service Inc.
1705 Wilmington Rd
New Castle, DE 19720
302-653-3886
ATTN: Crisi Lehane

Mrs. Lehane,

I would like to thank you for your business. This letter serves as a quotation for two stock units.

Make – Bluebird
Model – Vision
GVWR- 29,500lb.
Engine Model Year – 2020
Purchase Price - \$85,700.00

For more detailed specifications please reference the spec sheet sent labeled with body number F514819.

Thank You,

Gordon Dhue
i.g. Burton & Co. Inc.
411 N Rehoboth Blvd
Milford, DE 19963
410-443-6058

Delaware
411 N. Rehoboth Blvd
Milford, DE 19963
(302) 422-1660



Maryland
232 Shopping Center Rd. Suite 105
Stevensville, MD 21666
(800) 876-3041

ATTACHMENT E

DERA Option

The State of Delaware FY2021 Clean Diesel Work plan is attached. The State of Delaware is seeking \$76,301.25 in Volkswagen Environmental Mitigation Funds as a DERA-Option 10 cost share for school bus replacements under the FY2021 work plan for Asa Transportation and Lehane Bus Service. Advanced Student Transportation was also listed to receive funds in the original plan. Advanced Student Transportation has cancelled their agreement with the Department. These replacements in the DERA work plan will be cleaner diesel school buses.

2021 Diesel Emissions Reduction Act (DERA) State Grants**Work Plan and Budget Narrative - State of Delaware (Version 6 - 05/25/2021)**

SUMMARY PAGE**Project Title: School Bus & Solid Waste Vehicle Replacements****Project Manager and Contact Information****Organization Name: Department of Natural Resources and Environmental Control****Project Manager: Deanna M. Cuccinello****Mailing Address: 100 West Water Street, Suite 6A Dover, DE 19904****Phone: (302) 739 - 9402****Fax: (302) 739 - 3106****Email: Deanna.morozowich@delaware.gov****Project Budget Overview:**

	2021
EPA Base Allocation	\$ 338,198.00
EPA Match Bonus (if applicable)	\$ 169,099.00
Voluntary Matching Funds (if applicable)	\$ 423,388.00
Mandatory Cost-Share	\$ 4,698,574.00
TOTAL Project Cost	\$ 5,629,259.00

Project Period

October 1, 2021 – September 30, 2023

Summary Statement

The FY2021 Diesel Emission Reduction Act grant funds will be used to replace:

- 19 diesel school buses with Advanced Student Transport (13), Asa Transportation (1), Lehane's Bus Service, Inc. (3), and School Mule, Inc. (2); and

- 10 diesel solid waste haulers replaced as compressed natural units with Waste Management of Delaware, Inc.

The equipment will be replaced with the mandatory project partner funds along with DERA or Volkswagen Environmental Mitigation Funds as the cost share.

SCOPE OF WORK

The projects presented in the FY2021 work plan will be administered by the Delaware Department of Natural Resources and Environmental Control – Division of Air Quality staff and our project partners. The purpose of the projects is to reduce diesel emissions in the State of Delaware.

STATE/TERRITORY GOALS AND PRIORITIES:

The following narrative describes how the project:

1. Will maximize public health benefits;
2. Is the most cost-effective;
3. Is in areas with high population density, that are poor air quality areas (including nonattainment or maintenance of national ambient air quality standards for a criteria pollutant; Federal Class I areas; or areas with toxic air pollutant concerns);
4. Is in areas that receive a disproportionate quantity of air pollution from diesel fleets, including truck stops, ports, rail yards, terminals, and distribution centers or that use a community-based multi-stakeholder collaborative process to reduce toxic emissions;
5. Includes a certified engine configuration or verified technology that has a long expected useful life;
6. Maximizes the useful life of any certified engine configuration or verified technology used or funded by the eligible entity; and
7. Conserves diesel fuel.

Poor air quality is a critical issue in the region. For Delaware, New Castle and Sussex County are still in non-attainment for the ozone standard. However, the state has attained the standard for fine particulate pollution. The state's air quality monitors show clean data for the new annual fine particulate standard and the state is part of the PM Advance Program. New Castle County is an approved PM2.5 maintenance area. Diesel emission reduction projects are still important to support Delaware's efforts to maintain good air quality relative to particulate pollution.

Table 1 Statewide Emission Inventory (2017) below compares emissions (VOC, NO_x, PM2.5-Primary, PM10-primary, SO₂, NH₃, and CO) of On-Road and Non-Road Equipment with the entire Non-Road Sector (Aircraft, Commercial Marine Vessels, and Locomotives).

TABLE 1 STATEWIDE EMISSION INVENTORY (2017)							
Source	Pollutant (tons/year)						
	VOC	NOx	PM2.5- PRI	PM10- PRI	SO2	NH3	CO
ONROAD Equipment	4,286.1	9,967.6	280.3	309.2	40.8	311.3	52,988.2
NONROAD Equipment	6,680.9	3,609.7	276.5	294.1	4.6	6.9	52,411.6
Aircraft	137.7	243.5	29.5	33.9	24.4	NA	1,098.9
Commercial Marine Vessels	240.8	3,728.6	75.5	80.4	103.3	1.5	492.9
Locomotives	33.0	532.7	16.2	16.4	3.1	0.3	85.6
Total	11,378.5	18,082.1	678	734	176.2	320	107,077.2

VEHICLES AND TECHNOLOGIES:

Advance Student Transport, Asa Transportation, Lehane's Bus Service, Inc. and School Mule Inc. propose to replace a total of nineteen (19) diesel school buses. The school buses range in age from model year 2004 to 2009. The replacements are eligible for a 25% cost share in Clean Diesel or Volkswagen Environmental Mitigation funds, the remaining 75% will be paid by the transportation provider. All school buses will be replaced with clean diesel buses and will directly support the Department's goals to improve air quality and reduce diesel emissions.

Additionally, Waste Management of Delaware, Inc. proposes to replace ten diesel solid waste collection vehicles with ten near-zero-emission vehicles that operate on compressed natural gas (CNG). The vehicles range in age from model year 2001 to 2009 and the vehicles are eligible for a 25% cost share in Clean Diesel or Volkswagen Environmental Mitigation funds, however, they will use \$500,000 (12.8% of the funds needed) in combined EPA bonus and Volkswagen funds to complete their project. They will deploy the new vehicles in Wilmington and Laurel and operate them on local refuse collection and recycling routes.

All transportation providers will be required to complete an Eligibility Statement. The Eligibility Statement confirms the vehicles are fully operational, have been owned/operated two years prior to the replacement, have at least three years of remaining life at the time of replacement, and have accumulated at least 7,000 miles/year for the past two years.

The vehicles listed in Table 2 are being considered for replacement in FY2021:

TABLE 2 – Diesel Vehicles for Replacement.			
Transportation Provider	Model Year	Make/Model	VIN
Advanced Student Transport (Krapf Bus Company)	2009	Bluebird Vision	1BAKGCPA09F262500
	2009	Bluebird Vision	1BAKGCPA39F264291
	2009	Bluebird Vision	1BAKGCPA59F262492
	2009	Bluebird Vision	1BAKGCPA79F262493
	2009	Bluebird Vision	1BAKGCPA99F262494
	2009	Bluebird Vision	1BAKGCPA39F262507
	2009	Bluebird Vision	1BAKGCPA79F262509

	2009	Bluebird Vision	1BAKGCPA39F262510
	2009	Bluebird Vision	1BAKGCPA19F262490
	2009	Bluebird Vision	1BAKGCPA29F262496
	2009	Bluebird Vision	1BAKGCPA49F262497
	2009	Bluebird Vision	1BAKGCPA49F262498
	2009	Bluebird Vision	1BAKGCPA49F262503
Asa Transportation	2006	Bluebird Vision	1BAKGCKA76F234275
Lehane's Bus Service, Inc.	2004	International	4DRBRABN44A966585
	2004	International	4DRBRABNX4A966705
	2004	International	1HVBBABP64H655896
School Mule, Inc.	2009	Bluebird Vision	1BAKGCPH39F260740
	2009	Bluebird Vision	1BAKGCPA69F260749
Waste Management of Delaware, Inc.	2009	Mack MRU613	1M2AV02C09M002765
	2008	Mack MRU613	1M2AV04C68M001213
	2009	Peterbilt 320	3BPZL0EX29F719107
	2007	Mack MR688S	1M2AG11C97M058346
	2009	Mack LEU613	1M2AU0C9AM004487
	2009	Mack LEU613	1M2AU02AM004489
	2002	Mack MR688S	1M2P267C73M066680
	2007	Mack MR688S	1M2AG11CX5M033789
	2006	Mack MR688S	1M2K195C17M034962
	2001	Mack RD688S	1M2AV02C18M001719

ROLES AND RESPONSIBILITIES:

The Division of Air Quality will issue a contract to each project partner that requires each partner to administer the entire replacement project, as well as, oversee the delivery of the new equipment and scrappage and destruction of the old. Each project partner is responsible for submitting an eligibility statement, scrappage documentation and required reporting. The contract will also provide a process by which the Department will release funds for the partial purchase of the replacement equipment. DERA and Volkswagen Environmental Mitigation funds will be issued on a reimbursement basis once all grant obligations are complete.

TIMELINE AND MILESTONES:

- October 2021 – DERA award granted.
- November 2021 – Contracts written between the Department of Natural Resources and Environmental Control and each project partner memorializing an agreement that requires each transportation provider to administer the purchase and replacement of each piece of equipment, complete a monthly status report, as well as oversee the replacement and scrappage requirements. The contracts will provide a process by which the Department will release the funds to purchase and replace the equipment.
- February/August 2022 – New equipment ordered and purchased.

- July/September 2022 – Existing equipment scrapped and destroyed.
- September 2023 – Each equipment owner/transportation provider will supply fuel usage data to the Department.
- All quarterly reports and a final report will be submitted according to the outlined schedule in the FFY2021 State Clean Diesel Program Guide.

DERA PROGRAMMATIC PRIORITIES:

The 19 school buses and 10 solid waste collection vehicles listed by model year in Table 2 – Diesel Vehicles for Replacement meet all the programmatic goals and priorities set forth under DERA. Diesel exhaust and air pollution from diesel vehicles has health implications for everyone. A major reason for implementing these replacement projects is to reduce the impact that the diesel emitting sources have on air quality.

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

The emission reductions for the projects were calculated using the Diesel Emission Quantifier on the EPA website. Table 3 Projected Emission Reductions provides the emissions reductions (in shorts tons) and cost effectiveness for vehicle replacements.

TABLE 3 Projected Emission Reductions								
Source	Annual Reductions (tons/year)				Lifetime Reductions (tons/year)			
	NOx	PM2.5	HC	CO	NOx	PM2.5	HC	CO
Advanced Student Transport	0.497	0.002	0.018	0.068	1.490	0.006	0.054	0.205
Asa Transportation	0.087	0.008	0.112	0.044	0.260	0.023	0.036	0.131
Lehane’s Bus Service, Inc.	0.026	0.023	0.036	0.131	0.780	0.070	0.107	0.394
School Mule, Inc.	0.076	0.000	0.003	0.010	0.229	0.001	0.008	0.031
Waste Management of Delaware, Inc.	4.915	0.199	0.217	1.203	14.745	0.596	0.652	3.608
Total	5.077	0.232	0.386	1.456	17.504	0.696	0.857	4.369

SUSTAINABILITY OF THE PROGRAM:

The Department will issue agreements that state that all equipment will be strictly maintained and serviced, as needed. If the equipment fails to perform in accordance with the manufacturer’s conditions, the equipment will be repaired or replaced under the warranty provisions.

The Division of Air Quality maintains a website for Mobile Sources which includes the status and progress of DERA projects. See

<http://www.dnrec.delaware.gov/Air/Pages/MobileSourcesLinks.aspx>

BUDGET NARRATIVE

2021 Itemized Project Budget

Budget Category	EPA Allocation	Mandatory Cost-Share	Voluntary Match (if applicable)		Line Total
			VW Mitigation Trust Funds	Other Funds	
1. Personnel	-	-	-	-	-
2. Fringe Benefits	-	-	-	-	-
3. Travel	-	-	-	-	-
4. Equipment	-	-	-	-	-
5. Supplies	-	-	-	-	-
6. Contractual	-	-	-	-	-
7. Other	\$507,297.00	\$4,698,574.00	\$423,388.00	-	\$5,629,259.00
8. Total Direct Charges (sum 1-7)	\$507,297.00	\$4,698,574.00	\$423,388.00		\$5,629,259.00
9. Indirect Charges	-	-	-	-	-
10. Total (Indirect + Direct)	\$507,297.00	\$4,698,574.00	\$423,388.00	-	\$5,629,259.00
11. Program Income	-	-	-	-	-

Explanation of Budget Framework

- **Personnel** – No grant funds will be used.
- **Fringe Benefits** – No grant funds will be used.
- **Travel** – No grant funds will be used.
- **Supplies** – No grant funds will be used.
- **Equipment** – No grant funds will be used.
- **Contractual** – No grant funds will be used.
- **Other** – The Department has identified the following Other costs and fees:

TABLE 4 - FY2021 OTHER COSTS associated with School bus replacements					
Project Partner	Existing VIN	EPA	Volkswagen Mitigation Funds	Project Partner	Total
Advanced Student Transport	1BAKGCPA09F262500	\$22,773.75	-	\$68,321.25	\$91,095.00
	1BAKGCPA39F264291	\$22,773.75	-	\$68,321.25	\$91,095.00
	1BAKGCPA59F262492	\$22,773.75	-	\$68,321.25	\$91,095.00
	1BAKGCPA79F262493	\$22,773.75	-	\$68,321.25	\$91,095.00
	1BAKGCPA99F262494	\$22,773.75	-	\$68,321.25	\$91,095.00
	1BAKGCPA39F262507	\$22,773.75	-	\$68,321.25	\$91,095.00
	1BAKGCPA79F262509	\$22,773.75	-	\$68,321.25	\$91,095.00
	1BAKGCPA39F262510	\$22,773.75	-	\$68,321.25	\$91,095.00
	1BAKGCPA19F262490	\$22,773.75	-	\$68,321.25	\$91,095.00
	1BAKGCPA29F262496	\$22,773.75	-	\$68,321.25	\$91,095.00

	1BAKGCPA49F262497	\$22,773.75	-	\$68,321.25	\$91,095.00
	1BAKGCPA49F262498	\$22,773.75	-	\$68,321.25	\$91,095.00
	1BAKGCPA49F262503	\$6,588.00	\$16,185.75	\$68,321.25	\$91,095.00
Asa Transportation	1BAKGCKA76F234275	\$10,978.00	\$11,147.00	\$66,375.00	\$88,500.00
Lehane's Bus Service, Inc.	4DRBRABN44A966585	-	\$21,425.00	\$64,275.00	\$85,700.00
	4DRBRABNX4A966705	-	\$21,425.00	\$64,275.00	\$85,700.00
	1HVBBABP64H655896	-	\$22,304.25	\$66,912.75	\$89,217.00
School Mule, Inc.	1BAKGCPH39F260740	\$22,912.50	-	\$68,737.50	\$91,650.00
	1BAKGCPA69F260749	\$22,912.50	-	\$68,737.50	\$91,650.00
Total		\$336,676.00	\$92,487.00	\$1,287,489.00	\$1,716,652.00

TABLE 5 - FY2021 OTHER Cost associated with Waste Management of Delaware, Inc

Project Partner	Existing VIN	EPA	Volkswagen Mitigation Funds	Project Partner	Total
Waste Management of Delaware, Inc.	1M2AV02C09M002765	-	\$50,000.00	\$353,621.32	\$403,621.32
	1M2AV04C68M001213	-	\$50,000.00	\$353,621.32	\$403,621.32
	3BPZL0EX29F719107	-	\$50,000.00	\$353,621.32	\$403,621.32
	1M2AG11C97M058346	-	\$50,000.00	\$353,621.32	\$403,621.32
	1M2AU0C9AM004487	\$50,000.00	-	\$388,117.76	\$438,117.76
	1M2AU02AM004489	\$50,000.00	-	\$388,117.76	\$438,117.76
	1M2P267C73M066680	\$50,000.00	-	\$239,312.36	\$289,312.36
	1M2AG11CX5M033789	-	\$50,000.00	\$388,117.76	\$438,117.76
	1M2K195C17M034962	\$19,099.00	\$30,901.00	\$353,621.32	\$403,621.32
	1M2AV02C18M001719	-	\$50,000.00	\$239,312.76	\$289,312.76
Total		\$169,099.00	\$330,901.00	\$3,411,085.00	\$3,911,085.00

TABLE 6 - FY2021 OTHER COSTS associated with Audit Fees

Category	EPA	Volkswagen Mitigation Funds	Project Partner	Total
Audit Fees (0.3% of EPA Funding \$507,297.00)	\$1,522.00	-	-	\$1,522.00
Total	\$1,522.00	-	-	\$1,522.00

TABLE 7 - FY2021 Summary of OTHER COSTS

Category	EPA	Volkswagen Mitigation Funds	Project Partner	Total
School Bus Replacements (Table 4 Totals)	\$336,676.00	\$92,487.00	\$1,287,489.00	\$1,716,652.00
Waste Management of Delaware (Table 5 Totals)	\$169,099.00	\$330,901.00	\$3,411,085.00	\$3,911,085.00
Audit Fees (Table 6 Totals)	\$1,522.00	-	-	\$1,522.00
Total	\$507,297.00	\$423,388.00	\$4,698,574.00	\$5,629,259.00

- **Indirect Charges** - No grant funds will be used.

Administrative Costs Expense Cap

No grant funds will be used towards Administrative Expenses.

Matching Funds and Cost-Share Funds

The DERA program is a reimbursement program. The Department will provide Volkswagen Environmental Mitigation Funds as the state cost-share. Once all costs for a particular project are expended and itemized receipts, pictures, and certificates of destruction are received, the Department will reimburse each project partner for the appropriate cost-share. These funds are shown in the Itemized Project Budget and Explanation of Budget Framework above.

Funding Partnerships

The DERA program is a reimbursement program. DERA grant funds are only to be used toward equipment replacement costs for each project partner. The Department would like to avoid extensive subaward monitoring and management requirements.

Other Leveraged Funds

No other leveraged funds are identified.

ENVIRONMENTAL MITIGATION PLAN ATTACHMENT

A Copy of Delaware's Environmental Mitigation Plan is attached.



DELAWARE DEPARTMENT OF
**NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL**

Volkswagen Environmental Mitigation Plan

**December 2018
As amended on
February 2020
June 2021**

Table of Contents

I. BACKGROUND	1
II. OVERVIEW, OBJECTIVES AND FUNDING PRIORITIES	2
III. PHASED FUNDING APPROACH AND ELIGIBLE APPLICANTS	4
IV. SUMMARY OF PHASED SPENDING APPROACH.....	6
Phase 1 - School Bus Replacement Program:	6
Phase 1 - Program Requirements:	8
Phase 2 - Competitive RFP Program:	10
Environmental Benefits:.....	11
Diesel Emission Reduction Act (DERA):	15
Phase 2, Phase 3, and Phase 4 Program Requirements:	16
Volkswagen RFP Scoring Matrix:	17
Status Update of Phase 2 Program:	19
Status Update of Phase 3 Program:	20
Phase 4 - A Hybrid Program:.....	21

List of Figures

Figure 1 - Mobile NOx Sources for Delaware (Source 2014 NEI v1).....	7
---	----------

List of Tables

Table 1 - Tentative Timeline of Events	5
Table 2 - Percentage of Disparately Impacted Students by School District	8
Table 3 - Percentage of Disparately Impacted Students by Charter School	10
Table 4 - Cost Shares for Eligible Mitigation Actions.....	14
Table 5 - VW Settlement RFP Award Criteria.....	18

I. BACKGROUND

On October 18, 2016, an initial Partial Consent Decree was finalized between the U.S. Justice Department, the Volkswagen (VW) Corporation, and its subsidiaries regarding the installation and use of emissions testing defeat devices in approximately 590,000 2.0 and 3.0 liter engine vehicles sold and operated in the United States beginning with model 2009 through 2014. A second partial settlement was approved for the 3.0 liter engine class of vehicles on May 17, 2017. Use of these defeat devices has increased air emissions of nitrogen oxide (NOx), resulting in adverse impacts to air quality and violating the federal Clean Air Act. NOx emissions contribute to the formation of ground-level ozone, which impairs lung function and cardiovascular health.

The Environmental Mitigation Trust Agreement for State Beneficiaries (Trust) dated October 2, 2017 has been established as part of the Partial Consent Decrees. Funds are to be used for environmental mitigation projects that reduce emissions of nitrogen oxides (“NOx”) where the Subject Vehicles were, are, or will be operated. The Trust Agreement is intended to fully mitigate the total, lifetime excess NOx emissions from the Subject Vehicles where the Subject Vehicles were, are, or will be operated.

The State of Delaware has been allocated approximately \$9.6 million from the Environmental Mitigation Trust based on the number of affected vehicles in Delaware. Delaware applied for Beneficiary status on November 27, 2017 and officially became eligible to receive funds on January 29, 2018. Wilmington Trust, as the court appointed Trustee, holds all funds and will disburse the funds upon receiving a state submitted work plan and budget. The Trust establishes a process to administer and receive the funds, including the development of a mitigation plan, and the types of mitigation projects eligible for funding¹.

¹ Appendix D of the Partial Consent Decree MDL No. 2672 CRB (JSC)

In addition to projects that reduce NO_x emissions, under the partial consent decree, states may allocate up to 15% of the funds towards zero emission vehicle fueling and charging infrastructure (i.e. Hydrogen fueling and electric vehicle charging stations).

II. OVERVIEW, OBJECTIVES AND FUNDING PRIORITIES

On behalf of the State of Delaware, the Department of Natural Resources & Environmental Control (DNREC) has developed this Proposed Environmental Mitigation Plan to provide the public with insight into the state's vision and overall approach to use the mitigation trust funds. The primary goal of the State of Delaware's mitigation plan is to improve and protect ambient air quality by implementing eligible mitigation projects that will achieve significant and sustained reductions in NO_x emission exposures in the following:

- Areas with poor air quality;
- Areas with historical air quality issues; and
- Areas that receive a disproportionate quantity of air pollution from diesel vehicles.

In accordance with Appendix D of the Partial Consent Decree,² this Proposed Environmental Mitigation Plan specifically describes:

- The funding priorities established to guide the planning, solicitation, and project selection processes,

² Section 4.1 Beneficiary Mitigation Plan, Appendix D of the Partial Consent Decree MDL No. 2672 CRB (JSC).

-
- The categories of eligible mitigation projects anticipated to be appropriate to achieve the stated goals and the assessment of the allocation of funds anticipated to be used for each type of eligible mitigation project,
 - How the state may consider the potential beneficial impact of the selected eligible mitigation projects on air quality in areas that historically bear a disproportionate share of the air pollution burden, and
 - The anticipated ranges of emission benefits that would be realized by implementation of the eligible mitigation projects identified in the Environmental Mitigation Plan.

In addition to the above listed Environmental Mitigation Plan components, DNREC will seek and consider public comments on the State of Delaware's Proposed Environmental Mitigation Plan, which will be included in the final plan as required by the Consent Decree³.

The State of Delaware has the discretion to adjust its objectives and specific spending plan when necessary to achieve the plan's goal; for that reason, this plan is a living document. The State of Delaware will provide updates of the mitigation plan to the Trustee and on DNREC's public webpage about Delaware's actions for meeting the requirements of the Partial Consent Decree and the Mitigation Trust, at:

<http://www.dnrec.delaware.gov/air/Pages/VWMitigationPlan.aspx>

This Proposed Environmental Mitigation Plan is not a solicitation for projects. As such, this plan does not include details on the competitive application.

³ <https://www.epa.gov/enforcement/third-partial-and-30l-second-partial-and-20l-partial-and-amended-consent-decree>

III. PHASED FUNDING APPROACH AND ELIGIBLE APPLICANTS

DNREC is proposing a phased-in plan for the State of Delaware's allocation of funding. A phased plan will allow the state to:

- Build transparency and involve the public in reviewing and revising the plan between phases;
- Learn which projects work best, and modify requests for proposals in subsequent phases to focus on the most effective projects;
- Allow the state to identify environmental justice areas; and
- Allow the state to adjust priorities and investments based on the newest and most up-to-date vehicle technology.

The first phase of funding will be the first step in achieving our goals for the program. The phases of funding are:

- **Phase 1: \$3,225,560.99 (2018-2023)** – DNREC proposes to replace old diesel school buses with new cleaner school buses over a five year period.
- **Phase 2: \$361,374.75 (2019-2020)** – DNREC offered a competitive RFP for projects in all categories. Two projects were determined by eligibility criteria set forth in the plan. These projects are described in Phase 2.
- **Phase 3: \$2,234,590 (2020-2021)** – DNREC will allocate 15% of the funds for electric vehicle supply equipment. Projects will consist of the replacement of five (5) government-owned dump trucks and a competitive RFP where applications will be accepted for projects in all categories as well as school bus replacements

with private transportations providers. Projects will be determined by the eligibility criteria set forth in the plan.

- **Phase 4: Up to \$3.8 million (2022-2023)** – Projects will consist of a competitive RFP where applications will be accepted for projects in all categories as well as school bus replacements with private transportations providers. Projects will be determined by the eligibility criteria set forth in the plan.

Delaware's allocation of Trust funds is \$9,676,682.97 (0.33% of the total \$2.9 billion in Trust funds made available to states and Tribes). DNREC has proposed that Trust funds will be requested and made available for mitigation projects. A detailed project timeline can be found in **Table 1**.

Table 1 - Tentative Timeline of Events

Event	Time Frame
Court approves the partial settlement	October 25, 2016
Court Approves Trustee	March 15, 2017
Court Approves Trust	October 2, 2017
Delaware files Beneficiary Certification Application	November 27, 2017
Trustee Certifies Delaware as a Beneficiary	January 29, 2018
Public Comment on the draft Mitigation Plan	March 28, 2018
Delaware finalizes preliminary Mitigation Plan	December 2018
Delaware initiates Phase 1 – year 1 projects	Quarter 4 2018
Delaware releases RFP – Phase 2	January 28, 2019
Delaware selects Phase 2 projects	Quarter 3 2019
Delaware finalizes Phase 1 – year 1 projects	Quarter 4 2019
Public Comment opens on Draft Phase 3 Plan	December 2019
Delaware initiates Phase 1 – year 2 projects	Quarter 1 2020
Delaware initiates Phase 2 projects	Quarter 1 2020
Delaware releases an RFP on Phase 3 projects.	Quarter 1 2020
Delaware selects Phase 3 projects	Quarter 3 2020
Delaware finalizes Phase 1 – year 2 projects	Quarter 4 2020
Delaware finalizes Phase 2 projects	Quarter 4 2020*
Delaware initiates Phase 1 – year 3 projects	Quarter 1 2020*
Delaware initiates Phase 3 projects	Quarter 1 2020*
Delaware finalizes Phase 1 – year 3 projects	Quarter 4 2021*
Delaware finalizes Phase 3 projects	Quarter 4 2021*
Delaware releases an RFP on Phase 4 projects	Quarter 1 2022*
Delaware initiates Phase 1 – year 4 projects	Quarter 1 2022*
Delaware selects Phase 3 projects	Quarter 3 2022*
Delaware finalizes Phase 1 – year 4 projects	Quarter 4 2022*

Event	Time Frame
Delaware initiates Phase 4 projects	Quarter 1 2023*
Delaware finalizes Phase 3 projects	Quarter 4 2023*

*Dates are estimates and are subject to change.

DNREC will maintain and make publically available all documentation submitted in the support of each funding request on the VW Settlement project website⁴.

IV. SUMMARY OF PHASED SPENDING APPROACH

Phase 1 - School Bus Replacement Program:

The Department has recommended that Phase 1 funding be used to replace diesel school buses with cleaner school buses. DNREC's 2014 Emissions Inventory has concluded that up to 72% of in-state NO_x emissions can be attributed to the transportation sector. Delaware's emissions from heavy and medium duty vehicles (which include school buses) are becoming an increasingly larger source of overall mobile source emissions for nitrogen oxides (NO_x), as shown in Figure 1.

Research shows NO_x emissions will be reduced by 11 percent just by replacing a diesel school bus with a new propane school bus⁵.

⁴DNREC Website: <http://www.dnrec.delaware.gov/air/Pages/VWMitigationPlan.aspx>

⁵ Propane education and Research Council - <https://www.propanecouncil.org/>

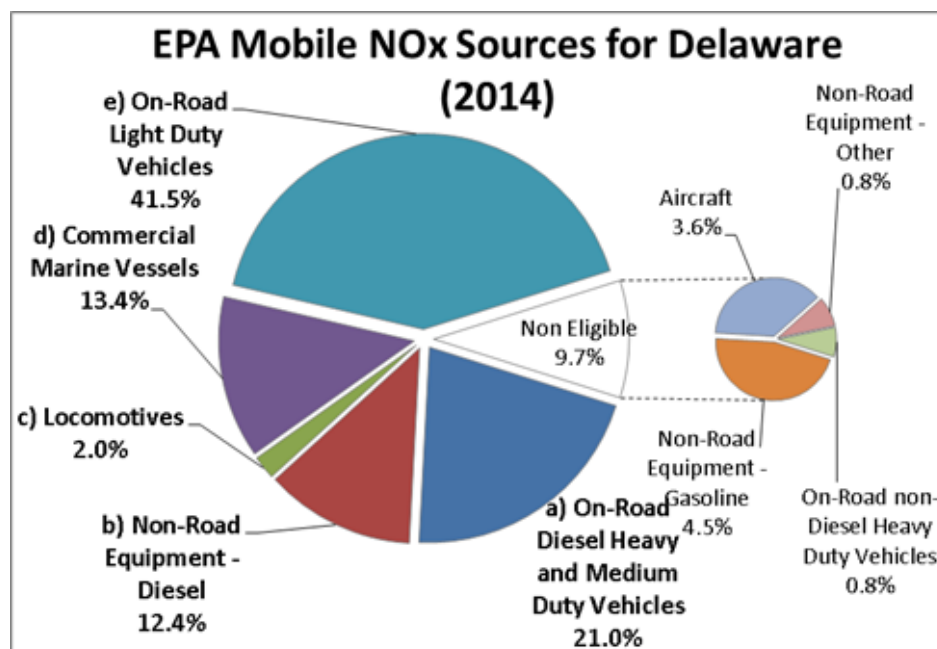


Figure 1 - Mobile NOx Sources for Delaware (Source 2014 NEI v1)

Studies have demonstrated that older, more polluting diesel school buses present significant health risks for the students who typically ride the bus. This includes the exacerbation of pre-existing pulmonary disorders such as asthma. Asthma is the most common long-term childhood disease, making newer and cleaner buses an urgent priority. Additionally, children are more susceptible to air pollution because their respiratory systems are still developing and they have faster breathing rates than do adults⁶.

Lastly, replacing school buses with buses that operate on cleaner burning fuel will assist the Department in reducing emissions in Delaware's environmental justice (EJ) areas. Environmental Justice is the act of equity among all races, ethnicities, income, and social classes of people and includes any census tract with a poverty level of 20% or higher and where 30% or more are considered minorities. The Department's mission relative to environmental justice ensures that no particular area receives disproportionate environmental impacts due to air pollution.

⁶ American Lung Association – <http://www.ala.org>

Phase 1 - Program Requirements:

In Phase 1, the Department proposes and continues to use up to 1/3 of the allocated Trust funds or \$3,225,560.99 to provide funds to the Department of Education for the replacement of school buses with cleaner burning fuel. The Department is proposing a cost share of 30% for government-owned school bus replacements.

To be eligible, each school bus being replaced must be:

- 1) Scrapped and destroyed at the time of replacement;
- 2) Owned and operated in Delaware;
- 3) Equipped with a model year 1992 to 2009 engine;
- 4) Serve a public school district or a charter school in Delaware where at least 40% of the students are disparately impacted as shown in **Table 2 and 3**;
- 5) Each new bus purchased must be of equivalent size as the bus being replaced;
- 6) The bus must be replaced with a current model year or newer; and
- 7) The replaced school bus must be fueled by propane or clean diesel.

Table 2 - Percentage of Disparately Impacted Students by School District

County	School District	Disparately Impacted (%)
New Castle	Appoquinimink	13.2
	Brandywine	29.8

County	Christina	42.9
	Colonial	39.8
	New Castle Co. Vo-Tech	27.6
	Red Clay	34.1
	Smyrna	24.9
Kent County	Caesar Rodney	30.5
	Capital	48.9
	Lake Forest	39.4
	Milford	41.2
	Polytech Vo-Tech	17.0
Sussex County	Cape Henlopen	29.0
	Delmar	14.2
	Indian River	36.0
	Laurel	47.4
	Seaford	47.7
	Sussex Technical	16.6
	Woodbridge	41.9

Table 3 - Percentage of Disparately Impacted Students by Charter School

County	Charter School	Disparately Impacted (%)
New Castle County	Academia Antonia Alonso	57.3
	Charter School of New Castle	51.4
	Delaware Academy of Public Safety and Security	39.9
	Delaware Design-Lab High School	29.9
	East Side Charter School	79.3
	First State Montessori Academy	11.6
	Freire Charter School	48.9
	Gateway Lab School	42.3
	Great Oaks Charter School	55.8
	Kuumba Academy Charter School	62.2
	Las Americas Aspira Academy	25.4
	MOT Charter School	5.3
	Moyer (Maurice J.) Academy	20.0
	Newark Charter School	8.0
	Odyssey Charter School	14.4
	Prestige Academy	73.4
Kent County	Academy of Dover	67.8
	Campus Community Charter School	40.0
	Early College High School at Delaware State University	33.1
	First State Military Academy	24.9
	Positive Outcomes Charter School	30.2
	Providence Creek Academy Charter School	18.0
Sussex County	Sussex Academy	9.0

Phase 2 - Competitive RFP Program:

In phase 2 of the plan, the Department proposed to provide up to 1/3 of the allocated Trust funds or \$3,225,560.99 in 2019 for the replacement of eligible mitigation

actions⁷. The Department will issue a competitive request for proposals (RFP) for projects that reduce nitrogen oxide (NOx) emissions from the transportation sector.

The following mitigation project types will be eligible for use of the VW Settlement Funds per the Trust Agreement found in Appendix D-2:

- 1.) Class 8 Local Freight Trucks and Port Drayage Trucks (Eligible Large Trucks)**
- 2.) Class 4-8 School Bus, Shuttle Bus, or Transit Bus (Eligible Buses)**
- 3.) Freight Switchers**
- 4.) Ferries/Tugs**
- 5.) Ocean Going Vessels (OGV) Shorepower**
- 6.) Class 4-7 Local Freight Trucks (Medium Trucks)**
- 7.) Airport Ground Support Equipment**
- 8.) Forklifts and Port Cargo Handling Equipment**

Environmental Benefits:

The retrofit, repower, or replacement of eligible vehicles and equipment may provide a wide range of emission benefits based on many variables, including the type of vehicle or engine replaced, the initial age of the engine, and the engine power rating.

⁷ The Department anticipates spending \$361,674.75 in Volkswagen Environmental Mitigation Trust Funds for Phase 2. The remaining \$2.8M will rollover to Phase 3 which will provide approximately \$6.0M to spend.

Each of the 8 project categories outlined in the VW Settlement Environmental Mitigation Plan will result in the following combined environmental benefits:

- Tons of pollution reduced or avoided over the lifetime of the zero emissions vehicle supply equipment, specifically, NO_x, PM_{2.5}, GHGs such as CO₂ and black carbon,
- Net reduction in gallons of diesel fuel and/or other fossil fuels used,
- Improved ambient air quality and human health in communities located in nonattainment areas, areas with historical air quality issues, or in areas that bear a disproportionate share of the air pollution burden, as well as benefits to the local economy, and the welfare of residents in such communities, and
- Reduced public exposure to diesel particulate matter, which the U.S. EPA has classified as a likely human carcinogen.

Additionally, based on current EPA exhaust emission standards for NO_x:⁸

- Heavy duty highway vehicles may provide up to a 96% reduction in NO_x emissions per vehicle, based on replacing a model year 1992 engine with a model year 2007 engine,
- Non-road equipment replacements, depending on the type of equipment and engine power rating, may provide between a 20% and 95% reduction in NO_x emissions per engine,
- In locomotives, replacing the oldest (Tier 0) engine with the newest (Tier 4) engine may provide up to an 89% NO_x reduction per engine,

⁸ EPA exhaust emission standard data retrieved from: <https://www.epa.gov/emission-standards-reference-guide>.

- In commercial marine vessels, an upgrade or repower of a ferry or tug engine may provide up to an 80% NOx reduction for each vessel, and
- Shorepower projects may reduce all NOx exhaust emissions from many ocean-going vessels.

These anticipated ranges of emission benefits were used to inform the plan's funding priorities, categories of eligible mitigation projects, and funding allocation considerations for each category of eligible mitigation projects. It is important to note that the range of emission benefits mentioned above are for individual engines and actual NOx emissions reductions will vary based on the type of projects received for funding consideration and the eligible mitigation projects ultimately funded. However, in order to achieve the goal of the state mitigation plan, it is a priority to fund sizeable projects designed to achieve the greatest emission reduction for the dollar (i.e., capital cost effectiveness in dollars/ton).

The cost shares and requirements involved for each vehicle or equipment repower or replacement will be equivalent to the terms of the Diesel Emission Reduction (DERA)⁹ grant. Cost shares identified in **Table 4** are based on the FY2017 State Clean Diesel Program Guide¹⁰.

⁹ The DERA program is a Congressionally-authorized project that enables the U.S. EPA to offer assistance for actions reducing diesel emissions. Thirty percent of the annual DERA funds are allocated to the DERA Clean Diesel State Grant Program. States and territories that match the base amount dollar per dollar receive an additional amount of EPA DERA funding to add to the grant (50% of the base amount). Trust funds can be used for states or territories non-federal match on a 1:1 basis.

¹⁰ 2017 FY2017 State Clean Diesel Program Guide - <https://www.epa.gov/sites/production/files/2017-02/documents/fy17-state-program-guide-2017-02.pdf>

Table 4 - Cost Shares for Eligible Mitigation Actions

Eligible Mitigation Action	Activity	Vehicle and Equipment Eligibility (Engine Model Year or Tier)	VW Funding	Cost Share Required
Class 8 Local Freight Trucks and Port Drayage Trucks (Eligible Large Trucks) & Class 4-7 Local Freight Trucks (Eligible Medium Trucks)	Engine replacement with new diesel or alternate fueled engine	1992-2009	40%	60%
	Engine replacement with new all-electric engine	1992-2009	60%	40%
	Vehicle replacement with new diesel or alternate fueled vehicle	1992-2009	25% (50% for Drayage)	75% (50% for Drayage)
	Vehicle Replacement with all-electric vehicle	1992-2009	45%	55%
Class 4-8 School Bus, Shuttle Bus, or Transit Bus (Eligible Buses)	Engine replacement with new diesel or alternate fueled engine	2009 and older	40%	60%
	Engine replacement with new all-electric engine	2009 and older	60%	40%
	Vehicle replacement with new diesel or alternate fueled vehicle	2009 and older	25%	75%
	Vehicle Replacement with all-electric vehicle	2009 and older	45%	55%
Freight Switchers	Engine replacement with new diesel or alternate fueled engine or generator sets that are EPA certified	Pre-Tier 4	40%	60%
	Engine replacement with new all-electric engine	Pre-Tier 4	60%	40%
	Locomotive replacement with new diesel or alternate fueled freight switcher that is EPA certified	Pre-Tier 4	25%	75%
	Locomotive replacement with	Pre-Tier 4	45%	55%

Eligible Mitigation Action	Activity	Vehicle and Equipment Eligibility (Engine Model Year or Tier)	VW Funding	Cost Share Required
	new all-electric freight switcher			
Ferries/Tugs	Engine replacement with new Tier 3 or 4 diesel or alternate fueled engine	Pre-Tier 3	40%	60%
	Engine replacement with new all-electric engine	Pre-Tier 3	60%	40%
	Certified Remanufacture System or Verified Engine Upgrade	Pre-Tier 3	40%	60%
Ocean Going Vessels	Costs associated with shore-side system	n/a	25%	75%
Airport Ground Support Equipment	Engine replacement with new all-electric engine	Pre-Tier 3	60%	40%
Forklifts and Port Cargo Handling Equipment	Equipment replacement with new all-electric equipment	8000+ lbs lift capacity	45%	55%

Non-government and government entities are eligible to apply for funding to implement mitigation projects. Project funding will be awarded through a competitive process in accordance with Delaware's procurement laws¹¹. Any unspent funds remaining at the end of Phase 2 will be rolled into a subsequent Phase.

Diesel Emission Reduction Act (DERA):

The Department may leverage the projects in all phases in order to received additional Diesel Emission Reduction Act (DERA) grant funding. Any source type applying for grant funding will be subject to the requirements of the DERA State Clean

¹¹ Delaware Procurement laws can be found at <http://mymarketplace.delaware.gov/>

Diesel Grant Program, including but not limited to general eligibility, project evaluation criteria, eligible project and administrative expenditures, cost-share, and funding restrictions.

The projects submitted via the RFP will be reviewed by a Department established Project Selection Committee. The committee will select and rank project applications based on a set “Project Scoring Criteria/Matrix” developed by the Department as shown in **Table 5** expressly for this purpose.

Phase 2, Phase 3, and Phase 4 Program Requirements:

To be eligible, each vehicle or piece of equipment to be repowered or replaced must be:

- 1) Scrapped and destroyed at the time of replacement;
- 2) Owned and operated in Delaware;
- 3) Equipped with an eligible model year engine or Tier level;
- 4) Serve an environmental justice area;
- 5) Each new vehicle or engine purchased must be of appropriate /equivalent size as the vehicle or engine being replaced; and
- 6) The new vehicle must be replaced with a current model year or newer.

Volkswagen RFP Scoring Matrix:

The Department has developed a project RFP scoring criteria/matrix. Each application submitted will be scored based on the factors outlined in the matrix in **Table 5**. The number of projects that are selected for funding in each phase will depend on the applications received and interest by vehicle and equipment owners.

The following criteria will be used by the grant Review Committee to review and score applications received for the VW Mitigation Funds:

Table 5 - VW Settlement RFP Award Criteria

Project Award Criteria	Points Possible	Points Awarded	Comments
Measurable, verifiable reduction in NOx emissions - The project will produce a net reduction in NOx emissions in the State and result in a measurable, verifiable reduction in NOx per ton of emissions using the Diesel Emission Quantifier. - Projects must meet eligibility requirements of Appendix D-2 of the VW Mitigation Plan	30		
Project Budget -The proposed budget is thorough, robust, realistic and cost effective. - The applicant must show a detailed budget with all cost shares explained.	15		
Proposed Project Location - The project is sited near a major highway or transportation corridor, shipping route, or near a shipping logistics center. - This project will address an environmental justice (EJ) area or related location that receives a disparate proportion of environmental impacts. - The project avoids environmentally sensitive areas or areas containing critical habitats. -Priority will be given to projects in non-attainment and air quality maintenance areas.	15		
Project Timeline The proposed project must define when the project will commence and will end.	15		

Project Award Criteria	Points Possible	Points Awarded	Comments
Ability to be Replicated throughout the State - The proposed project has the ability to be replicated throughout the state with other fleets or for public access.	10		
Collaboration with other Entities in the State - The project includes collaborative efforts between the applicant and project team (an anchor fleet or fleets, utility/fuel provider, vehicle dealer, or manufacturer).	10		
Economic Development - The project creates and/or retains local jobs for Delawareans. - The project serves as an economic development engine for local Delaware based companies.	5		
Total Points	100		

Status Update of Phase 2 Program:

The Department selected two projects for replacement in 2020 under the Request for Proposal NAT19001-VWEMTFP. The Department is partnering with Waste Management, Inc. of Delaware in the replacement of ten (10) solid waste collection units as compressed natural gas (CNG) for the first project. The waste collection units will serve in New Castle and Sussex County, which are both designated as non-attainment areas. This project will use combined Diesel Emission Reduction Act (DERA) grant funds (\$316,019.00) and Volkswagen Mitigation Trust Funds (\$183,981.00).

For the second project, the Department is partnering with The Teens Warehouse, Inc. to replace one diesel school bus with new, electric school bus with associated electric vehicle supply equipment. The electric bus will serve New Castle County. Funds shall cover up to 45% of the cost of an eligible replacement vehicle powered by an engine certified to the 2019 model year or newer standards and the charging infrastructure associated with the new all-electric vehicle. The project will cost \$177,693.75. As previously described, any funds remaining from Phase 2 will rollover

to Phase 3. The Department estimates that \$2.8M will remain in Phase 2 so Phase 3 will have approximately \$6.0M available.

Status Update of Phase 3 Program:

The Department selected two projects for replacement in 2021 under the Request for Proposal NAT20002-VWEMTFP. The Department is partnering with Sutton Bus & Truck Company in the replacement of eight (8) diesel school buses with propane buses. The school buses will serve in New Castle County, which is a designated non-attainment area. This project will use combined Diesel Emission Reduction Act (DERA) grant funds (\$57,143.00) and Volkswagen Mitigation Trust Funds (\$128,857.00).

For the second project, the Department is partnering with Bowman Bus Service to replace one diesel school bus with new, clean diesel school bus that will serve Kent County. The project will cost \$25,750.00. Funds shall cover up to 25% of the cost of an eligible replacement bus powered by an engine certified to the 2019 model year or newer. Any funds remaining from Phase 3 will rollover to Phase 4.

During Phase 3 of this funding, DNREC's Division of Climate, Coastal, and Energy will receive 15% (\$1.45M) of the Trust funds to administer a competitive grant program for the deployment of electric vehicle supply equipment (EVSE). Specifically, these funds will be utilized to incentivize the construction and operation of DC Fast Charging stations in the state to provide residents and travelers with convenient and consistent access to electric vehicle supply equipment. Grant funding will be provided for the material costs of publically available DC Fast Charging Stations installed within the state of Delaware. Eligible entities for grant funding will include Delaware-based businesses, not-for-profit organizations, government entities, and educational institutions. Project proposals will be submitted through competitive Request for Proposal process and will be evaluated based on criteria in the categories of:

- Estimated greenhouse gas reductions

-
- Proximity to Alternative Fuel Corridors and proximity to high traffic volume routes
 - Accessibility regarding payment options
 - Thoroughness of the Operations and Maintenance Plan
 - Overall project budget and cost effectiveness

The RFP for Electric vehicle supply equipment will be released in Quarter 4 of 2021. Additionally, the Department will allocate up to \$700,000 to replace five (5) Class 8 government-owned dump trucks with the Division of Fish and Wildlife. These vehicles will be used around the state.

Phase 4 - A Hybrid Program:

The Department estimates that \$3.8M remains from all spending for Phase 4. A competitive request for proposals (RFP) will be released in Quarter 1 2022. In the Competitive RFP, the Department will pursue the following projects:

- School bus replacements with the privately-owned school bus contractors. In Delaware, private school bus contractors provide 2/3 of transportation services to Delaware schools. The Department will allocate funds in the replacement of propane or clean diesel school buses. The contractors are eligible for a 25% cost share and school bus replacements must match the criteria established in Phase 1 - Program Requirements and Phase 2 – Competitive RFP Program.
- All other eligible mitigation actions. The remaining Trust funds will be used for the replacement of eligible mitigation actions listed in Phase 2 – Competitive RFP Program.