

State of Oregon  
Department of Environmental Quality

Memorandum

Date: September 25, 2024

To:

	Name	Division/Section	Initial	Date
1.	Rachel Sakata	AQ Transportation Strategies Manager	<u>RS</u> RS	09/25/2024
2.	Melinda Mahoney	AQ Budget Policy Analyst	<u>MM</u> MM	09/25/2024
3.	Juan Rivera-Hernandez	AQ Fiscal Analyst	<u>JR</u> JR	09/26/2024
4.	Ali Mirzakhali	AQ Division Administrator	<u>AM</u> AM	09/26/2024
5.	Brian Boling	CSD Administrator	<u>BB</u> BB	09/27/2024
6.	Gerik Kransky – for submittal	AQ Planner	<u>GK</u> GK	09/25/2024

From: Rhett Lawrence, Air Quality Program Analyst

Subject: Oregon DEQ's sixteenth funding request for VW Settlement funds

This is a funding request from Oregon DEQ to the Wilmington Trust for a disbursement of \$1,050,243.94 in VW settlement funds. Once received, DEQ will spend the funding to reduce emissions through the purchase of new, low emission diesel and electric trucks, buses, and equipment as identified in DEQ's 2023 and 2024 work plans for expenditure of federal Diesel Emissions Reduction Act funding. Funding will be allocated to Interlaken Inc. and City of Roses Disposal and Recycling for projects included in their successful grant applications. This work is ongoing, pursuant to the requirements of ORS 468A.805. Feel free to reach out to 503-880-9146 or [rhett.lawrence@deq.oregon.gov](mailto:rhett.lawrence@deq.oregon.gov) with questions.

Brian, please review and sign at your earliest convenience.

Thank you for your consideration.



**APPENDIX D-4****Beneficiary Eligible Mitigation Action Certification****BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION**Beneficiary State of Oregon

Lead Agency Authorized to Act on Behalf of the Beneficiary Oregon Department of Environmental Quality  
(Any authorized person with delegation of such authority to direct the Trustee delivered to the Trustee pursuant to a Delegation of Authority and Certificate of Incumbency)

<b>Action Title:</b>	DERA Option
<b>Beneficiary's Project ID:</b>	Diesel Emissions Mitigation competitive grant cycle 4
<b>Funding Request No.</b>	16
<b>Request Type: (select one or more)</b>	<input type="checkbox"/> Reimbursement <input checked="" type="checkbox"/> Advance <input type="checkbox"/> Other (specify): _____
<b>Payment to be made to: (select one or more)</b>	<input checked="" type="checkbox"/> Beneficiary <input type="checkbox"/> Other (specify): _____
<b>Funding Request &amp; Direction (Attachment A)</b>	<input checked="" type="checkbox"/> Attached to this Certification <input type="checkbox"/> To be Provided Separately

**SUMMARY**

<b>Eligible Mitigation Action</b> <input checked="" type="checkbox"/> Appendix D-2 item (specify): <u>DERA Option</u>
<b>Action Type</b> <input checked="" type="checkbox"/> Item 10 - DERA Option (5.2.12) (specify and attach DERA Proposal):
<b>Explanation of how funding request fits into Beneficiary's Mitigation Plan (5.2.1):</b>  The state of Oregon in Environmental Mitigation Plan posted in November 2021 identified environmental priorities for the state that mitigation actions prescribed in Appendix D-2 can address, including air quality, public health and climate change. The plan, and associated administrative rulemaking in Chapter 340, Division 255 of Oregon Administrative Rules, specifically outline the protocol for selection of diesel equipment replacement or emission upgrades to protect the health of vulnerable populations, improve air quality, and mitigate climate forcers. This funding request is part of an overall program outlined in the Mitigation Plan. This request will support an estimated 12 months of activity in what is expected to be a five year program to provide grant funding to address diesel equipment across the state, primarily by old equipment and replacing them with lower emission vehicles.
<b>Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):</b> Grant applicants will be offered the opportunity to receive funding to scrap and replace older diesel equipment or, use the DERA Option to install diesel particulate filters. The order in which applicants are selected is based on criteria established in OAR 340-255-0060. DEQ expects to provide about one fifth of remaining funding per year from 2021 through 2025 in order to manage administrative costs and to provide certainty for fleet managers applying for funding in the future. We anticipate the grant program will draw an estimated \$40 million from the

Oregon allocation under Appendix D, or the remainder of the total available after administrative expenses and the completion of at least 450 school bus projects.

The focus of the expanded Diesel Emissions Mitigation Grant Program is on supporting diesel equipment owners and operators in complying with new regulations on in-use diesel engines in the Portland Metro Area. Medium and heavy-duty diesel truck owners in this area are now subject to phase out deadline after which they can no longer register their equipment. Grant funds for replacement and retrofits are being prioritized for these businesses, individuals, and organizations. Also, the program is designed to reduce impacts among vulnerable populations of the health effects from diesel exhaust exposure.

DEQ anticipates simultaneous reductions in NOx, particulate and air toxic emissions to be on the order of 80 to 90 percent depending upon the engine size, category and age. As noted earlier, DEQ anticipates public health and environmental benefits over the wide range of impacts associated with exposure to exhaust from legacy diesel engines. DEQ anticipates that most of the replacement vehicles and equipment will result in improved fuel economy from advances in engine technology. As a result, climate change benefits are realized from reductions in pollutants like carbon dioxide and black carbon.

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

We anticipate the majority of actions will involve vehicle replacement, which will result in emission reductions in NOx, PM and other harmful pollutants. The new equipment can be powered by late model diesel, propane, natural gas or electricity with the choice dependent upon the grant applicant's needs and desires. The estimated emission reductions are based on proposed projects at the time of submission of this request. DEQ expects to make minor adjustments based on equipment availability, cost, and supply chain changes as needed. Any alternative fuel equipment that are purchased can be expected to result in additional reductions in one or more of the pollutants shown here.

NOx: 25.22 Short Tons

PM2.5: 2.05 Short Tons

#### **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):**

Oregon Department of Environmental Quality

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

The Oregon Department of Environmental Quality (DEQ), as the lead agency for the state of Oregon implementing the Environmental Mitigation Plan, has established a webpage on the VW Settlement and mitigation actions, <http://www.oregon.gov/deq/aq/programs/pages/vw-diesel-settlement.aspx>. DEQ is subject to Oregon Public Records and Public Meetings Laws, Oregon Revised Statutes (ORS) chapter 192. These laws and accompanying guidance prepared by the Oregon Attorney General outline best practice for public access to records and exemptions in the case of confidential business information and personally identifiable information meeting exemption criteria. To the limited extent information is submitted to DEQ that meets exemption criteria under the Public Records Law, DEQ will maintain that information as confidential.

#### **Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8).**

Environmental Mitigation Funds will provide the maximum reimbursement allowed under this Eligible Mitigation Action based on the individual applicants and project types. Recipients provide the balance. If a recipient chooses to install diesel particulate filters, to be managed under Option 10 – DERA (5.2.12), costs to purchase and install are reimbursed up to 100 percent.

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

On February 5, 2018, DEQ provided notice, via email, of availability of Mitigation Action Funds to the parties named in 4.2.8 as well as the Bonneville Power Administration, the Federal Bureau of Prisons - Sheridan, the United States Coast Guard Pacific Area and the Army Corps of Engineers. DEQ also mailed the same notice to the Bend Field Office of the U.S. Bureau of Reclamation and the Oregon office of the U.S. Bureau of Land Management. The notice included a summary description of the Volkswagen legal issue including links to Appendix D-2, a listing of Eligible Mitigation Actions and instructions on how to sign up for notification about implementation steps, fund availability and application protocols for the program in Oregon. Additionally, DEQ accepted public comment on the proposed grant program rulemaking from Sept. 30, 2020, until 4 p.m. on Oct. 22, 2020. DEQ provided notice of the proposed rulemaking and rulemaking hearing by Filing notice with the Oregon Secretary of State for publication in the October 2020 Oregon Bulletin; Notifying the EPA by mail; Posting the Notice, Invitation to Comment and Draft Rules on the web page for this rulemaking, located at: <https://www.oregon.gov/deq/Regulations/rulemaking/Pages/Rvwgrants2020.aspx> DEQ mailed approximately 17,473 interested parties on the following DEQ lists through GovDelivery and posted on the DEQ event calendar: <https://www.oregon.gov/deq/Get-Involved/Pages/Calendar.aspx>

**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).**

DEQ has completed analyses of exposure to toxic air contaminants including diesel emissions showing a disproportionate impact to communities of color and low income. This disproportionate impact comes from the operation of thousands of vehicles. This program recognizes the air contaminants and effects on climate produced by diesel engines. Used as grants to upgrade diesel equipment, the program will address health and environmental impacts from diesel emissions. Targeted use of the funds will help Oregon meet the following goals and address some of the challenges to improving air quality for vulnerable populations.

For the purposes of this program, vulnerable population means

- people under the age of 14 and over the age of 64;
- Black, Indigenous, and people of color;
- people with a household income that is less than or equal to twice the federal poverty level;
- people who are linguistically isolated; and
- people age 25 or older who have not earned a high school diploma or passed a General Educational Equivalent test.

As a part of the grant application process DEQ requests that applicants identify the primary address where their diesel equipment is based. Using this address, and other location information as needed, DEQ applies a vulnerable population score of 1-5 for the emissions reduction benefits of a proposed project among vulnerable populations based on the project's ability to reduce diesel emissions in areas with the highest diesel emissions, vulnerable populations, and population density. Proposals with higher scores are more likely to receive funding and alleviate disproportionate burdens accordingly.

**ATTACHMENTS**  
**(CHECK BOX IF ATTACHED)**

- |                          |                     |   |
|--------------------------|---------------------|---|
| <input type="checkbox"/> | <b>Attachment A</b> | <b>Funding Request and Direction.</b>   |
| <input type="checkbox"/> | <b>Attachment B</b> | <b>Eligible Mitigation Action Management Plan Including Detailed Budget and Implementation and Expenditures Timeline (5.2.4).</b> |

- ☐ **Attachment C**      **Detailed Plan for Reporting on Eligible Mitigation Action Implementation (5.2.11).**
- ☐ **Attachment D**      **Detailed cost estimates from selected or potential vendors for each proposed expenditure exceeding \$25,000 (5.2.6). [Attach only if project involves vendor expenditures exceeding \$25,000.]**
- ☐ **Attachment E**      **DERA Option (5.2.12). [Attach only if using DERA option.]**
- ☐ **Attachment F**      **Attachment specifying amount of requested funding to be debited against each beneficiary's allocation (5.2.13). [Attach only if this is a joint application involving multiple beneficiaries.]**

### **CERTIFICATIONS**

**By submitting this application, the Lead Agency makes the following certifications:**

1.      **This application is submitted on behalf of Beneficiary State of Oregon,  
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: 09/27/2024

  
Brian Boling (Sep 27, 2024 08:57 PDT)

**Brian Boling**  
**DEQ Central Services Division Administrator**

**Oregon Department of Environmental Quality**

**for**

**State of Oregon**

## ATTACHMENT B

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

### **PROJECT MANAGEMENT PLAN**

### **PROJECT SCHEDULE AND MILESTONES**

Milestone	Date
Grant Program Opens for Applications:	2/1/24
Grant Program Closes for Applications:	6/13/24
Grant Awards Announced:	8/14/24
Funding for Projects Becomes Available:	12/15/24
Grant Agreements Signed:	1/1/25– 3/1/25
Recipients Complete Procurement and Submit Purchase Orders:	Start + 12 to 24 Months
Recipients Submit Evidence of Scrapping, Invoices, and Other Documents Required for Reimbursement:	Start + 12 to 24 Months
DEQ Reviews, Requests Corrections if Necessary. Certifies Project Completion, Provides Reimbursement:	Start + 12 to 24 Months
DEQ Reports to Trustee on Status of and Expenditures within Mitigation Actions Completed and Underway	January 30 and July 30, ongoing

### **PROJECT BUDGET**

Period of Performance: _____				
Budget Category	Total Approved Budget	Share of Total Budget to be Funded by the Trust	Cost-Share, if applicable (Entity #1)	Cost-Share, if applicable (Entity #2)
1. Equipment Expenditure	\$1,846,661.16	\$913,255.60	\$933,405.56	\$
2. Contractor Support (Provide List of Approved Contractors as Attachment with approved funding ceilings)	\$	\$	\$	\$

3. Subrecipient Support <i>(Provide List of Approved Subrecipients or Grant Awardees as Attachment with approved funding ceilings)</i>	\$	\$	\$	\$
4. Administrative <sup>1</sup>	\$136,988.34	\$136,988.34	\$	\$
<b>Project Totals</b>	\$1,050,243.94	\$	\$	\$
<b>Percentage</b>	%	%	%	%

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<sup>1</sup> Subject to Appendix D-2 15% administrative cap.



## **PROJECTED TRUST ALLOCATIONS**

	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>1. Anticipated Annual Project Funding Request to be paid through the Trust <sup>1</sup></b>	\$9,834,004.10	\$9.55	\$3.1	TBD	TBD	TBD
<b>2. Anticipated Annual Cost Share <sup>2</sup></b>	\$6,560,468.75	\$6.92	\$2.24			
<b>3. Anticipated Total Project Funding by Year (line 1 plus line 2)</b>	\$16,394,472.80	\$16.47	\$5.34			
<b>4. Cumulative Trustee Payments Made to Date Against Cumulative Approved Beneficiary Allocation</b>	\$51,982,827	\$61.82	\$69.87			
<b>5. Current Beneficiary Project Funding to be paid through the Trust (line 1)</b>	\$9,834,004.10	\$9.55	\$3.1			
<b>6. Total Funding Allocated to Beneficiary, inclusive of Current Action by Year (line 4 plus line 5)</b>	\$61,816,831.10	\$71.37	\$72.97			
<b>7. Beneficiary Share of Estimated Funds Remaining in Trust</b>	\$20,562,597.60	\$1.53	\$3.1			
<b>8. Net Beneficiary Funds Remaining in Trust, net of cumulative Beneficiary Actions (line 7 minus line 5)</b>	\$10,728,593.50	\$3.1	\$0			

<sup>1</sup> includes three separate mitigation actions (funding requests 14, 15, and 16).

<sup>2</sup> based on average cost share of all projects for the current round (42%). Individual mitigation cost shares range from 0% to 75%, and can change significantly from round to round, depending on individual projects submitted within each round.

## **ATTACHMENT E - DERA WORKPLAN**

## **2023-2024 Diesel Emissions Reduction Act (DERA) State Program**

### **Work Plan and Budget Narrative**

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INSTRUCTIONS: States and territories applying for 2023-2024 DERA State Program funds should use this template to prepare their Work Plan and Budget Narrative.

Please refer to the 2023-2024 DERA State Program Guide full program details, eligibility criteria and funding restrictions, and application instructions.

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## SUMMARY PAGE

**Project Title: Oregon Diesel Engine Replacement and Retrofit Program – FY 2023**

### **Project Manager and Contact Information**

**Organization Name: Oregon Department of Environmental Quality**

**Project Manager: Gerik Kransky**

**Mailing Address: 700 NE Multnomah Street, Portland, OR 97232**

**Phone: 503.229.5177(o)**

**Fax: 503.229.6954**

**Email: Gerik.Kransky@deq.oregon.gov**

### **Project Budget Overview:**

	<b>2022*</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
EPA Base Allocation	\$357,263	\$429,293	TBD	\$786,556
Total State Contribution (Cost share)	\$357,263	\$429,293		\$786,556
EPA Match Bonus (If applicable)	\$178,631	\$214,647		\$393,278
Total EPA Allocation (base plus match bonus if applicable)	\$535,894	\$643,940		\$1,179,834
<b>TOTAL Project Cost (EPA Allocation plus State contribution)</b>	<b>\$893,157</b>	<b>\$1,073,233</b>		<b>\$1,966,390</b>

Note: \*If state participated in 2022

### **3 Year Project Period for 2023-2024 State DERA Grants<sup>1</sup>**

FY2023 First Phase: October 1, 2023 – September 30, 2024

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<sup>1</sup> FY2024 funds will be dispersed as an incremental amendment to existing 2023 DERA State Grants or, if a state does not have a 2023 grant, a new award.

FY2024 Incremental Amendments: October 1, 2024 – September 30, 2025

2023-2024 Project Period Close Out: September 30, 2026

### **Summary Statement**

Oregon DEQ will provide participant support costs to an array of medium and heavy-duty diesel equipment owners in Oregon, upgrading and replacing their older, more polluting vehicles and equipment with new technologies to reduce emissions. DEQ's [Diesel Emissions Mitigation](#) grant program provides an annual opportunity for qualified applicants to propose these types of projects for funding. For the last three years DEQ has awarded approximately \$8M per year from available VW Environmental Mitigation Trust funds based on this competitive grant application process. Starting in 2023 and going forward DEQ will award additional funds beyond the \$8M, as available, from FY 2023 and future DERA State Grants from EPA. This process will provide a single point of entry for Oregon fleets and equipment owners as well as a streamlined administrative process for project selection at Oregon DEQ.

In FY 2023 Oregon DEQ received 69 applications for funding totaling \$35M in requested funding. After applying Diesel Emission Mitigation grant program criteria and selecting \$8M in projects through that process Oregon DEQ will provide participant support costs according to EPA's DERA Cost Share amounts to additional projects based on their anticipated air quality benefits. DEQ will support projects with DERA funds that benefit vulnerable populations ([link to DEM vul. pop. criterion](#)), upgrade COBID certified fleets ([link to COBID webpage](#)), achieve early compliance with Oregon's medium and heavy-duty diesel vehicle phase out regulations in Multnomah, Clackamas, and Washington Counties ([link to ORS](#)), and align private contractors' fleets with regional Clean Air Construction standards ([link to CAC](#)). Oregon DEQ will know the total number of vehicles and equipment and project details after making initial award decisions for the first \$8M in projects.

Oregon DEQ also plans to retrofit heavy-duty trucks that face vehicle phase-out deadlines as regulated under Oregon House Bill 2007 (2019). Projects will be selected from a list of unfunded Oregon Diesel Emissions Mitigation program applicants. The final count is dependent on the control method selected by the applicant and the actual pricing of controls.

The distribution of funding among the technology choices possible will be determined by the choices made by participants based on their evaluation of optimal eligible technologies. For purposes of this budget, we estimate replacing and retrofitting 35 medium- and heavy-duty trucks and nonroad equipment. An estimated distribution of costs from this projected outcome is shown below.

Notice of this project will also be posted on DEQ's webpage, <http://www.oregon.gov/deq/aq/programs/Pages/Diesel-Success-Stories.aspx>, Facebook page <https://www.facebook.com/oregondeq> and on its Twitter account, <https://twitter.com/OregonDEQ>

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## **SCOPE OF WORK**

**STATE/TERRITORY GOALS AND PRIORITIES:** Localized concentrations of diesel particulate matter continue to represent ongoing public health challenges for healthy air quality. According to the 2019 AirToxScreen Assessment results, the statewide average concentration for diesel particulate is 0.051 ug/m<sup>3</sup> with much higher localized concentrations in some cities and counties. The Oregon benchmark for increased cancer risk from exposure to diesel particulate matter is 0.1 ug/m<sup>3</sup>.

Oregon's Diesel priorities include replacing and retiring the oldest diesel engines, adopting new and cleaner technologies with Advanced Clean Trucks and Heavy-Duty Low NO<sub>x</sub> Omnibus rules, and supporting owners and operators transitioning their fleets with incentive programs.

In addition, DEQ will fund projects not selected under the Oregon Diesel Emission Mitigation Grant (VW Trust funded state grant program) competitive program. Selected projects will be focused on counties that are on the EPA Priority Counties List: Clackamas, Klamath, Lane, Marion, Multnomah, and Washington.

## **VEHICLES AND TECHNOLOGIES:**

The project will contribute to pollution reduction strategies including replacement of older, medium- and heavy-duty trucks and nonroad equipment. All potential vehicles are included in the attached fleet info spreadsheet. The actual selected list will be much shorter than current list of all potential projects. Oregon DEQ will select an initial \$8M worth of projects to retrofit and replace trucks and nonroad equipment pursuant to existing Diesel Emissions Mitigation grant program, details here: <https://www.oregon.gov/deq/air/programs/Pages/Diesel-Grants.aspx>

DEQ will award available 2023 DERA funds to additional priority retrofit and replacement projects of medium- and heavy-duty trucks and nonroad equipment. The vehicles and engines selected for replacement will meet all relevant conditions for replacement, equivalency and model years as outlined in current applicable EPA DERA program guide. The equipment will be powered by 2021 or newer model year engines. All exhaust controls that are installed as part of this project will be verified by either EPA or CARB protocols.

## **ROLES AND RESPONSIBILITIES:**

The OR DEQ will be responsible for determining eligible participants and providing technical assistance for fleet information and grant agreement criteria. OR DEQ will also ensure that all participants will follow the EPA DERA guidelines. Oregon DEQ staff verify that proper destruction of each vehicle is properly completed, and all required supporting documents submitted. All grant funds for participants will be provided through reimbursements. Participants are responsible for submitting completed documentation as well as invoicing requests for eligible reimbursements as directed by the EPA DERA 2023-2024 guidelines to receive grant funds.

Applicants that have already communicated interest in DERA and Oregon DEQ Diesel Emissions Mitigation grant funding and were qualified to participate but were not funded in the prior EPA offerings or not selected for Oregon's initial Volkswagen Environmental Mitigation Plan will be eligible for funding through this year's program. They will be contacted to confirm their current interest in participating in medium and heavy-duty truck and nonroad equipment retrofit and replacement projects according to the FY 2023 State Clean Diesel Grant Program Information Guide.

The new vehicles will be the same type and similar horsepower to the older vehicles being replaced and be engine model year 2021 and newer or zero emission. The older vehicles will be scrapped or rendered permanently disabled using EPA approved methodologies. Evidence of appropriate disposal will be provided. Equipment and components that are salvaged from the vehicles being replaced can be sold and used as program income to offset program participant costs.

Funds from the FY 2023 DERA allocation will be paid out to the participants as participant support costs to reimburse up to 25% of the new vehicle replacement costs, up to 45% of eligible replacement costs with a zero-emission vehicle replacement and up to 100% of eligible exhaust after treatment costs. The participants will contribute matching funds to complete the purchase from non-federal funds as required. The commitment to provide matching funds will be enforced through grant agreements with the participants. OR DEQ will adhere to reimbursement rates from the DERA guidelines.

## **TIMELINE AND MILESTONES:**

Milestones	Due Date
EPA Award finalized	Oct 2023
Sub-grant agreements signed	Nov 2023 – Sept 2024
Procurement process completed	Nov 2023 – Oct 2024
Order placed for replacement vehicles or treatment	Nov 2023 – Oct 2024
Replacement vehicles delivered; older vehicles scrapped	July 2024 – Dec 2025
Quarterly reports filed to EPA	January 2024, 2025, 2026 April 2024, 2025, 2026 July 2024, 2025, 2026 October 2024, 2025, 2026
Final report to EPA	90 days after final closeout, Estimated Dec 31 2026

#### **DERA PROGRAMMATIC PRIORITIES:**

Oregon DEQ's delivery of FY23-24 DERA state grant funds will meet several of the programmatic priorities outlined in the Diesel Emissions Reduction Act. The eligible projects will maximize public health benefits, are the most cost-effective, serve areas that receive a disproportionate quantity of air pollution from diesel fleets, and include potential vehicle replacement with zero emissions vehicles.

The retrofitted and replaced trucks will potentially serve airports, ports and distribution centers consistent with the EPA FY 2022-2026 Strategic Plan. These are areas that include disproportionate burden of diesel emissions among some impacted communities. DEQ will apply vulnerable population project award criterion to ensure that these projects are prioritized, details here: <https://www.oregon.gov/deq/aq/Documents/diesel-VulnerablePopulationsFS.pdf>

#### **ENVIRONMENTAL JUSTICE AND DISADVANTAGED COMMUNITIES:**

Oregon DEQ will select projects in disadvantaged communities (as defined in the 2023-2024 DERA State Grants Program Guide) in the following counties, Multnomah, Marion, Linn, Jackson, Washington, Lane, and Clackamas, which all contain at least one census tract where the modeled ambient diesel PM concentration from the 2019 Air Toxics Screening Assessment is above the 80<sup>th</sup> percentile (0.38 µg/m<sup>3</sup> for 2019) for census tracts nationwide.

DEQ's program engages with the public throughout the entire life cycle of the grantmaking process. During scheduling of annual grant availability diesel equipment owners asked for an



extended period to plan and prepare their grant applications. As a result, DEQ provides grant timelines on a multi-year basis that allow fleets to plan for their upgrades and submit applications during a two-month window. Several grant applicants ask questions and request technical assistance before, during, and after their applications. DEQ staff provide constant support throughout this process, answering calls, emails, and help requests in the custom software powering our grant application system.

After DEQ makes grant award decisions, the agency provides onboarding information and support to the grantees. DEQ provides a comprehensive debrief session for all unsuccessful grant applicants, listening to their questions and concerns and walking through a detailed account of review process, scoring, and opportunities for improvement in future applications. These conversations shed light into the unique challenges Oregon diesel equipment owners face and DEQ frequently uses this feedback to inform program changes.

In 2022, based on extensive feedback, DEQ updated the grant application process to include a more straightforward way to estimate emissions benefits and an opportunity to include fuel contracts. These updated web application features make it easier for applicants to share the benefit of their projects and identify the air quality impact from commitments to use renewable fuels and lower-carbon fuels that generate credits in DEQ's Clean Fuels Program. Each of these dynamics describes community involvement in Oregon DEQ's diesel emissions mitigation program implementation and improvements that occur because of new feedback.

## **PROJECT SUSTAINABILITY:**

In Oregon, the transportation sector is one of the largest contributors of greenhouse gas emissions, accounting for 35% of all emissions in 2019. The combustion of fossil fuels in cars and trucks contribute the most GHG emissions. Reducing the use of fossil fuels from cars and trucks will decrease GHG emissions, most significantly carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and oxides of nitrogen (Nox). It will also reduce criteria pollutants and other toxic air pollutants (most significantly diesel particulate matter).

DEQ is reducing vehicle transportation-related emissions through a variety of efforts to address clean vehicles, clean fuels, and fewer miles traveled. These actions include both regulatory and voluntary efforts. In addition, DEQ collaborates with partner agencies (the Oregon Department of Transportation, the Oregon Department of Energy, and the Department of Land Conservation and Development) on the [Every Mile Counts project](#), effort to find ways to reduce transportation emissions by adopting cleaner fuels, using better vehicle technology, and ensuring there is adequate infrastructure to support the transition.

Some of Oregon DEQ's additional mobile source emissions reductions programs include the [Advanced Clean Cars II regulation](#), [Advanced Clean Truck regulations](#), Oregon [Clean Vehicle Rebate](#) Program, and [Clean Fuels program](#). All these programs provide public access, technical assistance, and transparency through staff support and frequent community engagement.

Oregon DEQ also contributes PM2.5 and Nox emissions data directly to EPA for inclusion in the National Emissions Inventory. The most recent data is publicly available in the 2020 NEI, [is available here](#).

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## **PROJECT RESILIENCE TO CLIMATE IMPACTS:**

Oregon DEQ developed and maintains an Emergency Operations Plan to ensure continuity of operations under a multitude of potential geologic, climate, adverse, and weather impacts. This 50-page plan for the Portland Lloyd Building at 700 NE Multnomah St. Portland, OR 97232 indicates extensive measures taken to anticipate, plan, and prepare for Oregon DEQ to continue reducing air pollution from mobile sources through severe weather events, emergencies, and potential climate impacts.

Regarding the grant-specific work of retrofitting and replacing older diesel engines, Oregon DEQ will be able to maintain contract justifications, grant agreements, legal and procurement review, program operations, project reimbursement, and reporting obligations through potential emergencies.

## **WORKFORCE DEVELOPMENT:**

Oregon DEQ does not have in-house workforce development and training capacity among existing staff. However, as a part of our ongoing work on the Diesel Emissions Mitigation grant program the agency has become a dues-paying member among regional and state trade associations that are focused on workforce development. Through making direct membership payments and participating in mechanic, construction, and related trade association meetings DEQ is supporting these programs in Oregon and building capacity to ensure that current drivers, mechanics, electricians, and other essential personnel receive training to safely operate and maintain new nonroad equipment, vehicles, and infrastructure.

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

Replacing and retrofitting older, diesel-powered nonroad equipment and heavy-duty trucks will reduce emissions that have a deleterious effect on human health and the environment. Specifically, these actions support EPA’s 2022-2026 Strategic Plan Goal 1 “Tackle the Climate Crisis” – Objective 1.1 “Reduce Emissions that Cause Climate Change” and Strategic Plan Goal 4 “Ensure Clean and Healthy Air for All Communities” – Objective 4.1 “Improve Air Quality and Reduce Localized Pollution and Health Impacts”. The funded activities will reduce diesel emissions including black carbon, ozone precursors such as Nox and greenhouse gases associated with existing fleets and nonroad equipment through vehicle retrofit and replacement.

Diesel particulate matter will also be reduced by installing verified diesel exhaust controls on at least 30 heavy-duty trucks. Oregon DEQ projects will create additional air quality benefits among vulnerable populations based on the applicant and award pool of medium and heavy-duty truck and nonroad equipment retrofit and replacement projects in areas of the state with high levels of diesel particulate matter pollution, above 0.38 µg/m<sup>3</sup> for 2019, as discussed above.

Projected Air Quality Improvement Estimates – DEQ will produce revised emissions reduction data based on final project details.

<b>Reductions</b>	<b>NO<sub>x</sub></b>	<b>PM2.5</b>	<b>HC</b>	<b>CO</b>	<b>CO<sub>2</sub></b>
Annual (Tons/year)	0.335	0.523	0.560	2.024	0.0
Lifetime (Tons)	9.054	4.222	4.554	15.818	0.0

Emission reductions were calculated using the Diesel Emission Quantifier.

DEQ will track progress of the project and, upon project completion, calculate emission reductions using tools like the Diesel Emission Quantifier.

### Outcomes

#### Short-term:

DEQ will promote the project among interested parties as well as consider additional opportunities within the local media.

#### Medium-term:

Diesel emissions within selected project areas will be reduced

Diesel emissions from older heavy-duty trucks will be reduced

#### Long-term:

- Number of children and adults with asthma or asthma-associated incidents/hospitalizations and other health problems related to diesel emissions will be reduced.
- Ambient air quality will improve in the targeted communities.
- Excess cancer risk from exposure to diesel particulate matter will be reduced. Notable climate warming impacts will be reduced that are associated with the operation of diesel equipment. These impacts will be primarily due to the reduction in criteria gases like carbon monoxide that lead to corresponding decreases in more potent greenhouse gases like methane and the reduction in black carbon which is a short-term climate forcer.

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## BUDGET NARRATIVE

### 2023 Itemized Project Budget

Budget Category	EPA Allocation	Mandatory Cost-Share	Voluntary Match (if applicable)		Line Total
			VW Mitigation Trust Funds	Other Funds	
1. Personnel	\$31,067	\$0	\$18,536	\$0	\$49,603
2. Fringe Benefits	\$14,480	\$0	\$8,751	\$0	\$23,231
3. Travel	\$147	\$0	\$88	\$0	\$235
4. Equipment	\$0	\$0	\$0	\$0	\$0
5. Supplies	\$636	\$0	\$379	\$0	\$1,015
6. Contractual	\$0	\$0	\$0	\$0	\$0
7. Other	\$586,333	\$830,411	\$394,783	\$0	\$1,811,527
<b>8. Total Direct Charges (sum 1-7)</b>	\$632,663	\$830,411	\$422,537	\$0	\$1,885,611
9. Indirect Charges	\$11,277	\$0	\$6,756	\$0	\$18,033
<b>10. Total (Indirect + Direct)</b>	\$643,940	\$830,411	\$429,293	\$0	\$1,903,644
11. Program Income					

### 2024 Itemized Project Budget - TBD


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					
<b>8. Total Direct Charges (sum 1-7)</b>					
9. Indirect Charges					
<b>10. Total (Indirect + Direct)</b>					
11. Program Income					

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