NEVADA DIVISION OF
ENVIRONMENTAL
PROTECTION

STATE OF NEVADA
Department of Conservation & Natural Resources

Joe Lombardo, *Governor*
James A. Settelmeyer, *Director*
Jennifer Carr, *Administrator*

July 31, 2025

VW Diesel Emissions Environmental Mitigation Trust
c/o Wilmington Trust, N.A., as Trustee
1100 North Market Street
Wilmington, DE 19890
Attn: Michael Bochanski Jr, 5th floor
Assistant Vice President

**RE: Nevada Semiannual Report**
**Nevada Division of Environmental Protection, as Lead Agency**
**Volkswagen Environmental Mitigation Trust Agreement for State Beneficiaries**
**Reporting Period: January 1, 2025, to June 30, 2025**

Dear Mr. Bochanski Jr.,

As required by paragraph 5.3 of the Volkswagen Environmental Mitigation Trust Agreement for State Beneficiaries (VW State Trust) we provide this report on the status of each Eligible Mitigation Action approved for funding through Nevada's allotment of VW State Trust funds. Specifically, Nevada's Reporting Obligations include a description on the progress implementing each Eligible Mitigation Action during the period leading up to the reporting date (including a summary of all costs expended on the Eligible Mitigation Action through the reporting date); and a complete description of the status (including actual or projected termination date), development, implementation, and any modification of each approved Eligible Mitigation Action. Nevada is grouping all updates on our approved Eligible Mitigation Actions into this single report.

Nevada's goals for the VW State Trust, as detailed in Nevada's Beneficiary Mitigation Plan are:

1. Reduce nitrogen oxide (NOx) emissions from areas of Nevada that bear a disproportionate share of NOx pollution and potentially, other pollutants;
2. Reduce NOx emissions from areas of Nevada where the vehicles subject to the settlement were, are, or will be operated; and
3. Support long-term investments toward a zero-emission transportation sector within Nevada.

Thank you for your consideration in this matter and if you should have any questions about this report or require additional clarification, please contact me at (775) 687-9373.

Under penalty of perjury, I attest that the information contained in this report is true and correct.

Sincerely,

Danilo Dragoni, PhD
Deputy Administrator

cc: Jennifer Carr, P.E, CPM, CEM., Administrator, NDEP

# Nevada's Semiannual Beneficiary Report

For the Volkswagen Environmental Mitigation Trust Agreement for State Beneficiaries

July 31, 2025

NDEP

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## Overview

In addition to the Beneficiary Reporting Obligations listed in paragraph 5.3 of the Volkswagen Environmental Mitigation Trust Agreement for State Beneficiaries (VW State Trust), the Nevada Division of Environmental Protection (NDEP), acting as the Lead Agency on behalf of the State of Nevada, is first providing a brief background on the process NDEP completed prior to the submission of the first Appendix D-4: Beneficiary Eligible Mitigation Action Certification to Wilmington Trust (the "Trustee"). While these details should not be considered comprehensive, it is the Agency's hope that they will provide the public a base understanding of Nevada's process, intent, and progress on fully mitigating the environmental harm that was caused by VW in the State of Nevada. If either the Trustee or a member of the public would like a comprehensive review of all actions completed prior to this semiannual report, we recommend starting with Nevada's Beneficiary Mitigation Plan.[1]

## Background

On November 17, 2017, then Governor Sandoval signed the Certification for Beneficiary Status, and the Certification was subsequently filed with the Court on the same date. This agreement serves as the formal application to the Trustee requesting that the State of Nevada be deemed a beneficiary of the VW State Trust and identified NDEP as the lead agency to act on behalf of the State of Nevada in administering the VW State Trust funds. In designating NDEP as the lead agency, Governor Sandoval also directed NDEP to utilize 15 percent of VW State Trust funds (the maximum allowable) in support of the Nevada Electric Highway Initiative and for the Nevada Advisory Committee on the Control of Emissions from Motor Vehicles (I/M Committee) to serve in an advisory capacity to NDEP in the establishment of a program for the distribution of VW State Trust funds.

Created in Nevada Revised Statutes (NRS) 445B.830, the I/M Committee consists of 11 members with representatives from the Department of Motor Vehicles, NDEP, the Department of Transportation, the Department of Agriculture, air pollution control officials from Clark and Washoe counties, and a nonvoting representative from the U.S. Environmental Protection Agency (USEPA), Region IX.

Through the development of Nevada's Beneficiary Mitigation Plan, the I/M Committee identified three main goals for NDEP in managing the VW State Trust funds. They are to efficiently and cost effectively:

[1] Nevada's Beneficiary Mitigation Plan is available online at: https://ndep.nv.gov/uploads/air-vw-bmp-docs/beneficiary_mitigation_plan.pdf.

1. Reduce NOx emissions from areas of Nevada that bear a disproportionate share of NOx pollution and potentially, other pollutants;
2. Reduce NOx emissions from areas of Nevada where the vehicles subject to the settlement were, are, or will be operated; and
3. Support long-term investments toward a zero-emission transportation sector within Nevada.

Nevada's Beneficiary Mitigation Plan also identified six of the ten Eligible Mitigation Actions allowed by the VW State Trust that will be most appropriate to achieve the stated plan goals. Table 1 below shows the anticipated spending percentages in each of the allowable Eligible Mitigation Action categories.

**Table 1: Anticipated funding percentages for Eligible Mitigation Action Categories**

| Funding Percentage | Eligible Mitigation Action | Category |
|---|---|---|
| 0 | Freight Switchers (Locomotives) | 3 |
| 0 | Ferries/Tugs | 4 |
| 0 | Ocean Going Vessels (OGV) Shorepower | 5 |
| 0 | Forklifts and Port Cargo Handling Equipment | 8 |
| 5 | Diesel Emission Reduction Act (DERA) Option | 10 |
| 15 | Light Duty Zero Emission Vehicle Supply Equipment | 9 |
| 80 | Class 8 Local Freight Trucks and Port Drayage Trucks | 1 |
| | Class 4-8 School Bus, Shuttle Bus, or Transit Bus | 2 |
| | Class 4-7 Local Freight Trucks (Medium Trucks) | 6 |
| | Airport Ground Support Equipment | 7 |

As of April 12, 2018, NDEP had completed all administrative obligations necessary to disburse VW State Trust funds. A summary of these obligations is included in Table 2.

**Table 2: Status of administrative obligations necessary in order to disburse VW State Trust funds**

| Date Submitted | Submission/Status |
|---|---|
| January 29, 2018 | Nevada was deemed a Beneficiary by the Trustee's submission of the Notice of Beneficiary Designation to the United States District Court for the Northern District of California |
| February 23, 2018 | NDEP provided the Notice of Availability of Mitigation Action Funds to representatives from the Department of the Interior and the Department of Agriculture |
| February 26, 2018 | NDEP submitted its Delegation of Authority and Incumbency Certificate and it's signed Exhibit A to the Trustee (Exhibit A was countersigned by the Trustee on March 12, 2018) |
| March 12, 2018 | NDEP submitted Nevada's Beneficiary Mitigation Plan to the Trustee |
| April 12, 2018 | NDEP became eligible to submit funding requests to the Trustee in order to access and disburse VW State Trust funds |

## Process Established to Distribute VW State Trust Funds

There are three major categories of projects by which NDEP chooses to fund projects: (1) the Nevada Electric Highway; (2) the Nevada Clean Diesel Program; and (3) the Diesel Emission Mitigation Fund Competitive Application. Because the process of funding these three types of projects is different, NDEP has included a diagram with this report (Appendix A) to briefly explain how each type of project is managed and funded as it relates to VW State Trust funds.

### Nevada Electric Highway

Category 9 funds were utilized to support the development of the Nevada Electric Highway. While NDEP finalized and submitted all VW State Trust Appendix D-4 Beneficiary Eligible Mitigation Action Certification requests to the Trustee, the Nevada Governor's Office of Energy (GOE) identified and awarded the 15 percent of VW State Trust funds allocated to Category 9: Light Duty Zero Emission Vehicle Supply Equipment.

Now completed, the Nevada Electric Highway provides a network of electric vehicle charging stations across the state to make it easier for Nevadans and our guests alike to travel all across the state. By investing in the electric vehicle charging stations identified in Nevada's Beneficiary Mitigation Plan, VW State Trust funds support increased electric vehicle usage in Nevada's metropolitan areas, as well as significantly contribute to an increase in the number of electric vehicles driven across not only Nevada, but the entire western region.

With these Category 9 projects, NDEP (through the Trustee) advanced funding to the GOE who directly oversaw the completion of the project. The GOE's project partners were then reimbursed on actual expenditures incurred over the course of the charging infrastructure's installation. The GOE provided quarterly progress reports to NDEP detailing the work done and any expenses incurred to complete the project. As a project completed, any unspent VW State Trust funds were returned to the Trustee.

### Nevada Clean Diesel Program

The VW State Trust allows the use of funds to match the annual USEPA Diesel Emission Reduction Act (DERA) State Grant Program award. When this happens, USEPA provides an additional 50 percent incentive in addition to the awarded base grant. NDEP has been a recipient of DERA grants for more than 10 years and has administered these funds to municipalities and school districts across the State through the Nevada Clean Diesel Program. Nevada's Beneficiary Mitigation Plan directs NDEP to use approximately 5 percent of Nevada's VW State Trust funds to match the annual DERA grant. Due to high, consistent interest in the Clean Diesel Program, NDEP expects to use approximately 9% of Nevada's VW funds to continue

matching the annual DERA award until 2025. This allows Nevada to maximize project reimbursement potential which can optimize our NOx reduction efforts to meet the goals of both VW and DERA.

NDEP has used VW State Trust funds to match the federal fiscal years (FFY) 2017 through 2019 DERA grants to support the replacement of school buses in Clark County and service vehicles in Washoe County. For FFY 2020-2021, NDEP partnered with Carson City, Clark County, and Washoe County School Districts to replace 9 school buses with electric ones. For FFY 2022, NDEP is supporting Washoe County School District on the replacement of 23 school buses with low emission equivalents. NDEP has received DERA grant funding for FFY 2023 and 2024 and plans to use VW State Trust funds to match project funding. For FFY 2023, NDEP intends to partner with the United Parcel Service and JJSP Leasing, a local charter bus company, to support the replacement of 4 tractor trailers with zero-emission tractor trailers and support the replacement of one diesel charter bus with a cleaner diesel bus. For FFY 2024, NDEP intends to partner with Republic Disposal to support the replacement of 15 refuse trucks with low- and zero-emission trucks. Appendix D-4 Beneficiary Eligible Mitigation Action Certifications will be submitted as program-eligible partners are finalized.

Project partners awarded funds through the Nevada Clean Diesel Program are required to provide quarterly progress reports to NDEP. These quarterly progress reports are used to prepare NDEP's subsequent quarterly reports to the USEPA and our semiannual reports to the Trustee.

**Competitive Funding – Nevada Diesel Emission Mitigation Fund**

NDEP solicits for projects and awards funding on a competitive basis through the Nevada Diesel Emission Mitigation Fund. There were solicitations for applications in 2018, 2019, and 2021. NDEP did not release a solicitation for applications in 2020 due to the COVID-19 pandemic. Neither did NDEP solicit in 2022 due to staffing shortages and attempting to close out already approved projects that were delayed from various COVID impacts. Projects selected for funding through the DEMF have all been approved by the Trustee and project partners are required to submit quarterly progress reports that detail any accomplishments, updates on the implementation schedule, actual or anticipated problems, and planned activities for the next reporting period.

It is also important to note that funds awarded through the DEMF are made available to awardees on a reimbursement basis; that is, projects must be completed and verified by the NDEP before VW State Trust funds are disbursed. NDEP is continuing to work with existing project partners and does not plan to release further solicitations for applications at this time, as the remaining $3 million in VW State Trust funds have been committed to the 2023 EPA Clean School Bus program. These funds will be used to cover funding gaps in electric school bus purchases in

Nevada school districts. After this allocation, any remaining funds will be considered for future DERA grant funding and if available, to fund projects on a non-competitive basis.

## Update on the Implementation of Approved Eligible Mitigation Actions

This section of the report provides a complete description of the status, development, implementation, and any modifications of each Eligible Mitigation Action that has been either approved, is in progress, or was completed during the reporting period. Once a project has been reported as completed in this report, it will no longer be reported on in detail in future semiannual reports. Table 3 provides information for all Eligible Mitigation Actions that were either approved, in progress, or completed during the reporting period. Note that the 'Anticipated Project Completion Date' in Table 3 has been updated based on the reports submitted by NDEP's project partners.

As Table 3 only lists projects that were either approved, in progress, or completed during the reporting period, and completed projects, once reported as such, are removed from the table, we are also providing the below data based on all Trustee approved projects.[2]

| | |
|---|---|
| 1. Total number of projects approved by Trustee: | 58 |
| 2. Total number of completed projects: | 58 |
| 3. Total value of VW State Trust funds for project costs: | $19,341,992.16 |
| 4. Total value of EPA funds for Clean Diesel Program awards: | $2,528,179.50 |
| 5. Total value of cost-share from project partners: | $42,802,830.04 |
| 6. Total value of VW State Trust funds for admin costs: | $2,101,092.78 |
| 7. Total value of all project costs (sum of lines 3 through 6): | $66,774,094.48 |
| 8. Total value of VW State Trust funds awarded (sum of lines 3 and 6): | $21,443,084.94 |
| 9. Total project NOx reductions (tons): | 926.167 |
| 10. Cumulative Trustee payments made against awards: | $21,443,084.94 |
| 11. Cumulative Trustee payments to be requested against awards: | $0.00 |
| 12. Funds currently remaining in Wilmington Trust Account: | $6,138,430.88 |
| 13. Estimate of remaining share of funds in Trust after all outstanding payments are made (line 12 minus line 11): | $6,138,430.88 |

[2] Note that all totals are accurate through June 30, 2025, the end of the current reporting period.

**Table 3: Information on all Eligible Mitigation Actions that have been either approved, are in progress, or were completed during the reporting period**

| Action Title | Beneficiary Project ID | Project Details | Project Costs and Funding | | | | | Total Project NOx Reductions (tons) | Estimated Project Completion Date |
|---|---|---|---|---|---|---|---|---|---|
| | | | VW State Trust Award | Clean Diesel Program Award | Cost Share Requirement | Project Admin Costs | Total Project Cost | | |
| DEMF – Clark County Dept of Aviation Shuttle Bus Replacements | NVDEMF 22-01 (DEP-S22-047) | Diesel to Electric replacement of 11 shuttle buses | $4,950,000.00 | $0.00 | $5,500,000.00 | $495,000.00 | $10,945,000.00 | 103.830 | Completed |
| DERA – WCSD Second Diesel School Bus Project | NVDEMF 24-01 (DEP-S25-010) | Diesel to Diesel replacement of 11 school buses | $468,460.00 | $107,407.00 | $1,727,601.00 | $0.00 | $2,303,468.00 | 2.371 | Completed |

## NVDEMF 22-01: DEMF – Clark County Dept of Aviation Shuttle Bus Replacements

**Eligible Mitigation Action Category:** 2 – Class 4-8 Eligible Buses

**Date Approved by Trustee:** 9/14/2022

**Anticipated project completion date:** Completed

**Funding request type:** Reimbursement (to partner) and Advancement (to NDEP)

**Total funding approved for project:** $5,445,000.00

**Total funding approved for EMA expenses:** $4,950,000.00

**Total funding approved for Admin expenses:** $495,000.00

**Total project payments made to date by year**

| 2022 | 2023 | 2024 | 2025 | |
|---|---|---|---|---|
| $61,875.00 | $0.00 | $0.00 | $5,383,125.00 | |

**Cumulative Trustee payments made to date against project:** $5,445,000.00

**Project payments made for EMA expenditures by year**

| 2022 | 2023 | 2024 | 2025 | |
|---|---|---|---|---|
| $0.00 | $0.00 | $0.00 | $4,950,000.00 | |

**Cumulative Trustee payments made to date for EMA expenditures:** $4,950,000.00

**Project payments made for Admin expenditures by year**

| 2022 | 2023 | 2024 | 2025 | |
|---|---|---|---|---|
| $61,875.00 | $0.00 | $0.00 | $433,125.00 | |

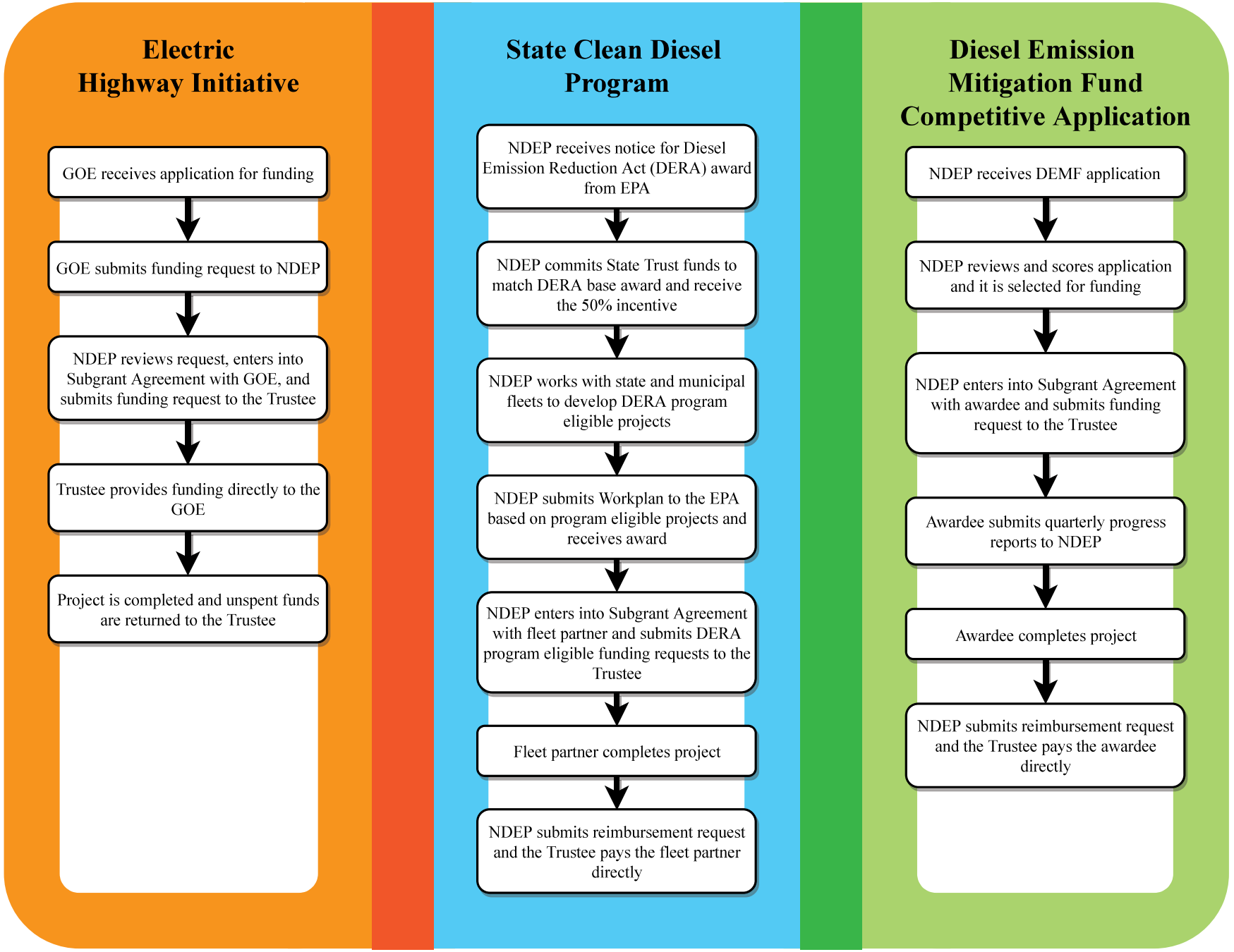
**Cumulative Trustee payments made to date for Admin expenditures:** $495,000.00

**Project status:** The Clark County Department of Aviation (CCDoA) has received all electric buses and completed scrappage of their old diesel buses. CCDoA also finished building several charging locations. CCDoA has submitted all required evidence of scrappage and associated documents and NDEP has fully reimbursed CCDoA.

## NVDEMF 24-01: DERA – WCSD Second Diesel School Bus Project

| | | | | |
|---|---|---|---|---|
| **Eligible Mitigation Action Category:** 10 – Diesel Emission Reduction Act (DERA) Option | | | | |
| **Date Approved by Trustee: 11/18/2024** | | | | |
| **Anticipated project completion date:** Completed | | | | |
| **Funding request type:** Reimbursement | | | | |
| **Total funding approved for project:** $468,460.00 | | | | |
| **Total funding approved for EMA expenses:** $468,460.00 | | | | |
| **Total funding approved for Admin expenses:** $0.00 | | | | |
| **Total project payments made to date by year** | | | | |
| **2024** | **2025** | | | |
| $0.00 | $468,460.00 | | | |
| **Cumulative Trustee payments made to date against project:** $468,460.00 | | | | |
| **Project payments made for EMA expenditures by year** | | | | |
| **2024** | **2025** | | | |
| $0.00 | $468,460.00 | | | |
| **Cumulative Trustee payments made to date for EMA expenditures:** $468,460.00 | | | | |
| **Project payments made for Admin expenditures by year** | | | | |
| **2024** | **2025** | | | |
| $0.00 | $0.00 | | | |
| **Cumulative Trustee payments made to date for Admin expenditures:** $0.00 | | | | |

**Project status:** The Washoe County School District has received all 11 new diesel school buses and completed scrappage of their old diesel buses. Washoe County School District has submitted all required evidence of scrappage and associated documents and NDEP has fully reimbursed Washoe County School District.

# Appendix A: Description of Project Funding Processes for the Volkswagen Environmental Mitigation Trust Agreement for State Beneficiaries

**Description of Funding Processes for Volkswagen Environmental Mitigation Trust Agreement for State Beneficiaries Projects**