APPENDIX D-4

Beneficiary Eligible Mitigation Action Certification

UPS CNG Delivery Vehicles FY19

NMED SUB-GRANT: # NM-DERA-24-02

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary State of New Mexico

Lead Agency Authorized to Act on Behalf of the Beneficiary New Mexico Environment Department

(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:	UPS CNG Delivery Vehicles FY19
Beneficiary's Project ID:	NM-DERA-24-02
Funding Request No.	(*sequential) 042*
Request Type: **(Select one or more)**	☒Reimbursement ☐Other (specify):Click or tap here to enter text.
Payment to be made to: **(Select one or more)**	☐Beneficiary ☒Other (specify):United Parcel Service
Funding Request & Direction **(Attachment A)**	☒Attached to this Certification ☐To be Provided Separately

SUMMARY

Eligible Mitigation Action ☒ Appendix D-2 item (specify): Eligible Mitigation Action 10. Diesel Emission Reduction Act (DERA) Option. (Class 4-7 Local Freight Trucks) **Action Type** ☒Item 10 – DERA Option (5.2.12) (specify and attach DERA Proposal)
Explanation of how funding request fits into Beneficiary's Mitigation Plan (5.2.1): The Beneficiary Mitigation Plan's overarching goal is to protect New Mexico's environment and the health of her citizens. The Trust allows the State the opportunity to offset (mitigate) the impact of excess nitrogen oxide (NO_X) emissions associated with the affected vehicles registered within New Mexico. The reduction of NO_X from mobile sources achieves the intended use of Trust funds by preventing the deterioration of air quality, ensuring the health and safety of the inhabitants of the state, and promoting visibility improvement within New Mexico. Implementation of diesel NO_X reduction projects using Trust funds will have immediate and long-lasting benefits. The proposed project will reduce emissions of NO_X, focusing on the most cost-effective vehicles that maximize emission reductions.
Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2): This project consists of replacing four diesel-fueled Class 4 package cars (two 2006 EMY and two 2007 EMY), with two 2024 EMY CNG-fueled package cars. Emission benefits will be realized in Albuquerque, Santa Fe, and Carlsbad
Estimate of Anticipated NO_X Reductions (5.2.3): The new delivery vehicles will operate within 100 miles of Albuquerque. The old vehicles to be taken out of service currently operate across New Mexico. Total lifetime NOx reductions from the entire project are estimated to be 0.513 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): The New Mexico Environment Department Administrative Services Division is the governmental entity responsible for reviewing and auditing expenditures of EMA funds to ensure compliance.
Describe how the Beneficiary will make documentation publicly available (5.2.7.2):

The New Mexico Environment Department has created a public website, https://www.env.nm.gov/vw-settlement/ for information relating to the Trust, the VW Partial Consent Trust Decrees, New Mexico's Beneficiary Mitigation Plan, and project implementation information. To provide transparency and accountability, the NMED will post information on its website.
Describe any cost share requirement to be placed on each NO_X source proposed to be mitigated (5.2.8): The total project cost was One Hundred Seventy-Five Thousand, Five Hundred Fifty-Four dollars ($175,554.00). United Parcel Service was awarded Fifty-One Thousand, Six Hundred Ninety-Eight dollars ($51,698.00). They are eligible for Six Hundred Fourteen Thousand, Four Hundred Thirty-Nine dollars ($614,439.00) which is the maximum amount allowable (i.e. 35% *DERA Funding Limit* for CARB-certified low NOx CNG). VW Trust funding will provide Twenty Thousand, Six Hundred Seventy-Nine dollars and Twenty cents ($20,679.20) (40% of Award). DERA Grant funding will provide Thirty-One Thousand, Eighteen dollars, and Eighty cents ($31,018.80) (60% of Award). The remaining One Hundred Twenty-Three Thousand, Eight Hundred Fifty-Six dollars ($123,856.00) constitutes UPS's cost share. (Minimum Mandatory Cost-Share 65%).
Describe how the Beneficiary complied with Subparagraph 4.2.8, *Notice of Availability of Mitigation Action Funds*, regarding notice to U.S. Government Agencies (5.2.9): On February 27, 2018, NMED sent notice to the U.S. Department of the Interior (National Park Service, U.S. Fish & Wildlife Service) and the U.S. Department of Agriculture (Forest Service), using the contact information provided in Subparagraph 4.2.8.
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): Trust funds have afforded the State the opportunity to advance environmental justice goals. New Mexico's Draft Beneficiary Mitigation Plan expresses a commitment to prioritizing projects that benefit those communities most impacted by poor air quality. Minorities and those living below the poverty level historically have borne a disproportionate share of air pollution, including emissions associated with on-road vehicles. This project will remove harmful diesel emissions from Albuquerque, Santa Fe, and Carlsbad. Albuquerque: 33% low income, 78% people of color. This area contains an EPA IRA disadvantaged community, a "Justice40 (CEJST)" disadvantaged community, as well as 2 schools. Santa Fe: 48% low income, 99% people of color, 30% less than HS education. This area contains an EPA IRA disadvantaged community as well as 2 schools. Carlsbad: 45% low income, 56% people of color, 25% less than HS education. This area contains an EPA IRA disadvantaged community, and a "Justice40 (CEJST)" disadvantaged community.

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**
☒	**Attachment D**	**Detailed cost estimates from selected or potential vendors for each proposed expenditure exceeding $25,000 (5.2.6).**
☒	**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).**

CERTIFICATIONS

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

1. **This application is submitted on behalf of Beneficiary the State of New Mexico, 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 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. **All 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: 8/20/2025

Eric Peters
Control Strategies Manager, Air Quality Bureau

New Mexico Environment Department

For

State of New Mexico

ATTACHMENT B
PROJECT MANAGEMENT PLAN
PROJECT SCHEDULE AND MILESTONES

Milestone	Date
Lead Agency Provides Notice of Availability of Mitigation Action Funds	7/15/2019
Pre-application meetings with applicants	NA
Project Sponsor Submits Proposal to Lead Agency	10/24/2023
Lead Agency Provides Written Approval of Project Sponsor's Proposal	3/1/2024
GRANT agreements signed.	4/8/2024
Lead Agency Incorporates Project Sponsor's Proposal into Mitigation Plan	7/12/2019
Trustee Acknowledges Receipt of Project Certification and Funding Direction	Q2 2025
Trustee Allocates Share of State Funds for Approved Project	Q2 2025
Project Sponsor Obtains Cost Share, Notifies or Certifies to Lead Agency	Q4 2023
Project Sponsor Enters into Contracts, Purchase Orders, etc. – Start	Q2 2024
Project Sponsor Enters into Contracts, Purchase Orders, etc. – Complete	Q3 2024
Project Installations(s) – Start	Q2 2024
Project Installations(s) – Complete	Q3 2024
Project Sponsor provides detailed invoices for all claimed project costs, documentation for emission reduction estimates, required certification documents to Lead Agency to support direction to Trustee for Payment (Reimbursement, Direct-to-Vendor) or final accounting (Forward Funded Projects)	5/30/25
Lead Agency completes review and certifies payment direction to Trustee (Reimbursement)	Q3 2025
Trustee Acknowledges Receipt of Direction for Payment(s) (Advance Funded, Reimbursement)	Q3 2025
Lead Agency Reports Project Completion	Q3 2025

PROJECT BUDGET

Period of Performance: 7.1.2020-6.30.2023				
Budget Category	**Total Approved Budget**	**Share of Total Budget Funded by the Trust (VW)**	**Cost-Share (DERA)**	**Cost-Share (United Parcel Service)**
1. Equipment Expenditure	$175,554.00	$20,679.20	$31,018.80	$123,856.00
2. Contractor Support	$0	$0	$0	$0
3. Subrecipient Support	$0	$0	$0	$0
4. Administrative [1]	$0	$0	$0	$0
Project Totals	$175,554.00	$20,679.20	$31,018.80	$123,856.00
Percentage	100%	12%	18%	71%

[1] Subject to Appendix D-2 15% administrative cap.

ATTACHMENT C
DETAILED PLAN FOR REPORTING ON ELIGIBLE MITIGATION ACTION IMPLEMENTATION

The New Mexico Environment Department (NMED), as the lead agency for the State of New Mexico for implementing the Volkswagen Environmental Mitigation Settlement Plan, has established a webpage for the Settlement and mitigations actions, www.env.nm.gov/vw-settlement/. NMED will post documents and links as required under Paragraph 7 of Appendix D-3 Certification for Beneficiary Status form. NMED is subject to the *Open Meetings Act*, which provides the statutory guidelines for conducting public meetings and the *Inspection of Public Records Act*, which is a New Mexico state law that provides the public and media access to public information.

For the initial round of funding, NMED solicited, through a competitive process, public and private entities for funding opportunities. Projects were selected through a scored application using an identified scoring criterion. The records of selected projects will be posted and made available on the NMED VW Settlement webpage. The public website was created specifically to provide information related to the Trust, the VW Partial Consent Decrees, and accountability. NMED will post timely updates on the following:

- General information on the Trust and Consent Decrees
- The State's final Beneficiary Plan
- All public records supporting funding requests NMED submits to the Trust
- All public records supporting all expenditures of the Trust Fund
- NMED contact information

After the initial round of funding, NMED will periodically evaluate the implementation of the State's Beneficiary Mitigation Plan (BMP) and associated Eligible Mitigation Actions and will determine whether any revisions to the BMP and funding levels need to be reevaluated. If revisions to the BMP are warranted, NMED will seek public input on BMP revisions with a minimum of a 30 – day public comment period.

In addition, the State will also comply with the reporting obligations listed in the Environmental Mitigation Trust Agreement for State Beneficiaries in Subparagraph 5.3.

ATTACHMENT D
DETAILED COST ESTIMATE FROM SELECTED OR POTENTIAL VENDORS
FOR EACH PROPOSED EXPENDITURE EXCEEDING $25,000 (5.2.6)

See attached invoices.

ATTACHMENT E
DERA Option (5.2.12).

FISCAL YEAR 2019

STATE CLEAN DIESEL GRANT PROGRAM

WORK PLAN AND BUDGET NARRATIVE TEMPLATE

INSTRUCTIONS: States and territories applying for FY 2019 DERA State Clean Diesel Grant Program funding must use this template to prepare their Work Plan and Budget Narrative.

Please refer to the FY 2019 STATE CLEAN DIESEL PROGRAM INFORMATION GUIDE for full Program details, eligibility criteria and funding restrictions, and application instructions.

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SUMMARY PAGE

Project Title: New Mexico Clean Diesel Program

Project Manager and Contact Information

Organization Name: New Mexico Environment Department

Project Manager: Neal Butt

Mailing Address: 525 Camino de los Marquez, Suite 1 Santa Fe, NM 87505

Phone: (505) 629-2972

Fax: 505-476-4375

Email: [~~neal.butt@state.nm.us~~] neal.butt@env.nm.gov

Project Budget Overview:

	FY 2019
EPA Base Allocation	$ 317,553
State or Territory Voluntary Matching Funds (if applicable)	$ 317,553 (VW)
EPA Match Incentive (Bonus) (if applicable)	$ 158,777
Mandatory Cost-Share	$TBD
TOTAL Project Cost	**$793,883**
Other Leveraged Funds	$0

Project Period

October 1, 2019 – [~~September 30, 2023~~] September 30, 2025. On 5/6/22, the AQB [~~is requesting~~] requested a no-cost [~~time extension~~] amendment for the DERA FY19 state allocation to extend the Project Period until September 30, 2023. On 9/14/22, received No-Cost Amendment from EPA to extend Project Period from 10/1/2019-9/30/22 to 10/1/2019-9/30/2024. No-Cost Amendment for FY 19 to revise Workplan to update contact information approved by EPA 9/27/22. On 4/19/24, the AQB requested a No-Cost Amendment for the DERA FY19 state allocation to extend the Project Period from 10/1/2019-9/30/2024 to 10/1/2019-9/30/25. On 7/29/24, extension was granted via revised Award Letter – Modification Number 5.

On 5/1/25, EPA confirmed that a No-Cost Amendment (time extension), to extend Project Period past 10/1/2018-9/30/25 will not be approved.

Summary Statement

The mission of the New Mexico Environment Department's Air Quality Bureau (AQB) is to "Protect the inhabitants and natural beauty of New Mexico by preventing the deterioration of air quality." Reducing harmful emissions generated from heavy-duty diesel-fueled vehicles is a progressive step towards upholding the mission of the AQB.

DERA funds afford the State of New Mexico the opportunity to address and reduce harmful emissions generated by heavy-duty diesel-fueled trucks. The AQB has successfully implemented a variety of diesel emission reduction projects throughout the state, enhancing air quality and the quality of the lives of the residents that are regularly exposed to the harmful emissions emitted from diesel-fueled vehicles.

New Mexico's Clean Diesel Program is a sub-grant program designed to reduce diesel emissions. The program will be applied broadly across various sectors in the state, employing a variety of diesel emission reduction technologies. The program will primarily target publicly-owned fleets that operate in highly populated areas, areas with sensitive receptor groups such as schools or medical facilities, areas that receive a disproportionate quantity of air pollution for diesel fleets, and areas that are, or near non-attainment for particulate matter or ozone.

Selected early vehicle replacement projects will meet the requirements as outlined in the program guide. The project(s) will be thoroughly documented, and the older vehicles will be disabled according to the program guide. New Mexico intends to use Volkswagen Environmental Mitigation Trust funds (VW Trust Funds) to match federal funds for fiscal year 2019.

The New Mexico Clean Diesel website can be found at: https://www.env.nm.gov/air-quality/diesel/

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SCOPE OF WORK

The New Mexico Environment Department (NMED) will implement a sub-grant program that reduces on- and non-road (including stationary) diesel emissions in the state. The State plans to use VW Trust Funds as the non-federal voluntary match for the fiscal year 2019 grant as outlined in Appendix D-2 of the Final Trust. Use of those funds will be in line with the scope of work outlined in this plan and the funding restrictions outlined in the FY-19 State Clean Diesel Grant Program Information Guide.
https://nepis.epa.gov/Exe/ZyPDF.cgi?Dockey=P100WK7X.pdf

STATE/TERRITORY GOALS AND PRIORITIES:

The AQB is the agency with jurisdiction over air quality within New Mexico except for tribal lands and Bernalillo County. The mission of the AQB is to protect the inhabitants and natural beauty of New Mexico by preventing the deterioration of air quality. The AQB is responsible for enforcing the National Ambient Air Quality Standards (NAAQS). Regulatory authority comes from the New Mexico Environmental Improvement Act, Air Quality Control Act, and our EPA-approved State Implementation Plan (SIP). The New Mexico Clean Diesel Program (NMCDP) supports the mission of the AQB by reducing diesel emissions generated by on-road and non-road diesel engines.

With the longevity, popularity and need for diesel-fueled trucks, emissions generated from diesel-fueled vehicles continue to be a growing concern, especially in those areas that are disproportionally affected by diesel fleets. DERA funds have afforded the State of New Mexico the opportunity to address the harmful emissions from diesel-fueled on-road and non-road vehicles, supporting the AQB's mission.

The AQB will select projects that will reduce or eliminate emissions associated with diesel-fueled on-road and non-road sources, focusing on the most cost-effective projects that will maximize emission reductions. The following list indicates the State's overall goals utilizing the DERA funds. This list is not meant to be inclusive. The State may consider other qualifications and factors when selecting projects for funding.

1. Focus on funding projects that repower or replace older diesel-fueled vehicles and engines.
2. Focus on vehicles, engines, and equipment operating or located in or near areas that bear a disproportionate share of the air pollution burden (priority areas), such as:
    a. Distribution centers;
    b. Fleet yards, to include school bus fleets;
    c. Truck stops;
    d. Major roadways/highways;
    e. Multimodal centers;
    f. Ports;
    g. Rail and bus terminals;
    h. Airports; and
    i. Environmental justice areas.
3. Prioritize projects located in or near areas that are in nonattainment of the NAAQS for ozone (O_3), particulate matter (PM), or nitrogen dioxide (NO_2).
4. Focus on projects located in areas with high population density and high traffic density. In New Mexico, areas of high population density are often the areas with the poorest air quality.

While priority will be given to the areas mentioned above, the AQB will also implement diesel emission reduction projects in other areas within the state allowing other communities to benefit from diesel emissions reductions on local fleets as funds allow.

New Mexico is considered a freight bridge state that is subject to high volumes of diesel truck and rail traffic. Along with the high volume of truck traffic, there is the needed infrastructure, truck stops, rail fueling facilities, and distribution centers, to support heavy-duty diesel-fueled vehicles as they pass through the state. There are three major interstate highways, several U.S. highways, and several railroad lines that traverse the state. Disproportionally affected residents often reside near and adjacent to areas that are heavily impacted by diesel emissions.

New Mexico is known for its blue skies and scenic vistas, with the majority of the state having clean air. However, there are areas of concern within the state that will receive priority for project funding, including the following:

San Juan County is a 5,500-square-mile county in the northwest corner of New Mexico with a population of 130,044 (2010 census, U.S. Census Bureau). In recent years, monitoring conducted in San Juan County by the AQB has recorded levels of ozone that have come close to, but not yet exceeded, the NAAQS for ozone. San Juan County is near several Class I areas and adjacent to the Navajo Nation, Southern Ute Indian Tribe, Ute Mountain Ute, and Jicarilla Apache Nation reservations. This region has a history of elevated levels of ground-level ozone and impaired visibility. Oil and gas production and coal-fired power plants result in air pollution that contribute to the ozone design value. Specific concerns include exceedances of the ozone NAAQS, Prevention of Significant Deterioration (PSD) increment consumption, degradation of visibility, and increased deposition.

In addition to oil and gas facilities and power plants in the area, there is heavy truck traffic on the arterial highways that lead through San Juan County and the cities of Farmington, Aztec, and Bloomfield. With the increasing popularity of both light- and heavy-duty diesel-fueled vehicles used for commercial and personal use, diesel exhaust emissions are likely to increase in this area contributing to the further degradation of air quality in this area.

The City of Albuquerque, in Bernalillo County, is the largest city in New Mexico. Bernalillo County has a population of approximately 674,221 (2010 census, U.S. Census Bureau). Albuquerque is located at the intersection of Interstate 40 and Interstate 25. Interstate 40 is a thoroughfare for the east-west transport of goods through the state and Interstate 25 is a major United States-Mexico-Canada Agreement, (USMCA) thoroughfare. As the largest city in the state and its location at the intersection of two major thoroughfares, Albuquerque is a hub for freight fleets, distributions centers and several large truck stops. Growth in freight demand (both within and outside of New Mexico) continues to add more trucks to these corridors. An international airport and two rail lines are located within the city. The Rail Runner Express commuter train has approximately 22 north and south bound trains running daily through ABQ

during the work week. Transportation infrastructure contributes to sources of emissions generated by heavy-duty diesel-fueled vehicles.

Doña Ana County is comprised of 3,804-square-miles in the south-central section of New Mexico with an estimated population of 209,233 (2010 census, U.S. Census Bureau). This region has historically had air quality problems, including particulate matter from high wind dust events and ozone pollution. There are two areas designated as nonattainment, one area for particulate matter 10 microns or less in size (PM10) in the town of Anthony, NM and one located in Sunland Park for ozone.

Doña Ana County's population is greater than 65% Hispanic, with approximately 25% of the county residents living below the poverty level. Interstate 10 intersects with the southern terminus of I-25 in Doña Ana County. I-10 is a thoroughfare for the east-west transport of goods and I-25 is a major USMCA thoroughfare. There is an east/west Class I rail line that passes through southern Dona Anna County, including the southern part of the nonattainment area in Sunland Park. Up to 200 trains may pass through this area each day. An intermodal facility services the rail line.

Other areas of concern in the state are those where the ozone design value is within 95 percent of the ozone standard, such as the ozone monitors located in San Juan, Eddy, Lea, Rio Arriba, Sandoval, Valencia and Dona Aña counties. Carlsbad Caverns, a Class I area, is located in Eddy County, and an additional Class-I area, Guadalupe Mountains National Park, is adjacent to the county's southern border. In addition to the heavy presence of the oil and gas industry in Lea and Eddy counties, there is heavy truck traffic on the arterial highways that lead throughout the counties.

Doña Ana, Luna and Valencia Counties are listed in the EPA's 2018 National Priority List for counties and areas where all or part of the population is exposed to more than 2.0 µg/m3 of diesel particulate matter emissions in the 2011 National Scale Air Toxics Assessment.

VEHICLES AND TECHNOLOGIES

NMED chooses to support a variety of emission reduction strategies and project partners in order to maximize our success. In past years, grantees with the State Clean Diesel program favored idle reduction technology and vehicle replacements. In addition to continuing to support vehicle replacement projects that utilize new, cleaner diesel engines, NMED will also encourage applicants to consider use of cleaner alternative fuels and exhaust controls.

1. Eligible Applicants
   The solicitation will be open to municipal, State or regional agencies and departments and, as funds allow, to private sector businesses operating primarily in New Mexico.

2. Eligible Diesel Vehicles, Engines and Equipment

A. Buses (school buses Types A-D, medium and heavy-duty transit);
B. Medium-duty or heavy-duty trucks;
C. Marine Engines;
D. Locomotives; and
E. Nonroad engines, equipment or vehicles used in:
   i. Construction;
   ii. Handling of cargo (including at a port or airport);
   iii. Agriculture;
   iv. Mining; or
   v. Energy production (including stationary generators and pumps).

3. Eligible Diesel Emission Reduction Solutions
   Projects must include one or more of the following diesel emission reduction solutions that utilize a certified engine configuration and/or a verified technology.

   A. Diesel Engine Retrofit Technologies
      NMED will fund up to 100% of the cost (labor and equipment) for an eligible verified diesel engine retrofit technology. The eligible cost of retrofits includes the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment functional, including related labor expenses.

      A list of eligible, EPA verified diesel engine retrofit technologies is available at: www.epa.gov/verified-diesel-tech/verified-technologies-list-clean-diesel ; a list of eligible, California Air Resources Board (CARB) verified diesel engine retrofit technologies is available at: www.arb.ca.gov/diesel/verdev/vt/cvt.htm. The types (e.g., diesel oxidation catalysts (DOC), and diesel particulate filters (DPF)) of retrofits proposed for funding under this category must exist on one of these lists for the specific vehicle/engine application specified in the application at the time of application submission to NMED. If selected for funding, the actual engine retrofit technologies used by the grant recipient must be specifically named on EPA or CARB's Verified Technologies lists at the time of acquisition and used only for the vehicle/engine applications specified on the list to be eligible for funding.

   B. Engine Upgrades and Remanufacture Systems
      NMED will fund up to 40% of the cost (labor and equipment) of an eligible nonroad, locomotive engine upgrade. To be eligible for funding, the upgrade must either be a verified retrofit as described above, or a certified remanufactured system that will result in a significant emissions benefit by rebuilding the engine to a cleaner engine configuration. For an engine to be eligible for an upgrade, the engine must be currently operating and performing its intended function. If a certified remanufacture system for a locomotive includes a full engine replacement, the funding restrictions in Fleet Expansion will apply. If a certified remanufacture system is applied at the time of rebuild, funds under this award cannot be used for the entire cost of the engine rebuild, but only for the cost of the certified remanufacture system and associated labor costs for installation.

A list of eligible, EPA verified engine upgrade technologies is available at: www.epa.gov/verified-diesel-tech/verified-technologies-list-clean-diesel. Lists of certified remanufacture systems for locomotives engines are available at: www.epa.gov/compliance-and-fuel-economy-data/engine-certification-data, and additional information on remanufacture systems, are available at: www.epa.gov/vehicle-and-engine- certification/remanufacture-systems-category-1-and-2-marine-diesel-engines. The actual engine upgrades or remanufacture systems used by the grant recipient must be specifically named on EPA's list of certified remanufacture systems or EPA's or CARB's Verified Exhaust Control Technologies lists at the time of acquisition, and used only for the vehicle/engine applications specified on the lists, to be eligible for funding.

C. Cleaner Fuels and Additives:

NMED will not fund stand-alone cleaner fuel/additive use. For new or expanded use, this funding can cover the cost differential between the cleaner fuel/additive and conventional diesel fuel if that cleaner fuel is used in combination, and on the same vehicle, with a new eligible verified engine retrofit or an eligible engine upgrade or an eligible certified engine replacement or an eligible certified vehicle/equipment replacement funded under this Program, as described in this Section.

A list of eligible, EPA-verified cleaner fuels and additives is available at: www.epa.gov/verified-diesel-tech/verified-technologies-list-clean-diesel; a list of eligible, CARB-verified cleaner fuels and additives is available at: www.arb.ca.gov/diesel/verdev/vt/cvt.htm.

D. Idle Reduction Technologies

An idle reduction project is generally defined as the installation of a technology or device that reduces unnecessary idling of diesel vehicles or equipment and/or is designed to provide services (such as heat, air conditioning, and/or electricity) to vehicles and equipment that would otherwise require the operation of the main drive or auxiliary engine(s) while the vehicle is temporarily parked or remains stationary. The reduction in idling will conserve diesel fuel and must also lower emissions.

Lists of eligible, EPA verified idle reduction technologies are available at: www.epa.gov/verified-diesel-tech/smartway-technology. The types of idle reduction technologies proposed for funding under this category must exist on this list for the vehicle/engine application specified in the application at the time of application submission to EPA. The technology categories include: auxiliary power units and generator sets; battery air conditioning systems; thermal storage systems; electrified parking spaces (truck stop electrification); fuel operated heaters; and automatic shutdown/start-up systems for locomotives. The actual idle reduction technologies used must be specifically named on EPA's SmartWay Verified Technologies list at the

time of acquisition and used only for the vehicle/engine applications specified on the list, to be eligible for funding.

i. Locomotive Idle Reduction Technologies: NMED will fund up to 40% of the cost (labor and equipment) of eligible verified idle reduction technologies for locomotives.

ii. Electrified Parking Spaces: Electrified Parking Spaces (EPS), also known as Truck Stop Electrification (TSE), operate independently of the truck's engine and allows the truck engine to be turned off as the EPS system supplies heating, cooling, and/or electrical power. The EPS system provides off-board electrical power to operate either:

- an independent heating, cooling, and electrical power system, or
- a truck-integrated heating and cooling system, or
- a plug-in refrigeration system that would otherwise be powered by an engine.

NMED will fund up to 30% of the cost (labor and equipment) of eligible electrified parking space technologies, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment functional. Examples of eligible EPS costs include, but are not limited to, the purchase and installation of electrical infrastructure or equipment to enable heating, cooling, and the use of cab power for parked trucks, or to enable the use of power for transport refrigeration units (TRUs) and auxiliary power systems at distribution centers, intermodal facilities, and other places where trucks congregate. Examples of ineligible costs for EPS include but are not limited to: on-board auxiliary power units and other equipment installed on trucks; equipment and services unrelated to heating and cooling (e.g., telephone, internet, television, etc.); TRUs; electricity costs; and operation and maintenance costs.

iii. Highway Idle Reduction Technologies: Funding can cover up to 100% of the cost (labor and equipment) for verified idle reduction technologies installed on long haul Class 8 trucks that primarily operated in the State and school buses, if combined on the same vehicle with the new installation of one or more of the Verified Engine Retrofit Technologies funded under this Program, as described in this Section. Funding can cover up to 100% of the cost (labor and equipment) for verified idle reduction technologies installed on long haul Class 8 trucks and school buses with model year 2006 or older engines that have been previously retrofitted with a verified emission control device. Funding can cover up to 25% of the cost (labor and equipment) of stand-alone installations of eligible, verified idle reduction technologies on long-haul trucks and school buses.

E. Aerodynamic Technologies and Verified Low Rolling Resistance Tires

To improve fuel efficiency, long haul Class 8 trucks can be retrofitted with aerodynamic trailer fairings or the fairings can be provided as new equipment options. Certain tire models can provide a reduction in NO_x emissions and fuel savings, relative to the "standard" new tires for long haul Class 8 trucks, when used on all axles.

A list of eligible, EPA verified aerodynamic technologies is available at: www.epa.gov/verified-diesel-tech/smartway-verified-list-aerodynamic-devices, and includes:

- gap fairings that reduce the gap between the tractor and the trailer to reduce turbulence;
- trailer side skirts that minimize wind under the trailer; and
- trailer rear fairings that reduce turbulence and pressure drop at the rear of the trailer.

A list of EPA verified low rolling resistance tires is available at: www.epa.gov/verified- diesel-tech/smartway-verified-list-low-rolling-resistance-lrr-new-and-retread-tire, and includes both dual tires and single wide tires (single wide tires replace the double tire on each end of a drive or trailer axle, in effect turning an "18" wheeler into a "10" wheeler). Low rolling resistance tires can be used with lower-weight aluminum wheels to further improve fuel savings, however aluminum wheels are not eligible for funding under this program.

The actual technologies/tires used by the grant recipient must be specifically named on EPA's SmartWay Verified Technologies list at the time of acquisition and used only for the vehicle/engine applications specified on the list, in order to be eligible for funding.

NMED will not fund stand-alone aerodynamic technologies or low rolling resistance tires. Funding can cover up to 100% of the cost (labor and equipment) for verified aerodynamic technologies or verified low rolling resistance tires installed on long haul Class 8 trucks, if combined on the same vehicle with the new installation of one or more of the Verified Engine Retrofit Technologies funded under this program, as described in this Section.

F. Engine Replacement:

Engine Replacement includes, but is not limited to, diesel engine replacement with an engine certified for use with diesel or an alternative fuel (e.g., gasoline, CNG, propane), diesel engine replacement with a zero tailpipe emissions power source (grid, battery or fuel cell), and/or diesel engine replacement with an electric generator(s) (genset). Zero tailpipe emissions engine replacements do not require EPA or CARB certification.

The eligible cost of engine replacement includes the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment functional, including related labor expenses. Charges for equipment and parts on engine replacement projects are only eligible for funding if they are included in the certified engine configuration and/or are required to ensure the effective installation and functioning of the new technology but are not part of typical vehicle or equipment maintenance or repair. Examples of ineligible engine replacement costs include, but are not limited to: tires, cabs, axles, paint, brakes, and mufflers. For engine replacement with battery, fuel cell, and grid electric, examples of eligible engine replacement costs include, but are not limited to: electric motors, electric inverters, battery assembly, direct drive transmission/gearbox, regenerative braking system, vehicle control/central processing unit, vehicle instrument cluster, hydrogen storage tank, hydrogen management system, fuel cell stack assembly, and the purchase and installation of electrical infrastructure or equipment to enable the use of power. Examples of ineligible costs include, but are not limited to, electricity, and operation and maintenance costs.

No funds awarded under the Program may be used for the purchase of engines to expand a fleet. Engine replacement projects are eligible for funding on the condition that the following criteria are satisfied:

- The replacement engine will continue to perform the same function and operation as the engine that is being replaced.
- The replacement engine will be of the same type and similar gross vehicle weight rating or horsepower as the engine being replaced.
- The engine being replaced must be scrapped or rendered permanently disabled within ninety (90) days of being replaced.

i. Locomotive and Nonroad Diesel Vehicles and Equipment:
   a. NMED will fund up to 40% of the cost (labor and equipment) of replacing a diesel engine with a 2019 model year or newer engine certified to EPA emission standards. Previous engine model year engines may be used if the engine is certified to the same emission standards applicable to the engine in EMY 2019. Nonroad, locomotive engine emission standards are on EPA's website at: www.epa.gov/emission- standards-reference-guide/epa-emission-standards-nonroad-engines-and-vehicles.
   b. Funding can cover up to 60% of the cost (labor and equipment) of replacing a diesel engine with a zero tailpipe emissions power source.
   c. Funds cannot be used to replace a non-road engine that runs for less than 500 hours per year. Funds cannot be used to replace a locomotive engine that runs less than 1,000 hours per year.

ii. Highway Diesel Vehicles:
   a. NMED will fund up to 40% of the cost of a replacement vehicle powered by a 2016 model year or newer engine certified to EPA emission standards. Highway engine

emission standards are on EPA's website at: https://www.epa.gov/emission-standards-reference-guide/epa-emission-standards-heavy-duty-highway-engines-and-vehicles

b. NMED will fund up to 50% of the cost (labor and equipment) of replacing a diesel engine with a 2016 model year or newer engine that is certified to CARB's Optional Low-NOx Standards of 0.1 g/bhp-hr, 0.05 g/bhp-hr, or 0.02 g/bhp-hr NOx. Engines certified to CARB's Optional Low NOx Standards may be found by searching CARB's Executive Orders for Heavy-duty Engines and Vehicles, found at: www.arb.ca.gov/msprog/onroad/cert/cert.php.

c. NMED will fund up to 60% of the cost of a new, zero tailpipe emissions replacement vehicle.

G. Vehicle and Equipment Replacements:

Nonroad and highway diesel vehicles and equipment can be replaced under this program with newer, cleaner vehicles and equipment that operate on diesel or alternative fuels and use engines certified by EPA and, if applicable, CARB to meet a more stringent set of engine emission standards. Replacement includes, but is not limited to, diesel vehicle/equipment replacement with newer, cleaner diesel, zero tailpipe emission (grid, battery or fuel cell), hybrid or alternative fuel (e.g., gasoline, CNG, propane) vehicles/equipment. Zero tailpipe emissions vehicles and equipment do not require EPA or CARB certification.

The eligible cost of a vehicle/equipment replacement includes the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment functional. The cost of additional "optional" components or "add-ons" that significantly increase the cost of the vehicle may not be eligible for funding under the grant; the replacement vehicle should resemble the replaced vehicle in form and function. For grid electric powered equipment replacements, examples of eligible replacement costs include, but are not limited to, the purchase and installation of electrical infrastructure or equipment to enable the use of power. Examples of ineligible costs include, but are not limited to, electricity, and operation and maintenance costs.
No funds awarded under the Program may be used for the purchase of vehicles or equipment to expand a fleet. Vehicle or equipment replacement projects are eligible for funding on the condition that the following criteria are satisfied:

- The replacement vehicle or equipment will continue to perform the same function and operation as the vehicle or equipment that is being replaced. The replacement vehicle or equipment will be of the same type and similar gross vehicle weight rating or horsepower as the vehicle or equipment being replaced.
- The vehicle or equipment being replaced must be scrapped or rendered

permanently disabled within ninety (90) days of being replaced.

i. Locomotives and Nonroad Diesel Vehicles and Equipment
   a. NMED will fund up to 25% of the cost of a replacement locomotive or nonroad vehicle or piece of equipment powered by a 2019 model year or newer engine certified to EPA emission standards. Previous engine model year engines may be used if the engine is certified to the same emission standards applicable to EMY 2019. Nonroad, locomotive and marine engine emission standards are on EPA's website at: www.epa.gov/emission-standards-reference-guide/epa-emission- standards-nonroad-engines-and-vehicles.
   b. NMED will fund up to 45% of the cost of a new, zero tailpipe emissions locomotive, marine vessel, or nonroad vehicle or piece of equipment.
   c. Funds cannot be used to replace a non-road vehicle that runs for less than 500 hours per year. Funds cannot be used to replace a locomotive that runs less than 1,000 hours per year.

ii. Highway Diesel Vehicles and Buses (other than Drayage)
   a. NMED will fund up to 25% of the cost of a replacement vehicle powered by a 2016 model year or newer engine certified to EPA emission standards. Highway engine emission standards are on EPA's website at: www.epa.gov/emission-standards- reference-guide/epa-emission-standards-heavy-duty-highway-engines-and-vehicles.
   b. NMED will fund up to 35% of the cost of a replacement vehicle powered by a 2016 model year or newer engine certified to meet CARB's Optional Low-NO_xStandards of 0.1 g/bhp-hr, 0.05 g/bhp-hr, or 0.02 g/bhp-hr NO_x. Engines certified to CARB's Optional Low NO_x Standards may be found by searching CARB's Executive Orders for Heavy-duty Engines and Vehicles, found at: www.arb.ca.gov/msprog/onroad/cert/cert.php.
   d. NMED will fund up to 45% of the cost of a new, zero tailpipe emissions replacement vehicle.

iii. Drayage Vehicles:
NMED will fund up to 50% of the cost of a replacement drayage truck powered by a 2013 model year or newer certified engine.

   a. Definition of Drayage Truck: A "Drayage Truck" means any Class 8 (GVWR greater than 33,000) highway vehicle operating on or transgressing through port or intermodal rail yard property for the purpose of loading, unloading or transporting cargo, such as containerized, bulk or break-bulk goods.
   b. Drayage Operating Guidelines: If an application for the replacement of drayage trucks is selected for funding, the grant recipient will be required

to establish guidelines to ensure that any existing truck replaced with grant funds has a history of operating on a frequent basis over the prior year as a drayage truck, and to ensure any new truck purchased with grant funds is operated in a manner consistent with the definition of a drayage truck, as defined above. For an example of sample guidelines, see https://www.epa.gov/cleandiesel/clean-diesel-state-forms-and-documents.

H. Clean Alternative Fuel Conversions:

Conventional, original equipment manufacturer (OEM) highway diesel vehicles and engines that are altered to operate on alternative fuels such as propane or natural gas are classified as aftermarket clean alternative fuel conversions. Clean alternative fuel conversions are accomplished by applying a certified or compliant alternative fuel conversion "kit" to an existing highway diesel engine.

Funding can cover up to 40% of the cost (labor and equipment) of an eligible certified or compliant clean alternative fuel conversion. Eligible conversions are limited to those systems that have been certified by EPA and/or CARB, and those systems that have been approved by EPA for Intermediate-Age engines. EPA's lists of "Certified Conversion Systems for New Vehicles and Engines" and "Conversion Systems for Intermediate-Age Vehicles and Engines" are available at www.epa.gov/vehicle-and-engine-certification/lists-epa-compliant- alternative-fuel-conversion-systems; CARB's list of "Approved Alternate Fuel Retrofit Systems" are available at: www.arb.ca.gov/msprog/aftermkt/altfuel/altfuel.htm.

To be eligible for funding, conversion systems for engine model years 1995-2006 must achieve at least a 30% NO_x reduction and a 10% PM reduction from the applicable certified emission standards of the original engine. To be eligible for funding, conversion systems for engine model years 2007-2009 must achieve at least a 20% NO_x reduction with no increase in PM from the applicable certified emission standards of the original engine. Applications for clean alternative fuel conversions should include a discussion of the availability of conversion systems and indicate the pre- and post-project emission standard levels of the engines to demonstrate that the conversions result in the required emissions benefit.

ROLES AND RESPONSIBILITIES:

As with prior projects, NMED will collaborate with other state agencies, municipalities and school districts, public and private transit companies, and private fleets. As noted, we believe that making the sub-grants and participant support costs available to the widest possible audience will help with our success. Subawards will be disbursed through a solicitation for projects and the participant support costs will be disbursed through a rebate type program.

Use of VW Trust Funds to match the federal fiscal year 2018 funds for will likely focus on municipal and state-owned fleets as well as other publicly owned fleets.

TIMELINE AND MILESTONES:

Activity	Anticipated Start Date*	Comments
Initiate RFP/Application process	Date of award	This date is dependent on the date that the AQB receives notice of award.
Select fleet	First quarter after the notice of award.	The NMED will send out an announcement for the availability of the DERA state allocation.
Project implementation	Second and third quarters after award.	This time frame will allow the NMED to draft grant agreements and get signatures.
Project completion	September 30, [~~2023~~] 2025	Projects must be completed by this date including all documentation needed for reimbursement.
*Anticipated date of award is October 1, 2019.		

DERA PROGRAMMATIC PRIORITIES

New Mexico will ensure that the programmatic priorities, as outlined in the FY 19 State Clean Diesel Grant Program Information Guide will be met by selecting diesel emission reduction projects that achieve significant reductions in diesel emissions and reductions in diesel emission exposure from vehicles, engines, and equipment. Additionally, EPA's priorities include projects located in areas that receive a disproportionate quantity of air pollution from diesel fleets, including: truck stops; ports; rail yards; terminals; construction sites; and school bus depots/yards. The State's Clean Diesel Program will prioritize projects for diesel vehicles and equipment operating in highly populated areas, areas with sensitive receptor groups such as schools or hospitals, or areas that receive a disproportionate quantity of air pollution from diesel fleets, and in areas that are near non-attainment for other pollutants such as particulate matter. EPA has identified a list of priority counties and areas, which can be found here https://www.epa.gov/sites/production/files/2018-04/documents/fy18-priority-counties-national.pdf . In New Mexico, Doña Ana, Luna and Valencia Counties have been identified as a priority counties as areas with toxic air pollutant concerns as identified from the National Air Toxics Assessment data.

Diesel exhaust is a complex mixture of pollutants including particulate matter, nitrogen oxides and volatile organic compounds which contribute to smog, acid rain, climate change, and a range of health problems. Truck drivers, railroad workers and equipment operators may have an increased risk of health-related issues from occupational exposure to diesel exhaust. The PM2.5 and toxic chemicals found in diesel exhaust can lead to respiratory problems and exacerbate asthma. According to "The Burden of Asthma in New Mexico: 2014," New Mexico has a higher asthma prevalence rate when compared to the rest of the nation, with approximately 9.6 percent of adults and 9.0 percent of children currently afflicted with the disease. EPA indicates the fine particles in diesel exhaust can aggravate asthma and cause lung damage and premature death. In 2012, the World Health Organization declared diesel exhaust to be carcinogenic to humans.

Vehicle replacements are an effective option because they eliminate the need for matching retrofit equipment to the engine or vehicle, and provide immediate, long-lasting and the highest emission reduction over the useful life of the engine. Alternative fuel vehicles accomplish emission reductions and promote the use of alternative fuels in the region. Replacing a diesel-powered vehicle with a vehicle fueled by propane, CNG or electricity eliminates the high maintenance costs associated with the newer diesel engine systems.

Engine replacements can be a cost-effective means of reducing emissions in existing vehicles, particularly for non-road equipment. Exhaust controls are another lower cost option, but they do not offer the economic incentive of fuel savings or maximizing the useful life of the vehicle or engine. NMED seeks to promote all diesel emission reduction strategies outlined in this document, to promote emissions reduction and further the improvement of promising technologies.

New Mexico intends to use VW Trust Funds to match the federal funds for the federal fiscal year 2019 grant. Projects utilizing VW Trust Funds will reduce emissions of NOx and support the goals of the New Mexico Beneficiary Environmental Mitigation Plan.

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

1. Linkage to EPA's Strategic Plan

With the use of FY-19 DERA funding, the NMCDP will have profound and immediate effects reducing air pollution associated with heavy-duty diesel-fueled vehicles not only reducing the impacts on the residents of the state that are regularly exposed to the harmful emissions, but those that are at greatest risk such as the elderly, children, and the economically disadvantaged that reside near or adjacent to sources of diesel emission. The projects funded under this award will support EPA's FY 2018-22 Strategic Plan, Objective.1,1, Improving Air Quality, thus improving all quality of life for the residents through the reduction of emissions generated by heavy-duty diesel-fueled vehicles.

2. Outputs

Anticipated outputs for the New Mexico Clean Diesel include:

a. NMED will issue a Request for Applications as described in the Project Description section of this work plan. NMED will evaluate the proposals based on program goals.
b. The Diesel Emission Quantifier (DEQ) will be used to quantify project benefits before project selections are made.
c. NMED will encourage the use of the funds for municipal and state fleets as well as other publicly owned fleets.
d. NMED will produce quarterly reports to the EPA identifying the progress of the program
e. Notification of grants awarded will be posted on a public facing website along with a complete list of awardees.

3. Outcomes
   a. Some specific outcomes of the New Mexico Clean Diesel Program include:
      i. Potential Outcomes presented below were estimated using the Diesel Emissions Quantifier:
      ii. Engine Repower: Engine repowers can provide up to one ton of NOx and 500 lbs. PM2.5 of annual emission reductions.
      iii. Idle Reduction: Transit buses and long-distance haulers can provide 4 and 6 tons respectively of NOx emission reductions in their lifetime. Idle reduction devices also provide cost effective reductions in greenhouse gas and result in fuel savings.
   b. Vehicle Replacements: Vehicle replacements can yield cost-effective NOx reductions and can provide sustained clean air benefits in a community. Deployment of alternative fuel vehicles and associated infrastructure promotes adoption by others and reduces petroleum imports.
   c. Community engagement and partnership;
   d. Better understanding, knowledge and acceptance of currently available pollution control technology and equipment by state and municipal fleet managers, fleet owners and the public and school transportation sectors;
   e. Increased data and information on verified control equipment/technology for use by other potential users;
   f. Expansion of alternative fuel vehicle use in the state;
   g. Increased awareness of the health and climate change benefits of particulate controls, alternative fuels, and reduced idling in the state's transportation sector and by the traveling public who will be made aware of the program through outreach; and
   h. Sustained or improved air quality in New Mexico.

SUSTAINABILITY OF THE PROGRAM:

The State of New Mexico will continue to seek funding to implement diesel emissions reduction projects statewide for both public and private fleets. Information with respect to the NMCDP will be placed on the AQB website and updated as appropriate to disseminate program objectives, program accomplishments, and educational information.

We intend to use this collaborative project not only to make significant reductions in diesel emissions, but also to share our experience and demonstrate to others the feasibility of the technologies so that they may be more widely adopted. The more we can implement technologies across diesel fleets, the greater the environmental benefits that can be achieved.

Once grant agreements are in place there will be press releases sent out via the NMED Public Information Officer and the grantee. The press releases will also be posted on the NMED's website. Once the project is completed the project will be documented and information with respect to the completed project will be placed on the AQB's website.

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BUDGET NARRATIVE

Itemized Project Budget

Budget Category	EPA Allocation	Mandatory Cost-Share	Voluntary Match (if applicable)		Line Total
			VW Mitigation Trust Funds	Other Funds	
1. Personnel	[~~$9,222~~] $0				[~~$9,222~~] $0
2. Fringe Benefits	[~~$3,228~~] $0				[~~$3,228~~] $0
3. Travel					
4. Equipment					
5. Supplies					
6. Contractual					
7. Other	[~~$461,131~~] $476,330		317,553		[~~$778,684~~] $793,883
8. Total Direct Charges (sum 1-7)	[~~$473,581~~] $476,330		317,553		[~~$791,134~~] $793,883
9. Indirect Charges	[~~$2,749~~] $0				[~~$2,749~~] $0
10. Total (Indirect + Direct)	$476,330		317,553		$793,883
11. Program Income					
12. Other Leveraged Funds*					

*Do not include Other Leveraged Funds on SF-424 or SF-424A

[Explanation of Budget Framework

Personnel –

Annual Salary $63,938	% of Time – 14.4 % (300 hours)	Total Salary $9,222

Grant Manager	$0	0	$ 0
Transportation Program Specialist	$ 0	0	$ 0
Total $9,222		$ 9,222	

Fringe Benefits –

FICA: 6.2%

Health Insurance: Percentage Varies

Medicare: 1.45%

Retirement: 12.5%

Dental: Percentage Varies

Life Insurance: Percentage Varies

Benefits – 35 % of Salary		Total $3,228
Grant Manager	0	$ 0
Transportation Program Specialist	0	$ 0
Total $3,228		$ 3,228

Travel

No travel expenses will be charged to this grant for program implementation. Existing state funds will be used to cover such expenses if any are incurred.

Equipment

No equipment purchases beyond the subawards for equipment specified under "other" below will be made using these funds.

Supplies

No supplies will be purchased using these funds.

Contractual

No contractual/consultant services are anticipated to be needed for this project.

Other

Subawards and participant support costs will be made under this category and the details of those subawards and costs will not be known prior to the completion of a solicitation for project proposals. NMED intends to issue subawards via grant agreements with eligible applicants and for eligible projects as described in New Mexico's Program Plan, which is consistent with EPA's DERA program requirements. All subawards will be made according to the Terms and Conditions of the award agreement.

Category	**Amount**
Subawards	$0
Total	$0

Indirect Charges -

Indirect Costs = 2.73% of the sum of personnel and fringe benefits. **Total Indirect Costs**	
Grant Manager	**$** 0
Transportation Program Specialist	**$** 0
Total	$0

Administrative Costs Expense Cap

Based on the calculations completed in the tables above, the administrative costs are below the 15% allowable cap.

Matching Funds and Cost-Share Funds

As stated in Appendix D-2 of the Partial Consent Decree for the Volkswagen "Clean Diesel" Marketing, Sales Practices, and Products Liability Litigation, an eligible mitigation action expenditure is to utilize trust funds for the non-federal voluntary match of the Diesel Emission Reduction Act (DERA) grant. New Mexico intends to use this option to match the federal funds for the fiscal year 2018 grant using the Volkswagen Trust Funds, provided they are available in time.

In the event that the Volkswagen settlement funds are not made available during the project period of this assistance agreement and New Mexico decides to not match the DERA base allocation, the State will submit an amendment to the award to decrease the total award amount down to the EPA base allotment of $317,553and return the state Match Bonus funds totaling $158,777.

The mandatory cost-share funds will be determined after a solicitation of projects has been completed. The solicitation of projects will be completed with a focus on public fleets (municipal and state) and the cost share funds will be provided by the subaward grantees.

Funding Partnerships

NMED will collaborate with other state agencies, municipalities and school districts, public and private transit companies, and marine operators and private fleets. As noted, we believe that making the sub-grants and participant support costs available to the widest possible audience will help with our success.]