

California Summary of Appendix D-4 Funding Requests

The California Air Resources Board (CARB) is submitting the attached two funding requests (D-4s) covering the Zero-Emission Buses and the Combustion Freight and Marine Category for Freight Switchers. Both project categories are identified in the State Beneficiary Mitigation Plan (Plan). The following EMAs were selected to receive additional funds based on extensive application waitlists in both program categories. Each D-4 is a stand-alone funding request and represents one of the following Eligible Mitigation Actions (EMA):

Category: EMA	Estimated Equipment Amount from Trust	Estimated Admin Amount from Trust	Estimated Total Amount from Trust
Zero-Emission Buses: EMA 2	\$27,000,000	\$4,500,000	\$31,500,000
Combustion Freight & Marine: EMA 3	\$9,000,000	\$1,500,000	\$10,500,000

California's Plan originally allocated \$130 million to Zero-Emission Buses. The Zero-Emission Bus category has a waitlist for all bus types; however, only transit and shuttle buses were selected under this funding request due to the availability of other funding sources for school bus replacements. This D-4 allocates an additional \$27 million, resulting in a revised total allocation of \$157 million for Zero-Emission Buses.

The Plan originally allocated \$60 million to Combustion Freight and Marine Projects of which \$2.7 million was allocated to Switchers. After the Plan was initially approved, \$10.4 million was moved from the Zero-Emission Class 8 Truck category (EMA 1) into the Combustion Freight and Marine Switcher category (EMA 3). Additionally, funds were shifted between EMAs within the category to match program over- and under-subscription resulting in a Switcher project allocation to date of \$35.4 million. This D-4 allocates an additional \$9 million, resulting in a revised total allocation of \$44.4 million for Switcher replacement projects.

The Plan includes an additional 15 percent of the total allocation for administrative costs. The attached request uses funds from the 'reserve' category outlined in the Plan along with interest earned in the Trust account. A small portion of funds are left unallocated in the Trust account for future projects based on program needs.

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary _____

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

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

SUMMARY

Eligible Mitigation Action <input type="checkbox"/> Appendix D-2 item (specify): _____ Action Type <input type="checkbox"/> Item 10 - DERA Option (5.2.12) (specify and attach DERA Proposal): _____
Explanation of how funding request fits into Beneficiary's Mitigation Plan (5.2.1):
Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):
Estimate of Anticipated NOx Reductions (5.2.3):
Identification of Governmental Entity Responsible for Reviewing and Auditing Expenditures of Eligible Mitigation Action Funds to Ensure Compliance with Applicable Law (5.2.7.1):
Describe how the Beneficiary will make documentation publicly available (5.2.7.2).
Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8).
Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9).

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).

ATTACHMENTS
(CHECK BOX IF ATTACHED)

- ☐ Attachment A Funding Request and Direction.
- ☐ Attachment B Eligible Mitigation Action Management Plan Including Detailed Budget and Implementation and Expenditures Timeline (5.2.4).
- ☐ Attachment C Detailed Plan for Reporting on Eligible Mitigation Action Implementation (5.2.11).
- ☐ Attachment D Detailed cost estimates from selected or potential vendors for each proposed expenditure exceeding \$25,000 (5.2.6). [Attach only if project involves vendor expenditures exceeding \$25,000.]
- ☐ Attachment E DERA Option (5.2.12). [Attach only if using DERA option.]
- ☐ Attachment F Attachment specifying amount of requested funding to be debited against each beneficiary's allocation (5.2.13). [Attach only if this is a joint application involving multiple beneficiaries.]

CERTIFICATIONS

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

1. This application is submitted on behalf of Beneficiary _____, and the person executing this certification has authority to make this certification on behalf of the Lead Agency and Beneficiary, pursuant to the Certification for Beneficiary Status filed with the Court.
2. Beneficiary requests and directs that the Trustee make the payments described in this application and Attachment A to this Form.
3. This application contains all information and certifications required by Paragraph 5.2 of the Trust Agreement, and the Trustee may rely on this application, Attachment A, and related certifications in making disbursements of trust funds for the aforementioned Project ID.
4. Any vendors were or will be selected in accordance with a jurisdiction's public contracting law as applicable. (5.2.5)
5. Beneficiary will maintain and make publicly available all documentation submitted in

support of this funding request and all records supporting all expenditures of eligible mitigation action funds subject to applicable laws governing the publication of confidential business information and personally identifiable information. (5.2.7.2)

DATED: _____

[NAME]

[TITLE]

J. Negrete

[LEAD AGENCY]

for

[BENEFICIARY]

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary: State of California

Lead Agency: California Air Resources Board

Action Title:	Zero-Emission Buses
Beneficiary's Project ID:	San Joaquin Valley APCD-Buses
Funding Request No.	(sequential) 2

SUMMARY

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

California developed a Beneficiary Mitigation Plan (Plan) with valuable public input with a priority to mitigate excess NOx emissions caused by Volkswagen's illegal actions while furthering the State's progress toward its zero-emission vehicle and climate protection goals. The Plan specifically identifies zero-emission transit, school, and shuttle buses as a project funding category for the State's Environmental Mitigation Trust allocation. This funding request is part of the overall program to replace older buses with zero-emission buses, supporting early adoption of these technologies while reducing diesel's harmful impacts on children, the elderly, and other priority populations. The Plan originally allocated \$130 million in vehicle funding with up to an additional 15 percent allocation for a reserve that includes administrative costs.

This request allocates \$31.5 million for vehicle and administrative costs from the above reserve funds and interest accrued in the Trust account. This funding request increases the dollar amount allocated to the established program approved through the Plan.

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

Transit agencies, school districts, and shuttle bus owners will be offered first-come, first-served funding opportunities to scrap and replace older internal combustion engine buses with zero-emission buses. The \$27 million allocated will fund buses waitlisted from the original solicitation. The San Joaquin Valley Air Pollution Control District will administer the funding statewide with CARB providing program and fiscal oversight. As stated above, administrative costs will be additional and will not exceed 15 percent.

California expects to fund about 65 Class 4 through 8 zero-emission buses, reducing NOx emissions, diesel particulate matter, greenhouse gases, and other harmful pollutants. This project supports the early adoption of zero-emission technology in a heavy-duty application, increases economies of scale to help bring down technology costs, and reduces harmful exposure for the State's most sensitive populations. Based on current program data CARB anticipates at least 50 percent of the \$27 million in vehicle funding will go to projects that benefit disadvantaged or low-income communities.

Estimate of Anticipated NOx Reductions (5.2.3):

The funded vehicle replacements will reduce an estimated 50 tons of NOx emissions over a 10-year period. The majority of estimated reductions are expected to come from transit bus replacements, since they utilize higher annual miles. The reductions resulting from this funding will be direct and surplus to regulatory requirements.

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):

California Air Resources Board

Describe how the Beneficiary will make documentation publicly available (5.2.7.2):

As the lead agency acting on the Beneficiary's (California's) behalf, CARB has established a website for the State's implementation of its Trust allocation: <https://ww2.arb.ca.gov/our-work/programs/volkswagen-environmental-mitigation-trust-california>. The website includes the Beneficiary Mitigation Plan, an opportunity for the public to subscribe to an email list for announcements regarding Plan implementation, meeting schedules and materials, and information to assist funding applicants. CARB will additionally post to the website all approved funding requests, semi-annual reports to the Trustee, and annual reports to the State Legislature. CARB will provide access to all public records upon request unless the law provides an exemption from disclosure.

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

Trust funds will provide up to \$400,000 for a new battery electric school bus, up to \$216,000 for a new battery electric transit bus, up to \$480,000 for a new fuel cell electric transit bus, and up to \$192,000 for a new battery electric shuttle bus. These amounts are expected to fund up to 95 percent of the cost of a school bus, the incremental costs of a zero-emission transit bus above the typical Federal Transit Administration funding, and to fund a large portion of the incremental costs for a battery-electric shuttle bus over a conventionally-fueled shuttle bus. A minimum 5 percent cost share is required for school buses. As required by the Consent Decree, total Trust funding per vehicle must not exceed 75 percent for non-government owned vehicles and 100 percent for government owned vehicles.

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

On February 16, 2018, CARB emailed and mailed notification letters to the government agency contacts listed in subparagraph 4.2.8. Each notification letter included information on fund availability, a description of the administration process, and instructions on accessing more information via CARB's website and subscribing to CARB's email list to remain informed.

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).

Replacing older, high-emitting vehicles with zero-emission vehicles will result in improved ambient air quality and human health in communities located in nonattainment areas, in areas with historical air quality issues, and in disadvantaged or low-income areas that bear a disproportionate share of the air pollution burden. At the same time, this funding will provide benefits to the local economy and the welfare of residents in those communities. California Senate Bill 92 (Committee on Budgets and Fiscal Review, Chapter 26, Statutes of 2017) requires CARB to ensure that 35 percent of the State's Trust allocation benefits disadvantaged or low-income communities. As stated above, at least 50 percent of the vehicle funding is expected to benefit California's priority populations.

Attachment B

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

Project Management Plan

Project Schedule and Milestones

Task	Start Date	Completion Date
Project Planning and Development	October 2017	June 2019
Solicit for Applications (includes outreach to potential applicants)	June 2019	December 2022
Application Selection for Projects to be Funded	July 2019	June 2027
Quarterly and Semi-Annual Reports	Every 3-6 months or when requesting additional funds, whichever is sooner, through completion of the project	
Generate Contracts for Selected Applicants	March 2025	June 2027
Repeat Solicitation through contracts with selected applicants as needed if Unspent Direct Project Funds Remain	N/A	N/A
Bus delivery	March 2025	January 2032
Final Report		May 24, 2032

Project Budget

Period of Performance: March 2025 - October 2032			
Category	Total Approved Budget	Share of Total Budget to be Funded by the Trust	Cost Share (if applicable)
Equipment	\$27,000,000	\$27,000,000	
SJVAPCD Administrative Costs Program development, outreach, administration	\$3,000,000	\$3,000,000	
CARB Administrative Costs Program planning, development, oversight	\$1,500,000	\$1,500,000	
Total	\$31,500,000.00	\$31,500,000.00	

CARB expects about 65 buses to be funded from this request. The budgeted equipment funds will provide up to \$400,000 for a new battery electric school bus, up to \$216,000 for a new battery electric transit bus, up to \$480,000 for a new fuel cell electric transit bus, and up to \$192,000 for a new battery electric shuttle bus. The remaining bus costs come from bus owners and/or other funding programs. As the Consent Decree requires, total Trust funding per vehicle will not exceed 75 percent for non-government-owned vehicles and 100 percent for government-owned vehicles. A minimum 5 percent cost share is required for school buses. This drawdown of funds will help alleviate the waitlist currently in place. Since eligible project applications have already been received, funds will be allocated and expended expeditiously.

Budget Attachment

Zero-Emission Bus Projects: Estimated Admin Budget (for D-4)

EMA 2 - Buses	Est. Number of Units	Equipment Funds from Trust	Estimated Cost Share	Est. Total Equipment Cost					
	65	\$ 27,000,000	\$ 62,404,000	\$ 89,404,000					
SJVAPCD Estimated Administrative Costs									
Fiscal Year	2025	2026	2027	2028	2029	2030	2031	2032	Total
Estimated costs (including indirect costs for admin, supplies, facilities, outreach, subcontracts, workshops, media, meetings, travel, etc.)	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00	\$ 3,000,000.00
Total SJVAPCD Estimated Admin	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00	\$ 375,000.00	\$ 3,000,000.00
CARB Estimated Administrative Costs									
	2025	2026	2027	2028	2029	2030	2031	2032	Total
Estimated Staffing Costs (including indirect costs for admin, supplies, facilities, travel, etc.)	\$ 168,750.00	\$ 168,750.00	\$ 168,750.00	\$ 168,750.00	\$ 168,750.00	\$ 168,750.00	\$ 168,750.00	\$ 168,750.00	\$ 1,350,000.00
Total CARB Estimated Admin	\$ 168,750.00	\$ 168,750.00	\$ 168,750.00	\$ 168,750.00	\$ 168,750.00	\$ 168,750.00	\$ 168,750.00	\$ 168,750.00	\$ 1,350,000.00
Total Combined Estimated Admin	\$ 543,750.00	\$ 543,750.00	\$ 543,750.00	\$ 543,750.00	\$ 543,750.00	\$ 543,750.00	\$ 543,750.00	\$ 543,750.00	\$ 4,350,000.00
Total EstimatedTrust Funds (Equip + Admin)									\$ 31,350,000.00

Attachment C

Detailed Plan for Reporting on Eligible Mitigation Action Implementation (5.2.11)

As the Lead Agency acting on California's behalf, CARB will provide reporting on eligible mitigation action implementation in three ways: 1) semi-annual reports to the Trustee as required by subparagraph 5.3 of the Environmental Mitigation Trust Agreement for State Beneficiaries; 2) annual reports to the State Legislature as required by California Senate Bill 92 (Committee on Budgets and Fiscal Review, Chapter 26, Statutes of 2017); and 3) timely updates to CARB's Mitigation Trust implementation website at <https://ww2.arb.ca.gov/our-work/programs/volkswagen-environmental-mitigation-trust-california>.

Attachment D

Detailed cost estimates from selected or potential vendors for each proposed expenditure exceeding \$25,000 (5.2.6)

Type	Electric	Hydrogen Fuel Cell
School Bus	\$250,000 - \$570,000	NA
Transit Bus	\$450,000 - \$1,400,000	\$1,000,000 - \$2,100,000
Shuttle Bus	\$160,000 - \$1,100,000	NA

Cost estimates were provided from dealer invoices and information received from previously submitted program applications. For each bus type, shuttle, transit, and school, multiple manufacturers were included for the range of total cost estimates.