

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary State of Montana

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

| | |
|---|---|
| Action Title: | Montana Clean Transit Bus Replacement |
| Beneficiary's Project ID: | VWT2021-04 |
| Funding Request No. | (sequential) 4 |
| Request Type: (select one or more) | <input type="checkbox"/> Reimbursement <input checked="" type="checkbox"/> Advance <input type="checkbox"/> Other (specify): _____ |
| Payment to be made to: (select one or more) | <input checked="" type="checkbox"/> Beneficiary <input type="checkbox"/> Other (specify): _____ |
| Funding Request & Direction (Attachment A) | <input checked="" type="checkbox"/> Attached to this Certification <input type="checkbox"/> To be Provided Separately |

SUMMARY

| | |
|--|---|
| Eligible Mitigation Action | <input checked="" type="checkbox"/> Appendix D-2 item (specify): 2. School Bus, Shuttle Bus, or Transit Bus |
| 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): See attached Summary Supplement | |
| Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2): See attached Summary Supplement | |
| Estimate of Anticipated NOx Reductions (5.2.3): See attached Summary Supplement | |
| 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): Montana Legislative Audit Division | |
| Describe how the Beneficiary will make documentation publicly available (5.2.7.2). See attached Summary Supplement | |
| Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8). See attached Summary Supplement | |
| Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9). | |

On February 27, 2018 MTDEQ sent e-mail notices of availability of funds to representatives of the U.S. Department of Interior and U.S. Department of Agriculture listed in subparagraph 4.2.8

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).
 See attached Summary Supplement

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 State of Montana, 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 personal information.

DATED:

02/22/2021

GEORGE MATHIEUS, Deputy Director

[NAME]

[TITLE]

Department of Environmental Quality

[LEAD AGENCY]

for

State of Montana

[BENEFICIARY]

ATTACHMENT A

FUNDING REQUEST AND DIRECTION

(Attachment to Appendix D-4, Beneficiary Eligible Mitigation Action Certification, pursuant to Paragraph 5.2 of the Environmental Mitigation Trust Agreement)

Pursuant to the authority granted to Department of Environmental Quality [insert Lead Agency] to act on behalf of Beneficiary State of Montana under the Mitigation Trust, [Lead Agency] directs the Trustee to make the following payments from its subaccount no. _____ to the following payees, for the amounts specified on the dates specified below.

LEAD AGENCY INFORMATION

| | | | |
|----------------------|-------------------------------------|-----------------------------|--------------------|
| Beneficiary Name: | State of Montana | Lead Agency Contact Person: | Neal Ullman |
| Lead Agency Name: | Department of Environmental Quality | Lead Agency Email Address: | neal.ullman@mt.gov |
| Lead Agency Address: | 1520 East 6th Ave. Helena, MT 59601 | Lead Agency Fax: | |
| Lead Agency Phone: | 406-444-6582 | Lead Agency TIN: | |

Contact information entered above may correspond to Lead Agency or 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

MITIGATION ACTION INFORMATION

| | | | |
|---------------------------|---------------------------------------|---------------------|---|
| Action Title: | Montana Clean Transit Bus Replacement | Funding Request No: | 4 |
| Beneficiary's Project ID: | VWT2021-04 | | |

PAYMENTS REQUESTED

(attach additional pages if needed)

| Amount | Requested Date | Payee | Request Type |
|-------------|----------------|---|--------------|
| \$1,025,000 | 2/22/2021 | Montana Department of Environmental Quality | Advance |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

PAYEE CONTACT AND WIRE INFORMATION

(fill out both tables below for each payee and payment identified in "Payments Requested" table on p. 1; attach additional pages if needed)

PAYEE CONTACT INFORMATION

| | | | |
|----------------|---|-------------------------|--------------------|
| Action Title: | Montana Clean Transit Bus Replacement | Beneficiary Project ID: | VWT2021 04 |
| Payee Name: | Montana Department of Environmental Quality | Payee Contact Person: | Neal Ullman |
| Payee Address: | 1520 East 6th Ave. Helena, MT 59601 | Payee Email Address: | neal.ullman@mt.gov |
| Payee Phone: | 406-444-6582 | Payee Fax: | |
| Payee TIN: | | | |

| Payment Amount | Requested Date | Request Type |
|----------------|----------------|--------------|
| \$1,025,000 | 2/22/2021 | Advance |

WIRE INFORMATION

| | | | |
|---------------------------------|---|---|--|
| Receiving Bank Name: | US Bank, NA | | |
| Receiving Bank Branch: | Helena Branch | | |
| Receiving Bank Address: | 302 Last Chance Gulch, Helena, MT 59601 | | |
| Bank Swift ID: | | National Routing No. / Bank ABA Number (Sort Code, BLZ) | |
| Amount of Wire: | | | |
| Message to Payee: | | | |
| Instructions to Receiving Bank: | VW Funding - Attn: Denise Kelly | | |
| For Credit to: | | | |
| Other Special Instructions: | | | |

[Signature Block]

Neal Ullman
Montana Department of Environmental Quality

SUMMARY Supplement Appendix D-4

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

Montana's Beneficiary Mitigation Plan posted in November 2018 proposed to use 55% of Montana's initial allocation, or approximately \$6.93 million in funding to help replace onroad heavy duty diesel vehicles (with engine model year 2009 or older), as authorized under Eligible Mitigation Action 2.

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

Montana DEQ solicited applications from public and private transit entities across Montana to partially reimburse the replacement and scrapping of diesel transit buses with new compressed natural gas, propane, hybrid electric, and battery electric buses. Applications for two transit buses were received from the University of Montana (UM). UM operates diesel buses that are eligible for replacement. Trust funds will help UM replace two diesel buses with battery-electric transit buses. The buses will operate in Missoula County is a priority area identified in DEQ's Beneficiary Mitigation Plan. The fixed routes that the buses operate on include areas that have high levels of PM-2.5 pollution, and diesel PM pollution when compared with the rest of Montana. We estimate a reduction in PM-2.5 emissions of 52.25 pounds for the total project over 15 years, the estimated life of the new buses.

Estimate of Anticipated NOx Reductions (5.2.3)

Montana DEQ estimated diesel emission reductions using the Heavy-Duty Vehicle Emissions Calculator provided by Argonne National Laboratories (<https://afleet-web.es.anl.gov/hdv-emissions-calculator>). We calculated reductions for each of the applicant's buses using the provided engine model years, annual mileage, fuel use, replacement fuel, and estimated lifetime of the buses being replaced of two and four years. We estimate total lifetime reduction in NOx emissions of 3,695.17 pounds.

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

MTDEQ maintains a webpage describing the Montana's Volkswagen Environmental Mitigation Program for State Beneficiaries. The Volkswagen Mitigation Trust webpage can be found at: <http://deq.mt.gov/Energy/transportation/VW-Settlement-Page>. Copies of the funding request certifications to the Trustee will be available through links on this web page.

Application materials, reimbursement requests, and other documentation submitted by applicants and funding recipients for Montana's Volkswagen Environmental Mitigation Program are available to the public either through the website, or upon request pursuant to Montana Code Annotated Title 2, chapter 6, part 10.

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

Public transit agencies were eligible for reimbursement up to 60% of the cost of each new transit bus if replacing with an electric bus. UM will receive a maximum of \$1,000,000 for replacement of two transit buses. UM will scrap two diesel buses and receive an award of \$950,000 with a total purchase price expected to be \$1,593,538; their estimated cost share will be 42%.

UM is also purchasing and installing electric vehicle charging infrastructure for the replacement electric buses and is eligible for a maximum of \$50,000 award towards charging stations. The estimated total cost of infrastructure associated with the new buses is \$88,60. UM's cost share for the infrastructure is estimated to be 44%.

The cost share for UM will be covered all or in part by funds from the U.S. Department of Transportation grant programs.

If applicable, describe how the mitigation action will mitigate the impacts of NOx emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions (5.2.10)

The two buses funded by this request will replace older diesel transit buses operating in Missoula County. Missoula County is identified in Montana's Beneficiary Mitigation Plan as a priority county based on annual mobile sources of onroad NOx emissions. Missoula County is also one of the top counties for registrations of the offending Volkswagen diesel vehicles.

The buses operate on fixed routes in sensitive areas that serve sensitive populations including school children, low-income, and elderly citizens. The service area in Missoula show higher levels of poverty and pollution, asthma rates and other environmental and economic indicators when compared with the rest of Montana using EPA's EJSCREEN tool at (<https://www.epa.gov/ejscreen>). Replacing diesel buses with electric buses reduces exposure to diesel pollution in these areas.

ATTACHMENT B

PROJECT MANAGEMENT PLAN INCLUDING DETAILED BUDGET AND IMPLEMENTATION AND EXPENDITURES TIMELINE (5.2.4)

This funding request will provide advance funds to the Montana Department of Environmental Quality (MTDEQ) for the implementation of Clean Transit Bus Replacements under the Montana Clean Transit Bus Program. The actions covered by this funding request are consistent with Eligible Mitigation Action 2 (School Bus, Shuttle Bus, or Transit Bus) of the State Trust Agreement and with Montana's Beneficiary Mitigation Plan (page 7), which allocated up to 55% of available funds for onroad heavy duty diesel vehicles.

TRANSIT BUS REPLACEMENTS TO BE FUNDED THROUGH THIS REQUEST

Two transit buses will be funded through this request. UM operates buses in Missoula, Montana. UM will replace two older diesel transit buses with two battery-electric buses manufactured by Proterra. This project will also be partially supported by a grant from the U.S. Department of Transportation's Federal Transit Administration through the Low or No-Emission Vehicle Program.

PROJECT SCHEDULE AND TIMELINE, MONTANA CLEAN TRANSIT BUS PROGRAM

| Project Milestone | Date |
|---|------------------|
| Montana DEQ posts information and application materials on agency website; e-mail notification to Volkswagen Mitigation stakeholders list | 31 May 2019 |
| Deadline for submission of applications | 31 July 2019 |
| Review of applications | August 2019 |
| Notification to successful applicants | 6 September 2019 |
| Montana DEQ submits Project Certification and Funding Direction for Advanced Funding | February 2021 |
| Trustee allocates Advanced Funding to MTDEQ | March 2021 |
| Finalization of contracts with funding recipients | March 2021 |
| Montana DEQ reports on project progress | July 2021 |
| Montana DEQ reports on project progress | January 2022 |
| Montana DEQ reports on project progress | July 2022 |
| Montana DEQ reviews reimbursement requests from recipients and provides payments for projects completed. | Q2-Q4 2021 |
| Deadline for completion of transit bus replacement project | October 2022 |
| MTDEQ reports project completion | November 2022 |

PROJECT BUDGET

| Period of Performance: March 2021 – October 2022 | | | |
|---|---|--|---------------------|
| Budget Category | Share of Total Budget to be Funded by the Trust | Cost-Share to be Paid by Project Recipient | Total Budget Amount |
| Equipment (University of Montana) | | | |
| Transit Buses | \$475,000x2= \$950,000 | \$321,769x2=\$643,538 | \$1,593,538 |
| Charging infrastructure | <u>\$50,000</u> | <u>\$38,600</u> | <u>\$88,600</u> |
| SUBTOTAL | \$1,000,000 | \$682,138 | \$1,682,138 |
| Contractor Support | \$0 | \$0 | \$0 |
| Subrecipient support | \$0 | \$0 | \$0 |
| Administrative Costs Program planning, development, outreach, and administration | \$25,000 | \$0 | \$25,000 |
| Project Totals | \$1,025,000 | \$682,138 | \$1,707,138 |
| Percentage | 60% | 40% | 100% |

PROJECTED ANNUAL TRUST ALLOCATIONS

| | 2021 | 2022 | 2023 |
|--|-----------------|----------------|----------------|
| 1. Anticipated Annual Project Funding Request to be paid through the Trust | \$2,385,594.50 | \$2,869,000.00 | \$2,600,000.00 |
| 2. Anticipated Annual Cost Share | \$1,418,902.00 | \$808,800.00 | \$1,220,000.00 |
| 3. Anticipated Total Project Funding by Year (line 1 plus line 2) | \$3,804,496.50 | \$3,677,800.00 | \$3,820,000.00 |
| 4. Cumulative Trustee Payments Made in Previous Years Against Cumulative Approved Beneficiary Allocation | \$1,608,929.00 | \$3,994,523.50 | \$6,863,523.50 |
| 5. Current Beneficiary Project Funding to be paid through the Trust (line 1) | \$2,385,594.50 | \$2,869,000.00 | \$2,600,000.00 |
| 6. Total Funding Allocated to Beneficiary, inclusive of Current Action by Year (line 4 plus line 5) | \$3,994,523.50 | \$6,863,523.50 | \$9,463,523.50 |
| 7. Beneficiary Share of Estimated Funds Remaining in Trust at Start of Year | \$10,993,495.88 | \$8,607,901.38 | \$5,738,901.38 |
| 8. Net Beneficiary Funds Remaining in Trust, net of cumulative Beneficiary Funding Actions (line 7 minus line 5) | \$8,607,901.38 | \$5,738,901.38 | \$3,138,901.38 |

ATTACHMENT C

DETAILED PLAN FOR REPORTING ON ELIGIBLE MITIGATION ACTION IMPLEMENTATION (5.2.11)

The Montana Department of Environmental Quality (MTDEQ) will provide detailed reporting on this funding request under Eligible Mitigation Action 2 (School, Shuttle, and Transit Buses) in two ways: 1) timely updates to MTDEQ's Volkswagen Environmental Mitigation Program web page and 2) semi-annual reports to the Trustee as required by subparagraph 5.3 of the Environmental Mitigation Trust for State Beneficiaries.

MTDEQ Website

Montana DEQ has a webpage dedicated to the Volkswagen Environmental Mitigation Program that includes projects and actions that are eligible for funding and the status of funding. The website is found at: <http://deq.mt.gov/Energy/transportation/VW-Settlement-Page>. Copies of funding request certifications to the Trustee will be available through this web page. This page will link to current and past projects and categories funded through the Trust.

Application materials, reimbursement requests, and other documentation for Montana's Volkswagen Environmental Mitigation Program are available to the public either through the website, or upon request pursuant to Montana Code Annotated Title 2, chapter 6, part 10.

Semi-Annual Reports to the Trustee

As required by subparagraph 5.3 of the Environmental Mitigation Trust Agreement for State Beneficiaries, MTDEQ will submit a report to the Trustee within 6 months of the first disbursement and thereafter no later than January 30 and July 30 for preceding 6-month periods. These reports will describe the progress implementing current and any other Eligible Mitigation Action ongoing during the reporting period. These reports will include a summary of all costs expended and a complete description of the status (including actual or projected termination date), development implementation, and any modification of the Eligible Mitigation Action. These semi-annual reports to the Trustee will be available for public access through links on the main Volkswagen Trust page on the MTDEQ website.

ATTACHMENT D

**DETAILED COST ESTIMATES FROM SELECTED VENDORS FOR EACH PROPOSED EXPENDITURE
EXCEEDING \$25,000 (5.2.6)**

| Agency | Equipment | Manufacturer | Model | Fuel | Expected Purchase Price (per bus) | Expected charging infrastructure equipment cost (not including installation) |
|-----------------------|-------------------------------------|--------------|--|----------|-----------------------------------|--|
| University of Montana | Transit Bus | Proterra | Catalyst E2 | Electric | \$796,769 | |
| University of Montana | Transit Bus | Proterra | Catalyst E2 | Electric | \$796,769 | |
| University of Montana | Electric vehicle charging equipment | Proterra | 150 kW, 2 Dual Dispensers, 4 18' CCS1 Cables | Electric | N/A | \$88,600 |

Each applicant for the 2019 Montana Clean Transit Bus Program was required to seek at least three price quotes for a replacement transit bus and submit them with their application. UM selected the vendor Proterra after receiving the price quote (attached) of \$796,769 for each transit bus and \$88,600 for charging equipment (does not include installation costs).
