

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary Arizona

Lead Agency Authorized to Act on Behalf of the Beneficiary Arizona Department of Administration (ADOA)
(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:	On-Road State Fleet Replacement Project
Beneficiary's Project ID:	19-02
Funding Request No.	<i>(sequential)</i> 01
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): <u>EMA Type 1 - Class 8 Local Freight Trucks</u> 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.
Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2): See Attached.
Estimate of Anticipated NOx Reductions (5.2.3): See Attached.
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): See Attached.
Describe how the Beneficiary will make documentation publicly available (5.2.7.2). See Attached.
Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8). See Attached.
Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9). See Attached.

Beneficiary Eligible Mitigation Action Certification- Supplemental Information

Beneficiary: State of Arizona

Lead Agency: Arizona Department of Administration

In Support of Funding Request No. 1

SUMMARY

Eligible Mitigation Action: Appendix D-2 item (specify): 1

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

The State of Arizona's Environmental Mitigation Plan is to protect Arizona's environment and the health of our citizens. The Trust funds allow the State the opportunity to offset (mitigate) the impact of excess nitrogen oxide (NOx) emissions associated with the affected vehicles registered within the state. The reduction of NOx from mobile sources achieves the intended use of the 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 the state. Implementation of diesel NOx reduction projects specifically through the replacement of on-road state fleet vehicles using Trust funds will have immediate and long-lasting benefits.

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

On-road state fleet replacement projects could include re-powers or vehicle replacements with new diesel, alternative fuel or electric vehicles and engines. The State anticipates projects will occur within within the on-road fleet managed by the Arizona Department of Transportation. The on-road fleet replacement project will draw \$13,773,400 of Arizona's allocation, approximately 24% of the total available.

Arizona's on-road state fleet replacement project, will strive to balance the environmental and societal benefits among Arizona's cities, counties, and statewide interests for all Arizona citizens who are impacted by NOx emissions generated by on-road diesel-fueled vehicles. Specifically within non-attainment areas across the state where excessive levels of ozone aggravate respiratory conditions. People most at risk from breathing air containing ozone include people with asthma, children, older adults, and people who are active outdoors, especially outdoor workers.

The ADEQ analyzed a sample of eligible projects that included replacing class 8 local freight trucks with modern diesel versions. The estimated total lifetime emission reductions from this group are approximately 95.17 tons of NOx. It is anticipated that this funding will replace more than 44 vehicles. Please see a representative sample provided by the Arizona Department of Transportation.

Estimate of Anticipated NOx Reductions (5.2.3):

These values do not indicate a commitment to the funding amounts or projects ultimately selected. As the Trust program evolves, the terms of the Plan will be adjusted to reflect changes to the

funding percent allocations to the groups. The estimated emissions were calculated using the EPA's Diesel Emissions Quantifier and are based on the percentages stated above. Other assumptions used for the calculations of the emission reductions include:

- All vehicles are model year of 2002;
- The upgrade year is 2018;
- Estimated years remaining life of 12 years; and
- The use of diesel fuel for the replacement vehicle.

The estimated total lifetime emission reductions from this group are approximately 385.45 tons of NO_x.

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):

Arizona Department of Administration (ADOA)

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

The Arizona Department of Administration (ADOA) has created a public website, <https://vwsettlement.az.gov/> for information relating to the Trust, the VW Partial Consent Trust Decrees, Arizona's plans, and implementation information. To provide transparency and accountability, the Department will post information on its VW website.

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

Environmental Mitigation Funds will provide the total purchase price of the Class 8 local freight truck replacements or re-powers. Please see a representative sample provided by the Arizona Department of Transportation.

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

ADOA notified the U.S. Department of the Interior and the U.S. Department of Agriculture on 2/16/18 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).

The replacement of on-road state fleet trucks will reduce the NO_x emissions impact throughout the state. Especially those living in communities that are located in overlapping non-attainment areas for PM₁₀ and ozone, which include the Maricopa-Pinal-Gila area and Yuma area. In which these communities have often borne a disproportionate share of the adverse impacts of NO_x emissions.

VW SETTLEMENT PROGRAM Proposed Buy List

EQUIPMENT NUMBER	YEAR	MAKE	MODEL	DESCRIPTION	CURRENT REPLACEMENT COST	EXPECTED DELIVERY DATE
FY19 BUDGET REQUEST ITEMS						
F228	1997	MACK	CH613	TRACTOR TRANSPORT	\$ 245,703	10/20/18
F231	1997	MACK	CH613	TRACTOR TRANSPORT	\$ 245,703	10/20/18
S166	2002	FREIGHTLINER	FL42H	SWEEPER	\$ 358,875	10/20/18
J033	2003	STERLING	CONDOR	TRUCK PAINT STRIPER HIGHWAY	\$ 611,435	03/01/19
J034	2003	STERLING	CONDOR	TRUCK PAINT STRIPER HIGHWAY	\$ 595,284	03/01/19
F241	1997	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 323,091	12/01/18
F272	1999	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 262,984	12/01/18
F317	1999	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 269,026	12/01/18
F270	1999	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 261,814	12/01/18
F277	1999	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 272,950	12/01/18
F295	1999	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 269,026	12/01/18
F280	2000	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 269,026	12/01/18
F283	2000	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 269,026	12/01/18
F318	2000	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 267,828	12/01/18
F326	2000	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 274,051	12/01/18
F287	2000	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 269,026	12/01/18
F315	2000	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 269,026	12/01/18
F281	2000	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 269,026	12/01/18
F335	2000	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 267,828	12/01/18
F299	2000	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 269,026	12/01/18
F298	2000	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 267,828	12/01/18
F312	2000	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 269,026	12/01/18
F329	2000	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 269,026	12/01/18
F282	2000	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 269,026	12/01/18
F333	2000	MACK	RD688S	TRUCK SNOWPLOW 12 CY	\$ 266,636	12/01/18
F359	2004	MACK	CV713	TRUCK SNOWPLOW 12 CY	\$ 267,795	12/01/18
F358	2004	MACK	CV713	TRUCK SNOWPLOW 12 CY	\$ 243,134	12/01/18
F255	1997	MACK	RD688S	TRUCK SNOWPLOW 12 CY W/WING	\$ 327,501	12/01/18
F240	1997	MACK	RD688S	TRUCK SNOWPLOW 12 CY W/WING	\$ 326,043	12/01/18
F267	1999	MACK	RD688S	TRUCK SNOWPLOW 12 CY W/WING	\$ 268,917	12/01/18
F345	2000	MACK	RD688S	TRUCK SNOWPLOW 12 CY W/WING	\$ 267,828	12/01/18
E587	1994	NAVISTAR	4700	TRUCK ATTENUATOR	\$ 139,717	08/10/18
E602	1994	NAVISTAR	4700	TRUCK ATTENUATOR	\$ 139,095	08/10/18
E599	1994	NAVISTAR	4700	TRUCK ATTENUATOR	\$ 139,717	08/10/18
E604	1994	NAVISTAR	4700	TRUCK ATTENUATOR	\$ 139,095	08/10/18
E598	1994	NAVISTAR	4700	TRUCK ATTENUATOR	\$ 139,717	08/17/18
E594	1994	NAVISTAR	4700	TRUCK ATTENUATOR	\$ 139,717	08/17/18
E435	1983	IHC	1954	TRUCK WATER 1500 GAL	\$ 254,890	08/23/18
F077	1983	AUTOCAR	DC64F	TRUCK WATER 3150 GAL	\$ 423,756	08/23/18
F076	1983	AUTOCAR	DC64F	TRUCK WATER 3150 GAL	\$ 423,756	08/23/18
E490	1987	IHC	1954	TRUCK OIL DISTRIBUTOR	\$ 211,717	09/12/18
F396	2006	MACK	CXN613	TRACTOR TRANSPORT	\$ 159,731	08/23/18
E631	2004	IHC	4300	TRUCK AERIAL 45 FT	\$ 237,915	02/25/19
E617	2001	STERLING	L8511	TRUCK AERIAL PLATFORM 55 FT	\$ 428,746	02/25/19
F353	2003	STERLING	LT9511	TRUCK AERIAL PLATFORM 55 FT	\$ 501,084	02/25/19
Total:					12,661,164	

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.

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 Arizona, 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: 7/27/18



[Matthew D. Hanson, CGMS]
[Assistant Director - OGFR]

Arizona Department of Administration (ADOA)

[LEAD AGENCY]

for

State of Arizona

[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 Arizona Department of Administration [*insert Lead Agency*] to act on behalf of Beneficiary Arizona under the Mitigation Trust, [*Lead Agency*] directs the Trustee to make the following payments from its subaccount no. 122969-034 to the following payees, for the amounts specified on the dates specified below.

LEAD AGENCY INFORMATION

Beneficiary Name:	<u>Arizona</u>	Lead Agency Contact Person:	<u>Matthew Hanson</u>
Lead Agency Name:	<u>Arizona Department of Administration</u>	Lead Agency Email Address:	<u>Matthew.Hanson@azdoa.gov</u>
Lead Agency Address:	<u>100 N. 15th Avenue, Suite 305, Phoenix AZ 85007</u>	Lead Agency Fax:	<u></u>
Lead Agency Phone:	<u>602-542-7567</u>	Lead Agency TIN:	<u>86-6004791</u>

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:	<u>On-Road State Fleet Replacement Project</u>	Funding Request No:	<u>01</u>
Beneficiary's Project ID:	<u>19-02</u>		

PAYMENTS REQUESTED

(attach additional pages if needed)

Amount	Requested Date	Payee	Request Type
\$13,773,400	7/27/2018	State of Arizona	WIRE/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:	<u>On-Road State Fleet Replacement Project</u>	Beneficiary Project ID:	<u>19-02</u>
Payee Name:	<u>State of Arizona</u>	Payee Contact Person:	<u>Cristi Cost</u>
Payee Address:	<u>100 N. 15th Ave</u>	Payee Email Address:	<u>cristi.cost@azdoa.gov</u>
Payee Phone:	<u>602-364-4862</u>	Payee Fax:	<u></u>
Payee TIN:	<u>86-6004791</u>		

Payment Amount	Requested Date	Request Type
\$13,773,400	07/27/2018	WIRE/Advance

WIRE INFORMATION

Receiving Bank Name:	<u>BANK OF AMERICA</u>		
Receiving Bank Branch:	<u></u>		
Receiving Bank Address:	<u></u>		
Bank Swift ID:	<u>000001000985</u>	National Routing No. / Bank ABA Number <i>(Sort Code, BLZ)</i>	<u>026009593</u>
Amount of Wire:	<u>\$13,773,400</u>		
Message to Payee:	<u>ADOA-GFR VW MITIGATION</u>		
Instructions to Receiving Bank:	<u>STATE OF ARIZONA</u>		
For Credit to:	<u>ADOA-GFR VW MITIGATION</u>		
Other Special Instructions:	<u></u>		

Matthew D. Hanson 9/25/18
 Matthew D. Hanson, CGMS
 Assistant Director - ADOA/Grants and Federal Resources

ATTACHMENT B

PROJECT MANAGEMENT PLAN
PROJECT SCHEDULE AND MILESTONES

Milestone	Date
Lead Agency Provides Notice of Availability of Mitigation Action Funds	6/8/2018
In-person meetings with state agencies providing overview of program	Weeks of 6/11 and 6/18
Draft Intergovernmental Service Agreements routed	7/2/2018
Finalized Intergovernmental Service Agreements received	7/31/2018
In-person trainings on application process	Weeks of 8/13 and 8/20
Tentative list of vehicles submitted to ADOA by state agencies	ISA+ 4 weeks
Finalized list of vehicles submitted to ADOA by state agencies	ISA+ 9 weeks
State agencies complete procurement actions and submit purchase orders	ISA + 6 months
Vehicles delivered	ISA+ 8 months
State agencies submit evidence of bus scrapping, invoices and other documents required for reimbursement	ISA+ 9 months
ADOA/GFR reviews submissions, request corrections if necessary, and provides reimbursement	ISA+ 10 months
ADOA/GFR reports to Trustee on status of Mitigation Actions completed and expenditures	Within 6 months of final disbursement

PROJECT BUDGET

Period of Performance: 7/1/2018 - 6/30/2019

Budget Category	Total Approved Budget	Share of Total Budget to be Funded by the Trust	Cost-Share, if applicable (Entity #1)	Cost-Share, if applicable (Entity #2)
1. Equipment Expenditure	\$ 12,988,500	\$ 12,988,500	\$ 0	\$ 0
2. Contractor Support <i>(Provide List of Approved Contractors as Attachment with approved funding ceilings)</i>	\$ 0	\$ 0	\$ 0	\$ 0
3. Subrecipient Support <i>(Provide List of Approved Subrecipients or Grant Awardees as Attachment with approved funding ceilings)</i>	\$ 0	\$ 0	\$ 0	\$ 0
4. Administrative ¹	\$ 784,900	\$ 784,900	\$	\$
Project Totals	\$ 13,773,400	\$ 13,773,400	\$	\$
Percentage	100 %	100 %	0 %	0 %

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

PROJECTED TRUST ALLOCATIONS:

	2017	2018	2019	2020	2021
1. Anticipated Annual Project Funding Request to be paid through the Trust	\$ 0	\$ 36,289,800	\$ 20,370,278	\$	\$
2. Anticipated Annual Cost Share	\$ 0	\$ 0	\$ 0	\$	\$
3. Anticipated Total Project Funding by Year (line 1 plus line 2)	\$ 0	\$ 36,289,800	\$ 20,370,278	\$	\$
4. Cumulative Trustee Payments Made to Date Against Cumulative Approved Beneficiary Allocation	\$ 0	\$ 0	\$ 36,289,800	\$	\$
5. Current Beneficiary Project Funding to be paid through the Trust (line 1)	\$ 0	\$ 36,289,800	\$ 20,370,278	\$	\$
6. Total Funding Allocated to for Beneficiary, inclusive of Current Action by Year (line 4 plus line 5)	\$ 0	\$ 36,289,800	\$ 56,660,078	\$	\$
7. Beneficiary Share of Estimated Funds Remaining in Trust	\$ 0	\$ 56,660,078	\$ 0	\$	\$
8. Net Beneficiary Funds Remaining in Trust, net of cumulative Beneficiary Funding Actions (line 7 minus line 6)	\$ 0	\$ 20,370,278	\$ 0	\$	\$

ATTACHMENT C

DETAILED PLAN FOR REPORTING ON ELIGIBLE MITIGATION ACTION IMPLEMENTATION

The Arizona Department of Administration (ADOA) will provide detailed reporting on the school bus replacement project implementation on its public VW website and will fulfill its reporting obligations to Wilmington Trust.

The public website, <https://vwsettlement.az.gov/> was created specifically to provide information related to the Trust, the VW Partial Consent Trust Decrees, Arizona's plans, and implementation information. In order to provide transparency and accountability, the Department will post timely updates on information and will provide information on the following:

- General information on the Partial Trust Consent Decrees, including a link to the documents;
- The State's final Beneficiary Mitigation Plans,
- All public records supporting funding requests the ADOA submits to the Trustee, and all public records supporting all expenditures of the Trust Fund, subject to confidentiality laws and until the Termination Dates of the Partial Trust Consent Decrees; and
- Department contact information.

The ADOA will periodically evaluate implementation of the Beneficiary Mitigation Plan and implementation of the Eligible Mitigation Actions after the initial round of funding and will determine whether any revisions to the Beneficiary Mitigation Plan and funding levels are appropriate or necessary. If future revisions to the Beneficiary Mitigation Plan are necessary, the ADOA will seek public input on major Plan revisions generally consistent with the process outlined above, including publishing a notice of the opportunity for a 30-day public comment period regarding the proposed revisions.

In addition that state will also comply with the reporting obligations listed in the Environmental Mitigation Trust Agreement for State Beneficiaries in subparagraph 5.3:

For each Eligible Mitigation Action, no later than six months after receiving its first disbursement of Trust Assets, and thereafter no later than January 30 (for the preceding six-month period of July 1 to December 31) and July 30 (for the preceding six-month period of January 1 to June 30) of each year, each Beneficiary shall submit to the Trustee a semiannual report describing the progress implementing each Eligible Mitigation Action during the six-month period leading up to the reporting date (including a summary of all costs expended on the Eligible Mitigation Action through the reporting date). Such reports shall include a complete description of the status (including actual or projected termination date), development, implementation, and any modification of each approved Eligible Mitigation Action. Beneficiaries may group multiple Eligible Mitigation Actions and multiple sub-beneficiaries into a single report. These reports shall be signed by an official with the authority to submit the report for the Beneficiary and must contain an attestation that the information is true and correct and that the submission is made under penalty of perjury. To the extent a Beneficiary avails itself of the DERA Option

described in Appendix D-2, that Beneficiary may submit its DERA Quarterly Programmatic Reports in satisfaction of its obligations under this Paragraph as to those Eligible Mitigation Actions funded through the DERA Option. The Trustee shall post each semiannual report on the State Trust's public-facing website upon receipt.

ATTACHMENT D

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

1) Class 8 Local Freight Trucks and Port Drayage Trucks (Eligible Large Trucks)

Class 8 Vehicles	Diesel	Propane	Gasoline	Electric
Cement Mixer	N/A	N/A	N/A	N/A
Dump	\$135,000	\$175,000	N/A	\$400,000
Fire Truck	\$170,000	\$200,000	N/A	\$400,000
Fuel	N/A	N/A	N/A	N/A
Heavy Semi Tractor	\$500,000	\$550,000	N/A	TBD
Refrigerated Van	N/A	N/A	N/A	N/A
Semi Sleeper	N/A	N/A	N/A	N/A
Tour Bus	N/A	N/A	N/A	N/A

Truck vendors in the state of Arizona were polled for prospective costs to purchase new trucks by fuel type and truck type. Trucks are classified by type that reflects the weight of the vehicle.

