

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification

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 and 6

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 repowers or vehicle replacements with new diesel, alternative fuel or electric vehicles and engines. The State anticipates most of the projects within Arizona will fall within the on-road fleets of the Arizona Department of Transportation and the Arizona Department of Forestry and Fire Management. The on-road fleet replacement project will draw \$13,773,400 of Arizona’s allocation.

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 nonattainment 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 and class 4-7 local freight trucks with modern diesel versions. The estimated total lifetime emission reductions from this group are approximately 95.17 tons of NOx.

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 up to \$285,000 for Class 8 local freight truck replacement or repower and up to \$150,000 for Class 4-7 local freight truck replacement or repower. Recipients must provide the remaining balance.

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 nonattainment 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.

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 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



[NAME]

[TITLE]

Arizona Department of Administration (ADOA)

[LEAD AGENCY]

for

State of Arizona

[BENEFICIARY]

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/Arizona Department of Administration</u>	Payee Contact Person:	<u>Cristi Cost</u>
Payee Address:	<u>100 N. 15th Avenue</u>	Payee Email Address:	<u>Cristi.Cost@azdoa.gov</u>
Payee Phone:	<u>602-542-7567</u>	Payee Fax:	<u></u>
Payee TIN:	<u>86-6004791</u>		

Payment Amount	Requested Date	Request Type
\$13,773,400	7/27/2018	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	<u>0260009593</u>
		<i>(Sort Code, BLZ)</i>	
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>		

[Signature Block]

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 first 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 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

6) Class 4-7 Local Freight Trucks (Medium Trucks)

Class 4-7	Diesel	Propane	Gasoline	Electric
City Delivery	N/A	N/A	N/A	N/A
Conventional Van	N/A	N/A	N/A	N/A
Landscape Utility	N/A	N/A	N/A	N/A
Large Walk-in	N/A	N/A	N/A	N/A
Bucket	\$140,000	\$160,000	N/A	\$275,000
City Delivery	N/A	N/A	N/A	N/A
Large Walk-in	N/A	N/A	N/A	N/A
Beverage	N/A	N/A	N/A	N/A
Rack	N/A	N/A	N/A	N/A
School Bus	N/A	N/A	N/A	N/A
Single Axe Van	N/A	N/A	N/A	N/A
Stake Body	N/A	N/A	N/A	N/A
City Transit Bus	N/A	N/A	N/A	N/A
Furniture	N/A	N/A	N/A	N/A
High Profile Semi	\$360,000		N/A	TBD
Home Fuel	N/A	N/A	N/A	N/A
Medium Semi Tractor	\$250,000	\$275,000	N/A	TBD
Refuse	\$185,000	\$225,000	N/A	\$400,000
Tow				

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.