Missouri’s Volkswagen Trust Program Funds
FY 2019 Review
FY 2020 Plans
Presentation Overview

• Background
• Missouri’s Beneficiary Mitigation Plan
• Review FY 2019
• Tentative Plans for FY 2020
• Implementation Guidelines
Background

In 2015, VW admitted using software that caused diesel vehicles to perform differently during emissions tests so they would pass.

- American consumers bought 590,000 affected VW and Audi vehicles
  - Missourians bought 7,500 affected vehicles
- During normal operation, these vehicles emitted nitrogen oxides (NO$_x$) at levels higher than EPA standards
Environmental Mitigation Trust

- Volkswagen to pay $2.9 billion to an environmental mitigation trust fund
- Missouri’s share of trust: $41 million
- State to use funds to counteract excess NO$_x$ emissions from faulty VW vehicles
Eligible Mitigation Actions

1. Large trucks (class 8)
2. School, shuttle and transit buses
3. Locomotives
4. Ferries/tugboats
5. Marine shorepower
6. Medium trucks (class 4-7)
7. Aircraft service equipment
8. Forklifts and cargo-handling equipment
9. Charging stations for electric vehicles
10. Diesel Emission Reduction Act (DERA) option
Beneficiary Mitigation Plan Overall Goals

• Reduce NO$_x$ emissions from mobile sources

• Additional goals:
  - Replace aging school bus fleets
  - Reduce diesel fuel consumption
  - Upgrade government and private fleets
  - Target areas that currently or historically have not met air quality goals
  - Target areas with affected Volkswagen vehicles
  - Promote electric vehicles
Excess Emissions Caused by Affected VW Vehicles in Missouri

Expected Emission Reductions from VW Trust in Missouri

Estimated Emission Reductions

- **750** tons
- **1,200 min**
- **2,000 max**

Lifetime NO\textsubscript{x} Emissions (tons)
Award Categories and Funding Levels

<table>
<thead>
<tr>
<th>Award Category</th>
<th>Projects</th>
<th>Funding Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>School Buses</td>
<td>$12 million</td>
</tr>
<tr>
<td>2</td>
<td>Government Trucks</td>
<td>$6 million</td>
</tr>
<tr>
<td>3</td>
<td>Transit and Shuttle Buses</td>
<td>$4 million</td>
</tr>
<tr>
<td>4</td>
<td>Nongovernment Trucks</td>
<td>$6 million</td>
</tr>
<tr>
<td>5</td>
<td>Locomotive and Marine</td>
<td>$2 million</td>
</tr>
<tr>
<td>6</td>
<td>Airport and Cargo Equipment</td>
<td>$2 million</td>
</tr>
<tr>
<td>7</td>
<td>DERA Option</td>
<td>$3 million</td>
</tr>
<tr>
<td>8</td>
<td>Electric Vehicle Charging Stations</td>
<td>$6 million</td>
</tr>
</tbody>
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Fiscal Year 2019 Review

July 1, 2018 – June 30, 2019

- School Buses
- Government Trucks
- Transit and Shuttle Buses
- Electric Vehicle Infrastructure
Fiscal Year 2019 Funding Awarded

- School Buses (~$4.7 million)
  ~$2.7 million for financially disadvantaged schools
  ~$2.0 million for cost share school bus replacements
- VW DERA Option (~$276,000)
- Federal DERA funds (~$414,000)
- Government Trucks (~$600,000)
- Transit and Shuttle Buses (~$400,000)
- Department of Corrections (~$1 million)
- FY19 Appropriations Authority $7.25 million
FY 2019 School Buses – Cost Share

• Application period: Aug. 7, 2018 to Sept. 14, 2018
• Award: 25 percent of the new bus cost up to $22,000
• Received applications from 67 entities for the replacement of 137 eligible buses
  - 64 public schools (130 buses)
  - 3 privately-owned school bus contractors (7 buses)
  - Includes 29 replacements under DERA
  - 16 buses withdrawn for various reasons
Financially Disadvantaged Districts (FDDs)

• The Department used data from the Department of Elementary and Secondary Education (DESE) and Missouri State Highway Patrol (MSHP) to determine the schools most in need of a new, fully funded school bus

• 28 FDDs are receiving up to $100,000 to replace an old, eligible bus

• VW Trust funding approximately $2.7 million
School Buses FY2019 Results:

- 150 school bus replacement projects
- 63 tons of NO$_x$ emissions reduction

<table>
<thead>
<tr>
<th>Funding Category</th>
<th>Total Emissions Reduction:</th>
</tr>
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<tbody>
<tr>
<td>VW Category 1:</td>
<td>40.87 tons</td>
</tr>
<tr>
<td>VW Category 1 FDD:</td>
<td>10.18 tons</td>
</tr>
<tr>
<td>VW Category 7:</td>
<td>2.94 tons</td>
</tr>
<tr>
<td>State Clean Diesel:</td>
<td>8.03 tons</td>
</tr>
<tr>
<td>All School Bus Categories:</td>
<td>63.67 tons</td>
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</table>
Government Trucks FY2019 Results:

- Application period opened November 20, 2018 through January 11, 2019
- Received 56 applications
- 162 applied-for projects in Round 1a, with 33 revisions in Round 1b
- 35 awarded projects totaling over $1,600,000 and over 48 tons of NO$_x$

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<thead>
<tr>
<th>Round 1a: Government Trucks</th>
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<tbody>
<tr>
<td>Total Funding Awarded</td>
<td>$579,242</td>
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<tr>
<td>Projects Awarded</td>
<td>10</td>
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<tr>
<td>Total NO$_x$ Reduction (tons)</td>
<td>18.88</td>
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<thead>
<tr>
<th>Round 1b: Government Trucks</th>
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<tbody>
<tr>
<td>Total Funding Awarded</td>
<td>$1,034,630</td>
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<tr>
<td>Projects Awarded</td>
<td>25</td>
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<tr>
<td>Total NO$_x$ Reduction (tons)</td>
<td>29.34</td>
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</table>
Transit and Shuttle Buses FY2019 Results:

- Application period opened November 20, 2018 through January 11, 2019
- Received 4 applications
- 12 applied-for projects in Round 1a with 2 revisions for Round 1b
- 5 projects awarded totaling over $460,000 and over 16 tons of NO$_x$

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<thead>
<tr>
<th>Round 1a: Transit and Shuttle</th>
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<tr>
<td>Total Funding Awarded</td>
<td>$392,000</td>
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<td>Projects Awarded</td>
<td>4</td>
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<td>Total NO$_x$ Reduction (tons)</td>
<td>15.04</td>
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<thead>
<tr>
<th>Round 1b: Transit and Shuttle</th>
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<tbody>
<tr>
<td>Total Funding Awarded</td>
<td>$75,000</td>
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<tr>
<td>Projects Awarded</td>
<td>1</td>
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<tr>
<td>Total NO$_x$ Reduction (tons)</td>
<td>1.66</td>
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Department of Corrections
FY2019 Results:

• 9 projects submitted to the air program
• Over 26 tons of NO\textsubscript{x} emissions reduction through the replacement of:
  – 4 Medium Trucks (GVWR<33,000 lbs)
  – 4 Large Trucks (GVWR>33,000 lbs)
  – 1 Transport Bus

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<tr>
<th>Department of Corrections</th>
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<tbody>
<tr>
<td>Total Funding Awarded</td>
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<tr>
<td>Projects Submitted</td>
</tr>
<tr>
<td>Total NO\textsubscript{x} Reduction (tons)</td>
</tr>
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</table>
Electric Vehicle Infrastructure Workgroup

• Kickoff meeting November 29, 2018
  – Three subgroups formed:
    • Goals, Roadmap and Milestones
    • Barriers and Development
    • Strategies for Implementation and Deployment
  – Each subgroup led by a stakeholder

• Second meeting March 22, 2019
  – Report on complete work
Electric Vehicle Infrastructure Workgroup

Recall:

• Beneficiary Mitigation Plan allocates maximum 15% (about $6 mil) allowed to light-duty zero emission vehicle infrastructure projects

• Stakeholders supported:
  • Electric vehicle infrastructure (not hydrogen)
  • Focus on highway corridors first
Tentative Plans for FY2020

July 1, 2019 – June 30, 2020

• Meet reporting obligations on funds spent in accordance with the trust agreement

• Gather stakeholder input on implementation guidelines for remaining categories

• Open application period for remaining categories in the coming months

• Participate in EPA DERA grant program
FY2020 Appropriations

• Current Budget includes:
  – $13.5 million for distribution under Missouri’s Beneficiary Mitigation Plan
  – $1 million for replacement of Department of Corrections’ fleet

• Funding amounts for each award category will be based on applications received and amounts allocated in MO’s BMP
Tentative Application Schedule

• July/August – Final call for applications in target areas for:
  – Government Trucks
  – Transit/Shuttle Buses

• September/October – Open application period for:
  – Non-government Trucks (target areas)
  – Locomotive and Marine
  – Airport and Cargo Equipment
  – DERA
FY19 DERA – Program Year 2020

- Missouri will participate in EPA FY19 DERA grant program
- Eligible diesel vehicles, engines and equipment may include school buses, Class 5 – Class 8 heavy-duty highway vehicles, marine engines, locomotives and nonroad engines, equipment or vehicles used in construction, handling of cargo (including at a port or airport), agriculture, mining or energy production (including stationary generators and pumps)

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<thead>
<tr>
<th></th>
<th>Est. Base</th>
<th>Est. Matching</th>
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<tbody>
<tr>
<td>Funding Amount</td>
<td>$323,511</td>
<td>$161,756</td>
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<tr>
<td>Total Funding</td>
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<td>$485,267</td>
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</table>
Implementation Guidelines

Draft guidelines posted for public comment

• Category 4: Nongovernment Trucks
• Category 5: Locomotive and Marine
• Category 6: Airport and Cargo Equipment

Comments due June 28, 2019
Volkswagen Trust Funds

The State of Missouri is a beneficiary of The Volkswagen Diesel Emissions Environmental Mitigation Trust (VW Trust). As the lead agency, the Missouri Department of Natural Resources developed a 10-year Beneficiary Mitigation Plan for awarding over $41 million to Missouri-specific projects by October 2027.

Upcoming meetings
May 30 - 1:30 pm
Elm Street Conference Center
1730 E Elm St. - Lower Level
Jefferson City
Agenda

Find current and historical information and reports concerning the VW Trust funds by category:

- DERA Funding
- School Buses
- Transit and Shuttle Buses
- Government Trucks
- Volkswagen Trust

Contact Information
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Questions?

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Volkswagen Team
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