



Volkswagen Trust
Be Part of the Solution

Missouri's Draft Volkswagen Trust Implementation Guidelines

Missouri Department of Natural Resources

March 30, 2018

Table of Contents

Executive Summary	3
1. Introduction and Background.....	4
2. Implementation Guidelines.....	5
2.1 <i>Award Category #1: School Buses.....</i>	12
2.1.1 Eligible School Buses	13
2.1.2 Maximum Funding Requests/Cost Share Requirements	14
2.3.3 Selection Process	16
2.1.4 Contingencies for Unused Funding	16
2.2 <i>Award Category #2: Government Trucks</i>	19
2.2.1 Eligible Trucks.....	19
2.2.2 Maximum Funding Requests.....	20
2.2.3 Cost Share Requirements.....	21
2.2.4 Selection Process	21
2.2.5 Contingencies for Unused Funding	24
2.3 <i>Award Category #3: Shuttle and Transit Buses.....</i>	25
2.3.1 Eligible Buses.....	25
2.3.2 Maximum Funding Requests.....	26
2.3.3 Cost Share Requirements.....	27
2.3.4 Selection Process	27
2.3.5 Contingencies for Unused Funding	28
2.4 <i>Award Category #4: Nongovernment Trucks.....</i>	29
2.4.1 Eligible Trucks.....	29
2.4.2 Maximum Funding Requests.....	30
2.4.3 Cost Share Requirements.....	30
2.4.4 Selection Process	31
2.4.5 Contingencies for Unused Funding	31
2.5 <i>Award Category #5: Locomotives and Marine</i>	32
2.5.1 Eligible Projects	32
2.5.2 Maximum Funding Requests.....	34
2.5.3 Cost Share Requirements.....	34
2.5.4 Selection Process	35
2.5.5 Contingencies for Unused Funding	38

2.6	<i>Award Category #6: Airport and Cargo Equipment</i>	39
2.6.1	Eligible Projects	39
2.6.2	Maximum Funding Requests.....	40
2.6.3	Cost Share Requirements.....	40
2.6.4	Selection Process	41
2.6.5	Contingencies for Unused Funding	41
2.7	<i>Award Category #7: Diesel Emission Reduction Act Option</i>	42
2.7.1	Eligible DERA Projects	43
2.7.2	Maximum Funding Requests.....	43
2.7.3	Cost Share Requirements.....	44
2.7.4	Selection Process	44
2.7.5	Contingencies for Unused Funding	45
2.8	<i>Award Category #8: Electric Vehicle Charging Stations</i>	46
2.8.1	Establishment of Team for the Initial Plan.....	46
2.8.2	Selection Process for the Initial Plan.....	46
2.8.3	Contingency Measure #1 for Unused Funding	47
2.8.4	Contingency Measure #2 for Unused Funding	47
3.	Administrative Costs	48
4.	Timing of Awards and Funding Disbursement	50
5.	Public Participation	52

Executive Summary

This document provides the details and processes that Missouri will use to distribute the state's share (\$41,152,051.74) of the Volkswagen (VW) Environmental Mitigation Trust Fund, hereafter referred to as the VW Trust. The guidelines established in this document are the result of an extensive public outreach and engagement process. The Missouri Department of Natural Resources (the Department) established the Missouri VW Advisory Committee to attend meetings, become educated, and provide information and input to inform the state's beneficiary mitigation plan and this implementation guidelines document. From October 2017 through February 2018, the Department held six public meetings, disseminated and collected two surveys, and collected public comments through verbal discussions, an online comment portal, and through mail and email communications. This public input is the basis for the implementation guidelines included in this document.

This document is separate from Missouri's Beneficiary Mitigation Plan, which provides Missouri's vision and goals projects implemented through the VW Trust will achieve. Unlike the Beneficiary Mitigation Plan, the Department will not submit this document to Wilmington Trust, Inc., the trustee responsible for managing and disbursing the VW Trust assets to the state beneficiaries. However, like Missouri's Beneficiary Mitigation Plan, this document will follow a public review and comment process. This document includes details about the processes and methods the Department will use to select and implement eligible mitigation actions under the VW Trust to achieve the vision and goals included in the Missouri Beneficiary Mitigation Plan. The Missouri Department of Natural Resources will follow the guidelines established in this document. If necessary, the Department may amend the plan and guidelines in the future. In the event the Department changes either document over the 10-year period, the amended document is subject to a public review and comment process.

Missouri's Beneficiary Mitigation Plan includes funding levels for eight separate award categories covering the ten eligible mitigation categories included in the VW federal consent decree. This document includes the information that the Department will request from prospective project applicants in each of the eight award categories and the method or criteria the Department will use to select the projects to receive funds from the VW Trust. Other details included in this document for each of the eight separate award categories include eligibility information, cost share requirements, treatment for projects in certain target areas of the state, and administrative costs. This document also includes contingencies the Department will follow if there is an insufficient amount of eligible projects to fully spend the funds in any of the eight separate award categories.

This document is not a request for project applications or proposals, which the Department plans to release in the late summer or early fall of 2018. Instead, this document provides the guidelines the Department will follow to solicit projects and make award selections under Missouri's share of the VW Trust.

Disclaimer: The guidelines in this document clarify the process Missouri will use to implement the VW federal consent decree requirements for the VW Trust. Nothing in this document justifies any deviation from the requirements included in VW federal consent decree.

1. Introduction and Background

In 2016, the United States settled complaints against Volkswagen AG, et al. The settlement resolves Clean Air Act violations Volkswagen committed by selling approximately 590,000 vehicles with 2.0- and 3.0-liter diesel engines having emissions defeat devices. The vehicles are from model years 2009 to 2016.

As part of their engine control module, the vehicles contain computer algorithms and calibrations that cause emissions control systems to perform differently during emissions testing to guarantee passing scores. During normal operation, the vehicles emit levels of nitrogen oxides (NO_x) that significantly exceed the U.S. Environmental Protection Agency's (EPA) standards.

The Clean Air Act and the Missouri Air Conservation Law protect human health and the environment. Volkswagen violated the law by failing to control emissions from its light-duty diesel vehicles, thus emitting harmful pollutants. Exhaust from the VW vehicles contained concentrations of NO_x up to 40 times EPA's standard, according to the federal agency. NO_x is a precursor of ground-level ozone, the pollutant of most concern in Missouri. Some areas in Missouri violate EPA national standards for ground-level ozone.

The settlement detailed in the VW federal consent decree requires Volkswagen to take several actions, such as paying \$2.9 billion to a national environmental mitigation trust fund. Beneficiaries — in this case, states — must use their shares to fund specific projects that reduce emissions of NO_x from mobile sources. Missouri's share of the trust fund, approximately \$41 million, is based on the number of affected Volkswagen vehicles sold in the state.

On October 2, 2017, the U.S. District Court in Northern California approved the provisions for the national environmental mitigation trust fund. This date, known as the Trust Effective Date, triggered a series of deadlines to file certain documents with the trustee and the court for states to secure beneficiary status and name a lead agency. The lead agency is responsible for developing a 10-year plan to implement eligible mitigation actions as defined in the trust documents to reduce NO_x emissions from mobile sources within their state. Missouri filed these forms with the court and the trustee in November 2017, and in January 2018, the trustee confirmed Missouri as a beneficiary of the trust and acknowledged the governor's designation of the Missouri Department of Natural Resources as the lead agency for the state.

Between October 2017 and February 2018, the Department established the Missouri VW Advisory Committee, held six public meetings, sent out two surveys, and solicited public comments via mail, email, and an online comment portal. This outreach process gathered initial public input to inform development of Missouri's Beneficiary Mitigation Plan. The outreach process generated significant interest in Missouri's plans for the VW Trust among a diverse group of public and private stakeholders. The VW Advisory Committee and other stakeholders provided invaluable input and were specifically interested in the process and criteria the Department will use to select individual projects. This document details the selection process as designed based on stakeholder input.

2. Implementation Guidelines

This chapter provides the process the Department will follow in selecting and implementing eligible mitigation actions for the eight award categories. These details include eligibility information, application information, selection criteria, cost share requirements, treatment for projects in certain target areas of the state, and administrative costs. The process and details for each of the eight award categories vary slightly in implementation details.

Selection Process

The Department will implement three different types of processes for the eight various award categories to select the individual projects to receive VW Trust funds. These three different selection processes include competitively scored applications, lottery-style selection process, and a hybrid team-driven selection process with competitively scored applications as necessary.

Competitively Scored Applications

Competitively scored applications are chosen primarily based on how cost effectively the projects reduce NO_x emissions. For these award categories, the Department will use the VW Trust fund dollars per pound of lifetime NO_x emissions reduced as the basis for 90 percent of the application score. Using only the VW Trust fund dollars in the numerator of these grading criteria, incentivizes competitively priced project proposals. Applicants proposing to spend less VW Trust fund dollars, and provide additional cost share beyond the minimum amount required, will increase project cost effectiveness. Both strategies will allow the Department to stretch the VW Trust funds farther to implement more projects and reduce more total emissions. Using the lifetime NO_x emission reductions in the denominator of these grading criteria encourages the replacement of the highest polluting vehicles across the state. In addition, it encourages fleets to adopt even cleaner than required new vehicle or engine technology. The Department will award points throughout the useful life of the new vehicle if the new vehicle achieves a more stringent NO_x emission standard than EPA's current minimum diesel engine certification levels. This can be a benefit to alternative fuel, all electric, and other clean engine technology project proposals, which otherwise may score lower in cost effectiveness since they are typically more expensive than traditional diesel engines. The exact scale that equates NO_x reduction cost effectiveness to the application score will vary based on the range of expected cost effectiveness values for the types of eligible projects in each respective award category. For award categories where these grading criteria are used, the scales for application points based on cost effectiveness are included in their respective section of this document (i.e. sections 2.1 through 2.8).

The geographic area of operation is the basis for the remaining 10 percent of the application score. The Department will award points for time spent in the target areas of St. Louis or Kansas City, with higher points for select counties within these areas. The Department will also deduct points for time spent outside of the state.

Competitively scored applications: The following award categories will use competitively scored applications to select the individual projects that will receive funding:

- Award category #2: Government-owned trucks;
- Award category #3: Transit and shuttle buses;
- Award category #4: Privately owned trucks;
- Award category #5: Switch locomotives, tugboats, ferries, and marine shorepower;
- Award category #6: Airport ground support equipment, forklifts, and port cargo handling equipment; and
- Award category #7: Diesel Emission Reduction Act (DERA) round 2 and later

Lottery-style Selection

The lottery-style selection process will operate with multiple rounds of applications. In the initial application round, if funds are sufficient to cover all eligible applications, then the Department will fully fund all eligible applications received and any leftover funding will roll to the next application round within the same award category.

If funds are not sufficient to cover all applications, then first, for any application submitted for more than one vehicle, the Department will reduce the application to a single vehicle. Then, if funds are sufficient to cover all applications after reducing each application to one vehicle, then all applications submitted will receive funding for one vehicle, and the Department will use a lottery selection process to determine which fleets will receive funding for two vehicles. If funds are not sufficient to cover all applications after reducing each application to one vehicle, then the Department will use a lottery selection process to determine which fleets will receive funding awards for one vehicle.

The use of a lottery selection process will greatly reduce the administrative cost necessary to successfully implement the program. In addition, it will allow for a simple application, which will encourage participation and it will ensure that all fleets that apply will have an equal chance to receive funding.

Lottery-style selection: The following award categories will use lottery-style method to select the individual projects that will receive funding:

- Award category #1: School buses
- Award category #7: DERA round 1

Hybrid Approach

The hybrid approach uses a team-driven selection process with competitively scored applications as needed. The Department will lead a team of stakeholders to develop a plan to spend funding under the award category that uses this approach. If necessary, the team may use competitive applications to narrow the focus and select final projects.

Hybrid approach: Award category #8, electric vehicle charging stations, is the only award category that will use the hybrid approach to select the individual projects that will receive funding.

Target Areas

The two types of preferential treatment based on geography are a minimum reservation of funding by area and the inclusion of bonus points on competitively scored applications. Some award categories use both types of preferential treatment, some use only bonus points, and some do not include preferential treatment based on target areas.

Minimum reserved and bonus points

Where a minimum reservation of funding is used, the Department will dedicate half of the funding to area-specific funding pools and the other half will be available through competitively scored applications and competed for statewide. The Department will divide the funds for the area-specific funding pools as follows: 25 percent reserved for the St. Louis area, 10 percent for the Kansas City area, and 15 percent for all urban and rural areas outside of Kansas City and St. Louis. The following list summarizes how the Department will divide the total funds from each award category that uses a minimum reservation of funding for certain areas:

- 25 percent of the funds in the award category will be reserved for projects located in the St. Louis area, which consists of St. Louis City, and St. Louis, St. Charles, Jefferson, and Franklin Counties
- 10 percent of the funds in the award category will be reserved for projects located in the Kansas City area, which consists of the Jackson, Clay, and Platte Counties
- 15 percent of the funds in the award category will be reserved for projects located in any urban or rural area outside of the St. Louis and Kansas City areas described above
- 50 percent of the funds in the award category will be available statewide

Projects in all areas of the state will first compete in their area-specific funding pool. Then, all projects that the Department does not select to receive funds from one of the area-specific funding pools will compete against each other in the statewide funding pool.

In all award categories that reserve a minimum amount of funding for target areas, the Department will also use bonus points to score applications. The Department will award bonus points to applications based on the amount of time vehicles/equipment operate in certain target areas of the state.

Minimum reserved and bonus points: Three award categories include both types of preferential treatment for target areas. These award categories include:

- Award category #2: Government-owned trucks;
- Award category #3: Transit and shuttle buses; and
- Award category #4: Privately owned trucks

Bonus points only: Three award categories award bonus points to applications based on target areas, but the Department is not reserving a minimum amount of the award category funding for any given area. These three award categories include:

- Award category #5: Switch locomotives, ferries, tugboats, and marine shorepower;

- Award category #6: Airport ground support equipment, forklifts, and port cargo handling equipment; and
- Award category #7: DERA option

No target areas: Two of the award categories do not provide preferential treatment to projects based on target areas. These two award categories include:

- Award category #1: School buses; and
- Award category #8: Electric vehicle charging stations

Contingencies

Each award category will have a contingency plan in case the Department receives an insufficient amount of quality or eligible applications to utilize all of the funding dedicated to the award category. There are three different types of contingency measures used for the various award categories. These measures include allowing a wider range of eligible projects to apply, moving funds from one award category to another, and initiating multiple application rounds with decreasing minimum cost share requirements. Some award categories have only one contingency, while others have multiple contingency plans for unused funds.

Allow a wider range of eligible projects to apply: Three award categories use this as an initial contingency plan if funds remain in the award category due to insufficient applications received:

- Award category #1: School buses;
- Award category #7: DERA option; and
- Award category #8: Electric vehicle charging stations

Moving Funds to Other Award Categories: Five of the award categories use this as the final contingency plan if funds remain in the award category due to insufficient applications received. If this contingency plan is triggered for any of these five award categories, the remaining funding is divided evenly and moved to award categories #1, #2, and #3. The five award categories that use this contingency plan include:

- Award category #4: Nongovernment trucks;
- Award category #5: Locomotives and marine;
- Award category #6: Airport and cargo equipment
- Award category #7: DERA option; and
- Award category #8: Electric vehicle charging stations

Multiple Rounds with Decreasing Cost Share: Three award categories use this as a contingency plan if funds remain in the award category due to insufficient applications received. The Department will never move funds away from these three award categories, but these three categories can receive funds from other categories. The Department expects this contingency plan to be the final contingency necessary to ensure Missouri spends its entire allocation in the

allowed ten-year timeframe. This is because, in the final application round, applicants will be eligible to receive trust funds to cover up to 100 percent of the cost of their project for school buses, and up to 90 percent of the cost of their project for government trucks, and transit/shuttle buses. The three award categories that use this contingency plan include:

Award category #1: School buses

Award category #2: Government trucks; and

Award category #3: Transit and shuttle buses

Maximum Funding per Application

Each award category will include a maximum amount of funding that applicants may request. This will ensure that no individual fleet or agency will receive all of funding in any of the various award categories. Instead, Missouri will spread funds out to as many fleets as possible allowing for a diverse range of projects with widespread benefits. In addition, the inclusion of a maximum funding amount will encourage fleets to include their best or most important projects on an application as opposed to submitting an application that includes a project for every eligible vehicle or piece of equipment they own. The maximum funding amounts vary by award category and sections 2.1 through 2.8 of this document provide the specific amounts for each award category.

Cost Share

Cost share is the portion of the total project cost that the fleet owners pay themselves. For example, if trust funds may to cover up to 40 percent of the total cost of a project, the cost share, which is the portion the fleet owner would have to pay, would be 60 percent of the total cost. Maximizing the amount of cost share provided by fleet owners leverages the VW Trust funds by allowing more projects to receive funding. This increases the environmental and economic benefits of the program.

The federal VW consent decree includes minimum cost share requirements. States cannot fund projects where fleet owners would pay less than the minimum cost share amounts defined in the consent decree; however, states do have the option to require applicants to provide more than the minimum cost share amounts as outlined in the consent decree. Based on the consent decree, the minimum cost share requirements vary by project type and by whether the project is for a government-owned or privately owned fleet. Sections 2.1 through 2.8 explain the minimum cost share requirements for all of the different types of projects in each of the eight award categories.

In general, the consent decree does not require any cost share for projects that benefit a government-owned fleet. However, Missouri is including minimum cost share requirements for all fleets, at least in the initial application rounds (see exception to this below). As mentioned previously, three of the award categories include contingency plans that would lower the cost share amounts for government owned fleets if the Department receives insufficient applications

to utilize all of the funding in those award categories in the earlier application rounds. These three award categories are the categories with highest amounts of government-owned fleets.

Exception: In the initial application round for award category 1, school buses, the Department is reserving 10 percent of the funding in the award category for financially disadvantaged schools that meet certain criteria. The Department will allow this reserved portion of the funding in that award category to cover up to 100 percent of the cost of a new school bus.

Another area where the minimum cost share requirements that Missouri will use differs from the amounts in the consent decree is for all-electric repowers and replacements for nongovernment-owned fleets. In general, the consent decree requires only 25 percent as the minimum cost share for these types of projects, which is substantially less than the cost share required by the consent decree for replacement and repower projects that utilize diesel or alternative fuel. If this type of technology was included on numerous applications and the minimum cost share was only 25 percent, far fewer projects would receive funding, and the state would achieve fewer emission reductions. As such, Missouri is requiring 50 percent as the minimum cost share for these types of projects.

Implementation Guidelines Summary Table

The table on the following page summarizes, for each of the eight award categories, the selection process, the treatment of target areas, and the contingencies the Department will implement if the Department received insufficient applications to utilize all of the funding dedicated to the category.

Implementation Guidelines Summary Table

Award Category	Project Types	Selection Process	Target Area Treatment	Contingencies
1	School Bus Replacement Program	- Lottery Style – focus on older buses first - 10 percent reserved for financially disadvantaged school districts	None	- Open eligibility to newer buses - Initiate multiple application rounds with decreasing cost share
2	Government-Owned Large and Medium Truck Repower/Replacements	Competitively scored applications	Minimum reserved, and bonus points	Initiate multiple application rounds with decreasing cost share
3	Transit and Shuttle Bus Repower/Replacements	Competitively scored applications	Minimum reserved, and bonus points	Initiate multiple application rounds with decreasing cost share
4	Nongovernment-owned Large and Medium Truck Repower/Replacements	Competitively scored applications	Minimum reserved, and bonus points	Divide remaining funds and move to award categories #1, #2, and #3
5	Freight Switcher Repower/Replacements, Ferry/Tugboat Repowers, and Marine Shorepower	Competitively scored applications	Bonus points	Divide remaining funds and move to award categories #1, #2, and #3
6	Airport Ground Support Equipment, Forklifts, and Port Cargo Handling Equipment Repower/Replacements	Competitively scored applications	Bonus points	Divide remaining funds and move to award categories #1, #2, and #3
7	Light Duty Electric Vehicle Supply Infrastructure	Hybrid: Team-driven selection process with competitively scored applications as needed for highway network	None, unless contingencies are triggered	- Open eligibility to workplace and multi-unit dwellings with a focus in urban areas - Divide remaining funds and move to award categories #1, #2, and #3
8	DERA Option - Round 1: School bus replacements - Rounds 2 – 9: DERA projects that are not otherwise eligible for VW Trust funds	- Round 1: Lottery-style - Rounds 2-9: DERA projects that are not otherwise eligible for VW Trust funds, Competitively Scored Applications	Bonus points	- Open eligibility to all DERA eligible projects - Divide remaining funds and move to award categories #1, #2, and #3

2.1 Award Category #1: School Buses

Missouri's beneficiary mitigation plan initially dedicates \$12 million to this award category, with the potential for the dedicated amount to grow up to \$18 million. The amount will only grow if the Department receives an insufficient amount of projects in award categories #4, #5, #6, #7, and/or #8. School bus owners may use funds from this award category to repower or replace school buses that serve a school district located in the State of Missouri. This includes all public schools, charter schools, and private/faith-based schools located in Missouri. The funds are available statewide with no preference given based on the area where the school bus operates, so long as the bus serves a Missouri school district. There are multiple application rounds associated with this award category, and as explained in section 2.7 and Chapter 4 of this document, prior to the initial application round for this award category, funds will be used to implement school bus replacement projects that were eligible, but not selected, to receive funding in the initial round of awards for the DERA option award category. The Department will use any leftover funding after that to fund the initial application round for this award category. See Chapter 4 of this document for an explanation about the timing associated with moving funds from one award category to another, the timing associated with the initial application round, and the timing associated with the Department initiating multiple application rounds within this award category.

The initial application round for this award category will focus on replacing older school buses with engine model years 2003 and older. There will be two parallel application processes in the initial application round. In one of the initial round application processes, the Department is reserving \$1.2 million specifically for financially disadvantaged school districts that own school buses meeting the age criteria. The other application process in round one will be open to all eligible school bus owners in Missouri with buses that meet the age criteria.

This award category includes the potential for multiple application rounds. If additional application rounds are necessary, certain rounds open eligibility to buses with engine model years 2004 – 2009, and later application rounds reduce the minimum cost share requirement by increasing the amount of VW Trust funds that the Department awards for government-owned school bus replacements

School bus replacements implemented through this award category will help achieve several of the goals listed in Missouri's beneficiary mitigation plan. In addition to achieving the specific goal of helping school districts replace their aging school bus fleets, this award category will also reduce NO_x emissions, which is Missouri's overall goal in the beneficiary mitigation plan. NO_x emission reductions for school bus replacements are generally not as cost effective as the projects included in the other award categories on a dollar per pound-reduced basis. For this reason, school bus replacements will generally have less of an impact on regional air quality levels than other projects that Missouri will implement with the VW Trust funds. This is one reason why, unlike many of the other award categories, the Department is not giving preferential treatment to school bus projects located in certain geographical areas of the state.

Missouri lists school bus replacements as a specific goal in its beneficiary mitigation plan for many reasons. Newer buses are safer, more fuel efficient, and require less maintenance. In

addition, emissions from newer buses are over 90 percent cleaner than the emissions of older buses. Cleaner school bus emissions mean significantly less acute exposure to concentrated diesel emissions for bus drivers and students. Children are also a sensitive population, like the elderly and people with pre-existing respiratory conditions, making them more susceptible to the negative health effects of air pollution. This causes them to bear a disproportionate share of the air pollution burden. Therefore, any project that reduces children's exposure to diesel emissions, and particularly school bus projects, inherently benefits populations that bear a disproportionate share of the air pollution burden as required in Missouri's beneficiary mitigation plan.

2.1.1 Eligible School Buses

No projects under this award category are eligible to receive funding if the project is receiving funding from a State or federal DERA grant, or if it is receiving funding from another state's share of the VW Trust funds.

In the initial application round, eligible school buses shall mean 2003 and older engine model year Class 4-8 school bus style vehicles (Type A-D) with a gross vehicle weight rating greater than 14,000 pounds that are used to transport students to and from school and/or school-related activities.

Eligible buses may be repowered with any new diesel or alternate fueled or all-electric engine, or may be replaced with any new diesel or alternate fueled or all-electric vehicle, with the engine model year in which the eligible mitigation action occurs or one year prior.

For the purposes of this award category, alternate fueled shall mean a vehicle that is powered by an engine, which uses a fuel different from or in addition to gasoline, ethanol, diesel, or biodiesel. This includes, but is not limited to compressed natural gas, liquid natural gas, propane, and diesel-electric hybrid. For vehicles powered by gasoline, ethanol, diesel, or biodiesel fuel, the use of pretreatment and/or fuel additives generally will not qualify the bus as alternate fueled.

For the purposes of this award category, all-electric shall mean powered exclusively by electricity provided by a battery, fuel cell, or the grid.

In order for a school bus to be eligible to receive funding from this award category, the school bus must have served in the previous year and still currently be serving a school district located in the State of Missouri.

By focusing the initial application round on buses with engine model years 2003 and older, it helps accomplish Missouri's overall goal listed in the beneficiary mitigation plan, which is to maximize NO_x emission reductions. The EPA reduced the federal tailpipe NO_x emission standards for school bus engines by approximately 50 percent in 2004. Therefore, the NO_x emission reductions are dramatically increased by replacing buses older than this first. In addition, older buses are typically less safe than modern buses, more prone to break down, and more expensive to maintain. By helping to replace and upgrade the oldest school buses, it will help create a safer and more economically sustainable school bus fleet to transport the state's most precious resources, children.

2.1.2 Maximum Funding Requests/Cost Share Requirements

In the initial application round a maximum of two buses may be included on an application. As mentioned at the beginning of this section of the document, the Department will initiate two parallel application processes in the initial round. The Department is reserving \$1.2 million specifically for financially disadvantaged schools, and the remainder of the award category funding will be available to all eligible school bus owners in the state.

The maximum award amounts and cost share requirements per bus for the funding reserved for financially disadvantaged schools are different from the maximum award amounts and cost share requirements available to all school bus owners statewide. Furthermore, for the funding available to all school bus owners statewide, the maximum award amounts and cost share requirements per bus are different for government-owned or nongovernment-owned buses. Finally, both application processes in the initial round will include different maximum award amounts and cost share requirements depending on the type of fuel that will power the new bus engines. The following list summarizes the maximum award amounts and cost share requirements for both application processes in the initial application round.

Initial Round Application Process #1 - Financially Disadvantaged Schools

Maximum Award Amounts

- Up to \$90,000 in VW Trust funds per bus for buses powered by a new diesel engine, not to exceed the cost of the project
- Up to \$100,000 in VW Trust funds per bus for buses powered by a new alternate fueled engine, not to exceed the cost of the project
- Up to \$120,000 in VW Trust funds per bus for buses powered by a new all-electric engine, not to exceed the cost of the project

For the purposes of this award category, financially disadvantaged schools shall mean any public school district that is classified by the Missouri Department of Elementary and Secondary (DESE) Education as a financially distressed school district or that meets at least three of the following five criteria:

- Greater than 75 percent free and reduced lunch percentage
- Average daily attendance is 350 or less
- Average age of district-owned school buses is 2005 or older
- 3-year average fund balance as of June 30th is less than 20 percent
- 3-year average of total expenditures divided by average daily attendance is less than \$11,000

Note: Based on preliminary analysis, each of the criteria listed above includes approximately 100 – 200 school districts. The Department has not yet performed analysis to determine how many school districts would meet three out of the five criteria. As such, the Department is specifically seeking comment on all of the above listed criteria for defining financially disadvantaged schools for the purposes of this award category and any other methods or criteria the Department should use to define such schools.

Initial Round Application Process #2 – All Eligible School Bus Owners in the State

Government-owned Maximum Award Amounts

Successful applications may receive VW Trust funds to cover –

- Up to \$45,000 in VW Trust funds per bus for buses powered by a new diesel/biodiesel engine, not to exceed the cost of the project
- Up to \$50,000 in VW Trust funds per bus for buses powered by a new alternate fueled engine, not to exceed the cost of the project
- Up to \$60,000 in VW Trust funds per bus for buses powered by a new all-electric engine, not to exceed the cost of the project

Nongovernment-owned Cost Share Requirements

Successful applications may receive VW Trust funds to cover –

- Up to 40 percent of the cost to repower an eligible bus with a new diesel or alternate fueled engine
- Up to 25 percent of the cost to replace an eligible bus with a new diesel or alternate fueled engine
- Up to 50 percent of the cost to repower an eligible bus with a new all-electric engine, or to replace an eligible bus with a new all-electric bus

Nongovernment-owned Maximums Award Amounts

- Up to \$22,500 in VW Trust funds per bus with new diesel/biodiesel engine
- Up to \$25,000 in VW Trust funds per bus with new alternate fueled engine
- Up to \$60,000 in VW Trust funds per bus with new all-electric engine

For the purposes of this award category, government-owned school buses shall mean any school bus owned by a public school district or charter school. Charter schools will be as defined in Section 160.400 RSMo 2016.

For the purposes of this award category, nongovernment-owned school buses shall mean any school bus, owned by a private contractor that serves any school district located in the State of Missouri. It also includes any school bus owned by a private school, including faith-based schools.

Although the VW federal consent decree allows for privately owned school buses that are under contract with a public school to receive the same preferential cost share requirements as government-owned school buses, the Department is grouping these buses with the nongovernment-owned buses for the purpose of defining the minimum cost share requirements. Schools that are under contract with a private bus company will see no financial benefit if their contractor receives funds to purchase a new bus. In addition, for private bus companies, the company may end their contract with a certain school district in the future, or the company may decide in the future that they want to move a bus purchased partially with VW Trust funds to serve a different school district than the district the bus was serving that they replaced. Therefore, by grouping such contractors with the nongovernment-owned buses for the purposes cost share requirements, Missouri will be using VW Trust funds to bring as large of a benefit as possible directly to our schools.

2.3.3 Selection Process

Both application processes in the initial application round will independently follow the selection process outlined below.

If funds are sufficient to cover all eligible applications, then the Department will fund all eligible applications received and any leftover funding will roll to the next application round within this award category.

If funds are not sufficient to cover all applications, then first, the Department will reduce any application submitted for more than one bus to a single bus. Then, if funds are sufficient to cover all applications after reducing each application to one bus, then all applications submitted will receive funding for one bus, and the Department will use a lottery selection process to determine which fleets will receive funding for two buses. If funds are not sufficient to cover all applications after reducing each application to one bus, then the Department will use a lottery selection process to determine which fleets will receive funding awards for one bus.

The use of a lottery selection process will greatly reduce the administrative cost necessary to successfully implement the program. In addition, it will allow for a simple application, which will encourage participation and it will ensure that all school bus fleets that apply will have an equal chance to receive funding.

2.1.4 Contingencies for Unused Funding

If any dedicated funds in this award category remain after the Department has fully funded all eligible applications, the Department will initiate up to five additional application rounds as described below. See Chapter 4 of this document for an explanation about the timing associated with the initial application round and the timing associated with initiating multiple application rounds within this award category.

Round 2 – Identical to round 1, with the following exceptions:

- Buses with engine model year 2009 and older are eligible to apply.
- There will be no parallel application process for financially disadvantaged schools to apply for new buses at lower cost share requirements. However, the following information explains an alternative parallel application process the Department will use in this application round.
- The maximum award amounts increase by \$5,000 if the school bus proposed for replacement is of engine model year 2007-2009, and the school bus fleet is willing to donate the bus to another school bus fleet. The bus must pass a safety inspection no earlier, but within, 60 days prior to the donation and the school cannot uninstall or remove any parts on the bus after the inspection. There must be another school bus fleet that is willing to accept the bus in order to allow for the increased maximum award.
 - The Department will use a parallel application process to find school bus fleets that are willing to accept a donated 2007-2009 engine model year school bus from another school bus fleet. School bus fleets that are willing to accept such a bus will be required to permanently disable one of their school buses with an engine model year 2003 or older. All eligible school bus owners are eligible to apply under this parallel application process; however, the Department will give school

districts that meet the criteria for financially disadvantaged schools first preference over all other school bus owners that apply under this parallel application process. The Department will use multiple lottery selection processes, first for financially disadvantaged schools, and then for all other school bus owners to determine choice order for school bus fleets that apply in this parallel application process.

- If a school bus fleet applies for the increased award and the Department selects the school to receive funding, but there is no school bus fleet that is willing to accept the bus; the Department will allow the applicant to change the bus to be replaced on their application to a different eligible bus, if they wish to do so.
- If funding is insufficient to cover all applications in this round, then preference will be given to applications in the following order:
 - Fleets that apply to replace a 2007-2009 engine model year school bus and are willing to donate that bus to another school bus fleet. There must be another school bus fleet that is willing to accept the bus in order for these applications to receive preference.
 - School buses with engine model year 2003 and older and owned by a fleet that did not receive any funding in round 1
 - School buses with engine model year 2003 and older and owned by a fleet that received funding in round 1
 - School buses with engine model year 2004-2006 and owned by a fleet that did not receive any funding in round 1
 - School buses with engine model year 2004-2006 and owned by a fleet that received funding in round 1
 - School buses with engine model year 2007-2009 and owned by a fleet that did not receive any funding in round 1
 - School buses with engine model year 2007-2009 and owned by a fleet that received funding in round 1

Round 3 – Identical to round 1, except there is no parallel application process for financially disadvantaged schools. Also, the maximum award amounts per bus for government-owned school buses increase as follows:

New diesel/biodiesel fueled: \$67,500

New alternate fueled: \$72,500

New all-electric: \$82,500

If funding is insufficient to cover all applications in this round, then fleets that did not receive any funding in a previous round will receive preference over fleets that did.

Round 4 – Identical to round 2, except the maximum award amounts per bus are identical to round 3 with the possibility for an additional \$5,000 per bus for school bus fleets that are willing to donate their bus as described in round 2.

Round 5 – Identical to round 1, except there is no parallel application process for financially disadvantaged schools. Also, the maximum award amounts per bus for government-owned school buses increase as follows:

New diesel/biodiesel fueled: \$85,000
New alternate fueled: \$90,000
New all-electric: \$100,000

If funding is insufficient to cover all applications in this round, then fleets that did not receive any funding in a previous round will receive preference over fleets that did.

Round 6 – Identical to round 2, except the maximum award amounts per bus are identical to round 5 with the possibility for an additional \$5,000 per bus for school bus fleets that are willing to donate their bus as described in round 2.

2.2 Award Category #2: Government Trucks

Missouri's beneficiary mitigation plan dedicates \$6 million to this award category, with the potential for the dedicated amount to grow up to \$12 million. The amount will only grow if the Department receives an insufficient amount of projects in award categories #4, #5, #6, #7, and/or #8. See Chapter 4 of this document for an explanation about the timing associated with moving funds from one award category to another. Fleet owners may use funds from this award category to repower or replace government-owned medium or heavy-duty eligible trucks. Four separate area-specific funding pools are available within this award category, including the St. Louis area pool, the Kansas City area pool, the Non-St. Louis/Kansas City urban and rural area pool, and the statewide pool. The Department will dedicate 25 percent of the total amount of funding in this award category to the St. Louis area pool; 10 percent to the Kansas City area pool; 15 percent to the Non-St. Louis/Kansas City urban and rural area pool, and 50 percent to the statewide pool. Award category #2 includes the potential for multiple application rounds with decreasing minimum cost share requirements for truck replacements if there is funding remaining in the award category after an application round is completed.

2.2.1 Eligible Trucks

No projects under this award category are eligible to receive funding if the project is receiving funding from a State or federal DERA grant, or if it is receiving funding from another state's share of the VW Trust funds.

Eligible trucks in this award category shall mean government-owned 1992-2009 engine model year Class 4-8 trucks used for port drayage and/or freight/cargo delivery with a gross vehicle weight rating greater than 14,000 pounds. Examples of eligible trucks include, but are not limited to, courier services, delivery trucks, box trucks moving freight, waste haulers, dump trucks, and concrete mixers.

For the purposes of this award category, government shall mean the State of Missouri, a local government agency within the State of Missouri, and a tribal government or native village. Examples of local government agencies include, but are not limited to, a school district, municipality, city, county, special district, transit district, joint powers authority, or port authority, owning fleets purchased with government funds.

Eligible trucks may be repowered with any new diesel/biodiesel or alternate fueled or all-electric engine, or may be replaced with any new diesel/biodiesel or alternate fueled or all-electric vehicle, with the engine model year in which the eligible mitigation action occurs or one year prior.

For the purposes of this award category, the definition of alternate fueled is the same as described in subsection 2.1.1 of this document.

For the purposes of this award category, the definition of all-electric is the same as described in subsection 2.1.1 of this document.

Disqualification Based on NO_x Emission Reductions

For any individual truck that is proposed for repower or replacement on an application, if the cost effectiveness for that individual truck project is calculated to be greater than \$100 in VW Trust dollars per pound of lifetime NO_x emissions reduced, that truck will be deemed ineligible to receive funding. This will not disqualify the remainder of the application from receiving funding.

In order for a truck to be eligible for funding from the four area-specific funding pools within this award category, the truck must be stationed within the applicable area. The truck must also spend a minimum amount of its operating time within the applicable area as follows:

St. Louis area pool –

Minimum of 50 percent of its operating time in the City of St. Louis and the Counties of St. Louis, St. Charles, Jefferson, and Franklin

Kansas City area pool –

Minimum of 50 percent of its operating time in the Counties of Clay, Platte, and Jackson

Non-St. Louis/Kansas City urban and rural area pool –

Minimum of 50 percent of its operating time within the State of Missouri but outside the areas deemed eligible for funding in the St. Louis and Kansas City area pools.

Statewide pool –

Minimum of 50 percent of its operating time in the State of Missouri

For the purposes of this award category, the Department considers the area where a truck is stationed to be the area owned or leased by the truck owner where the truck regularly parks or would park when it is not in service.

2.2.2 Maximum Funding Requests

The maximum amount of VW Trust funds that an applicant may request under this award category is \$1 million.

If a government agency owns multiple fleets that serve distinctly different Departments or purposes, such as a water district, sewer district, transportation district, gas district, or electric district, the government agency may submit separate applications, each requesting up to \$1 million for each different fleet.

The Department is limiting the maximum funding request per application for multiple reasons. This will allow the Department to spread the funding to as many fleets as possible so that no single entity reaps the majority of the benefits from this award category. Also, as discussed in subsection 2.2.4, under the selection process for this award category, the Department will assign individual scores to every individual truck included on every individual application received. Limiting the application requests to \$1 million will help ensure that fleets only submit applications for their best projects as opposed to including every eligible truck they own on an

application. This will greatly reduce the administrative costs necessary to score and select projects from this award category.

2.2.3 Cost Share Requirements

In the initial application round, applicants may request VW Trust funds to cover –

- Up to 75 percent of the cost to repower an eligible truck
- Up to 50 percent of the cost to replace an eligible truck

If funds remain in this award category after the initial application round, then in the second application round, applicants may request VW Trust funds to cover –

- Up to 75 percent of the cost to repower an eligible truck
- Up to 75 percent of the cost to replace an eligible truck

If funds remain in this award category after the second application round, then in the third application round, applicants may request VW Trust funds to cover –

- Up to 90 percent of the cost to repower an eligible truck
- Up to 90 percent of the cost to replace an eligible truck

2.2.4 Selection Process

For every application received, The Department will assign a score to every truck proposed for repower or replacement. The Department will then award VW Trust funds to the applicant to implement the repower or replacement for the truck that receives the highest score. The Department will then continue to award funds on a per truck basis in descending order of the score that each truck receives until the Department has dedicated all of funding in the award category. This process will allow the state to partially fund applications and will ensure that the best individual projects will receive funding regardless of the quality of other projects that applicants group together in the same application. This will maximize the amount of NO_x emission reductions achieved through this award category.

For all funding pools other than the statewide pool, any application or partial application that does not receive funding in its area-specific funding pool, due to insufficient funds, will be placed into the statewide funding pool to compete against applications received in that pool.

Cost Effective Emission Reductions

The Department will use a 100-point system for the truck scoring process in each of the three pools. The Department will assign up to 90 points per truck based on the amount of VW Trust fund dollars per pound of lifetime NO_x emissions reduced. Using VW Trust fund dollars per pound of lifetime NO_x emissions reduced as 90 percent of the grading criteria will accomplish numerous goals listed in Missouri's beneficiary mitigation plan. It encourages upgrades and replacements for the highest-polluting trucks in operation. It encourages applicants to commit to cost share amounts above the minimum required levels, which spreads the VW Trust fund dollars to more projects. The use of lifetime emission reductions helps promote, or at least helps level the playing field, for alternative-fueled and electric-powered truck repowers and replacements. This is because the Department will assign incremental emission reductions throughout the useful life of the new truck if the new truck engine achieves a lower certified NO_x emission level than the federal emission standard. In addition, all of these outcomes also

ultimately contribute to the Missouri’s overall goal in the beneficiary mitigation plan, which is to maximize NO_x emission reductions. The following details explain the process for assigning points to individual truck projects based on how cost effectively they reduce lifetime NO_x emissions:

- Total lifetime NO_x emission reductions are calculated for each individual truck project on every application received.
- Assumption: All existing and new trucks have a total useful life of 25 years.
 - Exception: For any truck that operated in the previous year and is still operating, the Department will assume a minimum remaining life of two years even if that would exceed a 25-year lifetime for the existing truck.
- Within the assumed remaining life of the existing truck, the Department will compare projected emission levels from the new truck to the projected emission levels of the existing truck if it were to continue operating.
- After the assumed remaining life of the existing truck, but within the 25-year life of the new truck –
 - For diesel-, gasoline-, or alternative-fueled trucks: The Department will compare the EPA certified emission levels of the new truck engine to the current federal NO_x tailpipe emission standard.
 - For all-electric trucks: The Department will assume emission levels from the new truck are 25 percent of the current federal NO_x tailpipe emission standard.
 Note: The Department is using 25 percent of the tailpipe emission standard instead of assuming zero emissions to account for the emissions associated with generating the electricity needed to charge the truck.
- Once the lifetime NO_x emission reductions are calculated, the Department will divide the amount of VW Trust fund dollars requested for that individual truck project by the total pounds of lifetime NO_x emission reductions. The result is the cost effectiveness of the project.
 - For any project where the cost effectiveness exceeds \$25/pound of lifetime NO_x reduced, the Department will award zero (0) points for cost effectiveness.
 - For any project where the cost effectiveness is less than \$25/pound of lifetime NO_x reduced, the Department will award points based on the following equation:

$$4 \times (25 - \text{Cost Effectiveness}) - 10$$

The use of this equation gives four (4) points for every \$1 improvement in the cost effectiveness of the project below \$25/pound of lifetime NO_x reduced.

Area of Operation

The truck’s area of operation is the basis for the remaining 10 points in the scoring process. In addition, for St. Louis and Kansas City area pools, an additional five (5) bonus points are available based on the amount of time the truck operates in certain areas. There are no bonus points available in the Non-St. Louis/Kansas City urban and rural area pool. In the statewide pool, an additional six (6) bonus points are available based on the amount of time the truck operates in certain areas. This makes 105 total possible points for an application competing in the St. Louis or Kansas City area pools, 100 total possible points for an application competing in the

Non-St. Louis/Kansas City urban and rural area pool, and 106 total possible points for an application competing in the statewide pool. The Department will also assign negative points to applications in the St. Louis and Kansas City area pools for time spent operating outside the state. The following details explain the process for assigning points, deducting points, and adding bonus points based on the truck's area of operation in each of the four funding pools within this award category.

St. Louis Area Pool:

As described in the eligibility section for this funding pool, a truck must be stationed in and spend a minimum of 50 percent of its operating time within the City of St. Louis and the Counties of St. Louis, St. Charles, Jefferson, and Franklin.

- For every additional five (5) percent of time spent operating in this five-county area above the minimum 50 percent eligibility threshold, the Department will add one (1) point to the score.
- Negative points: For every five (5) percent of time spent operating outside the State of Missouri, the Department will deduct one (1) point from the score.
- Bonus points:
 - For every 20 percent of total time spent operating in the City of St. Louis and St. Louis County, the Department will add one (1) bonus point to the score.
 - For every 50 percent of total time spent operating in St. Charles County, the Department will add one (1) bonus point to the score.

Kansas City Area Pool:

As described in the eligibility section for this funding pool, a truck must be stationed in and spend a minimum of 50 percent of its operating time within the Counties of Clay, Platte, and Jackson.

- For every additional five (5) percent of time spent operating in this three-county area above the minimum 50 percent eligibility threshold, the Department will add one (1) point to the score.
- Negative points: For every five (5) percent of time spent operating outside the State of Missouri, the Department will deduct one (1) point from the score.
- Bonus points: For every 20 percent of total time spent operating in Jackson County, the Department will add one (1) bonus point to the score.

Non-St. Louis/Kansas City Urban and Rural Area Pool:

As described in the eligibility section for this funding pool, a truck must be stationed in and spend a minimum of 50 percent of its operating time within the State of Missouri but outside the areas deemed eligible for funding in the St. Louis and Kansas City area pools.

- For every additional five (5) percent of time, above the minimum 50 percent eligibility threshold, that a truck spends operating within the State of Missouri but outside the St. Louis and Kansas City areas, the Department will add one (1) point to the score.

Statewide Pool:

As described in the eligibility section for this funding pool, a truck must be stationed in and spend a minimum of 50 percent of its operating time within the State of Missouri.

- For every additional five (5) percent of time spent operating in the state of Missouri above the minimum 50 percent eligibility threshold, Department will add one (1) point to the score.
- Bonus points:
 - For every 33 percent of time spent operating in St. Louis City and County, the Department will add two (2) bonus points to the score
(Maximum bonus: six (6) points)
 - For every 20 percent of time spent operating in Jackson and St. Charles Counties, the Department will add one (1) bonus point to the score
(Maximum bonus: five (5) points)
 - For every 25 percent of time spent operating in Jefferson and Franklin Counties, the Department will add one (1) bonus point to the score
(Maximum bonus: four (4) points)
 - For every 33 percent of time spent operating in Clay and Platte Counties, the Department will add one (1) bonus point to the score
(Maximum bonus: three (3) points)
 - For every 50 percent of time spent operating in Boone and Greene Counties, the Department will add one (1) bonus point to the score
(Maximum bonus: two (2) points)

2.2.5 Contingencies for Unused Funding

If any of the four separate area-specific funding pools within this award category have dedicated funds remaining after the Department has funded all eligible applications, the Department will initiate additional application rounds. See Chapter 4 of this document for an explanation about the timing associated with initiating multiple application rounds within this award category. If a second application round is necessary for any of the separate area-specific funding pools, then for that application round, applicants may request VW Trust funds to cover up to 75 percent of the cost of an eligible truck replacement. If after the second application round there is still funding remaining in any of four separate funding pools, then a third application round will be initiated where applicants may request VW Trust funds to cover up to 90 percent of the cost of an eligible truck repower or replacement. By allowing VW Trust funds to cover up to 90 percent of a project, the Department expects this to ensure that no funding will remain in the award category after the completion of the third application rounds. This contingency measure also makes this award category a good candidate to receive funds as a contingency if there are unused funds in the other award categories. This will help ensure that Missouri spends its entire VW Trust fund allocation within the 10-year timeframe allowed so that the state is not at risk of forfeiting any unused VW Trust funds.

2.3 Award Category #3: Shuttle and Transit Buses

Missouri's beneficiary mitigation plan dedicates \$4 million to this award category, with the potential for the dedicated amount to grow up to \$10 million. The amount will only grow if the Department receives an insufficient amount of projects in award categories #4, #5, #6, #7, and/or #8. See Chapter 4 of this document for an explanation about the timing associated with moving funds from one award category to another. Fleet owners may use funds from this award category to repower or replace government-owned and non-government-owned shuttle and transit buses. Just like award category #2, there are four separate area-specific funding pools within this award category. This includes the St. Louis area pool, the Kansas City area pool, the Non-St. Louis/Kansas City urban and rural area pool, and the statewide pool. The Department dedicates 25 percent of the total amount of funding in this award category to the St. Louis area pool; 10 percent to the Kansas City area pool; 15 percent to the Non-St. Louis/Kansas City urban and rural area pool, and 50 percent to the statewide pool. Award category #3 includes the potential for multiple application rounds with decreasing minimum cost share requirements for government-owned shuttle and transit bus replacements if there is funding remaining in the award category after an application round is completed.

The projects implemented through this award category will help achieve several of the goals included in Missouri's beneficiary mitigation plan. The award category can support both public and private fleet upgrades. Shuttle and transit bus repowers and replacements can achieve meaningful NO_x emission reductions. By upgrading and replacing shuttle and transit buses, this not only reduces emissions from the buses themselves, but it also supports public transportation systems that are in place to achieve air quality benefits by reducing the number of cars on the road. This results in a myriad of benefits including a reduction in overall fuel consumption, less traffic congestion, and access to transportation for people that do not own personal vehicles.

In addition, the preferential treatment for certain urban areas of the state will help drive air quality improvements in areas that bear a disproportionate share of the air pollution burden. This includes areas that are struggling to comply with national ambient air quality standards and areas in the state where the greatest amount of affected Volkswagen vehicles were registered.

2.3.1 Eligible Buses

No projects under this award category are eligible to receive funding if the project is receiving funding from a State or federal DERA grant, or if it is receiving funding from another state's share of the VW Trust funds.

Eligible buses in this award category shall mean government-owned and nongovernment-owned 2009 and older engine model year Class 4-8 vehicles with a gross vehicle weight rating greater than 14,000 pounds that are used for transporting people. School buses, as defined in subsection 2.1.1 of this document, are not eligible buses under this award category.

Eligible buses may be repowered with any new diesel or alternate fueled or all-electric engine, or may be replaced with any new diesel or alternate fueled or all-electric vehicle, with the engine model year in which the eligible mitigation action occurs or one year prior.

For the purposes of this award category, the definition of alternate fueled is the same as described in subsection 2.1.1 of this document.

For the purposes of this award category, the definition of all-electric is the same as described in subsection 2.1.1 of this document.

Disqualification Based on NO_x Emission Reductions

For any individual bus that is proposed for repower or replacement on an application, if the cost effectiveness for that individual bus project is calculated to be greater than \$100 in VW Trust dollars per pound of lifetime NO_x emissions reduced, that bus will be deemed ineligible to receive funding. This will not disqualify the remainder of the application from receiving funding.

In order for a bus to be eligible for funding from the four area-specific funding pools within this award category, the bus must be stationed within the applicable area. The bus must also spend a minimum amount of its operating time within the applicable area as follows:

St. Louis area pool –

Minimum of 50 percent of its operating time in the City of St. Louis and the Counties of St. Louis, St. Charles, Jefferson, and Franklin

Kansas City area pool –

Minimum of 50 percent of its operating time in the Counties of Clay, Platte, and Jackson

Non-St. Louis/Kansas City urban and rural area pool –

Minimum of 50 percent of its operating time within the State of Missouri but outside the areas deemed eligible for funding in the St. Louis and Kansas City area pools.

Statewide pool –

Minimum of 50 percent of its operating time in the State of Missouri

For the purposes of this award category, the Department considers the area where a bus is stationed to be the area owned or leased by the bus owner where the bus regularly parks or would park when it is not in service.

2.3.2 Maximum Funding Requests

The maximum amount of VW Trust funds that an applicant may request under this award category is \$1 million

The Department is limiting the maximum funding request per application in this award category for multiple reasons. This will ensure that Missouri spreads the funding to multiple fleets so that no single entity all the benefits from this award category. Also, as discussed in subsection 2.3.4, under the selection process for this award category, the Department will assign individual scores to every individual bus included on every individual application received, which will allow the Department to partially award applications and spread the funding to even more fleets. By limiting the application requests to \$1 million, this will help ensure that fleets only submit

applications for their best projects as opposed to including every eligible bus they own on an application. This will greatly reduce the administrative costs necessary to score and select projects from this award category.

2.3.3 Cost Share Requirements

The minimum cost share requirements in the initial application round are based on whether the bus is government-owned or nongovernment-owned and the type of project that is proposed as described below –

Government-owned –

In the initial application round, applicants may request VW Trust funds to cover –

- Up to 75 percent of the cost to repower an eligible bus
- Up to 50 percent of the cost to replace an eligible bus

If necessary, in the second application round, VW Trust funds may cover up to 75 percent of the cost to repower or replace an eligible bus.

If necessary, in the third application round, VW Trust funds may cover up to 90 percent of the cost to repower or replace an eligible bus.

Nongovernment-owned –

In all application rounds, applicants may request VW Trust funds to cover

- Up to 40 percent to repower an eligible bus with a new diesel or alternate fuel engine
- Up to 25 percent to replace an eligible bus with a new diesel or alternate fuel engine
- Up to 50 percent to repower an eligible bus with a new all-electric engine or to replace an eligible bus with a new all-electric bus

For the purposes of this award category, the definition of government is the same as described in subsection 2.2.1 of this document. The Department will use that definition to determine whether a bus is government-owned or nongovernment-owned.

2.3.4 Selection Process

The selection process used in this award category is identical to the selection process used for award category #2 as described in subsection 2.2.4 of this document except that the scale to award points based on NO_x emission reduction cost effectiveness is as follows:

- For any project where the cost effectiveness exceeds \$50/pound of lifetime NO_x reduced, the Department will award zero (0) points for cost effectiveness.
- For any project where the cost effectiveness is less than \$50/pound of lifetime NO_x reduced, the Department will award points based on the following equation:

$$2 \times (50 - \text{Cost Effectiveness}) - 10$$

The use of this equation gives two (2) points for every \$1 improvement in the cost effectiveness of the project below \$50/pound of lifetime NO_x reduced.

2.3.5 Contingencies for Unused Funding

If any of the four separate area-specific funding pools within this award category have dedicated funds remaining after the Department has funded all eligible applications, the Department will initiate additional application rounds. See Chapter 4 of this document for an explanation about the timing associated with initiating multiple application rounds within this award category. If a second application round is necessary for any of the four separate funding pools, then for that application round, applicants may request VW Trust funds to cover up to 75 percent of the cost of an eligible bus replacement for a government-owned fleet. If after the second application round, there is still funding remaining in any of the four separate funding pools, then the Department will initiate a third application round where applicants may request VW Trust funds to cover up to 90 percent of the cost of an eligible bus repower or replacement for a government-owned fleet. By allowing VW Trust funds to cover up to 90 percent of a project, the Department expects this to ensure that no funding will remain in the award category after the completion of the third application rounds. This contingency measure also makes this award category a good candidate to receive funds as a contingency if there are unused funds in the other award categories. This will help ensure that Missouri spends its entire VW Trust fund allocation within the 10-year timeframe allowed so that the state is not at risk of forfeiting any unused VW Trust funds.

2.4 Award Category #4: Nongovernment Trucks

Missouri's beneficiary mitigation plan dedicates \$6 million to this award category; however, if the funding is not fully utilized in the initial application round, then any remaining funds will be divided evenly and moved to award categories #1, #2, and #3. See Chapter 4 of this document for an explanation about the timing associated with moving funds from one award category to another. As with award categories #2 and #3, this award category includes four separate area-specific funding pools. This includes the St. Louis area pool, the Kansas City area pool, the Non-St. Louis/Kansas City urban and rural area pool, and the statewide pool. The Department dedicates 25 percent of the total amount of funding in this award category to the St. Louis area pool; 10 percent to the Kansas City area pool; 15 percent to the Non-St. Louis/Kansas City urban and rural area pool; and 50 percent to the statewide pool.

2.4.1 Eligible Trucks

No projects under this award category are eligible to receive funding if the project is receiving funding from a State or federal DERA grant, or if it is receiving funding from another state's share of the VW Trust funds.

Eligible trucks in this award category shall mean nongovernment-owned 1992-2009 engine model year Class 4-8 trucks used for port drayage and/or freight/cargo delivery with a gross vehicle weight rating greater than 14,000 pounds. Examples of eligible trucks include, but are not limited to, courier services, delivery trucks, box trucks moving freight, waste haulers, dump trucks, and concrete mixers.

Eligible trucks may be repowered with any new diesel/biodiesel or alternate fueled or all-electric engine, or may be replaced with any new diesel/biodiesel or alternate fueled or all-electric vehicle, with the engine model year in which the eligible mitigation action occurs or one year prior.

For the purposes of this award category, the definition of alternate fueled is the same as described in subsection 2.1.1 of this document.

For the purposes of this award category, the definition of all-electric is the same as described in subsection 2.1.1 of this document.

Disqualification Based on NO_x Emission Reductions

For any individual truck that is proposed for repower or replacement on an application, if the cost effectiveness for that individual truck project is calculated to be greater than \$100 in VW Trust dollars per pound of lifetime NO_x emissions reduced, that truck will be deemed ineligible to receive funding. This will not disqualify the remainder of the application from receiving funding.

Nongovernment-owned shall mean any eligible truck owned by a fleet that does not meet the definition of government as described in section 2.2.1 of this document.

Just like award category #2, in order for a truck to be eligible for funding from the four area-specific funding pools within this award category, the truck must be stationed within the applicable area. The truck must also spend a minimum amount of its operating time within the applicable area as follows:

St. Louis area pool –

Minimum of 50 percent of its operating time in the City of St. Louis and the Counties of St. Louis, St. Charles, Jefferson, and Franklin

Kansas City area pool –

Minimum of 50 percent of its operating time in the Counties of Clay, Platte, and Jackson

Non-St. Louis/Kansas City urban and rural area pool –

Minimum of 50 percent of its operating time within the State of Missouri but outside the areas deemed eligible for funding in the St. Louis and Kansas City area pools.

Statewide pool –

Minimum of 50 percent of its operating time in the State of Missouri

For the purposes of this award category, the Department considers the area where a truck is stationed to be the area owned or leased by the truck owner where the truck regularly parks or would park when it is not in service.

2.4.2 Maximum Funding Requests

The maximum amount of VW Trust funds that an applicant may request under this award category is \$1 million.

The Department is limiting the maximum funding request per application in this award category for multiple reasons. This will ensure that Missouri spreads the funding to multiple fleets so that no single entity all the benefits from this award category. Also, as discussed in subsection 2.4.4, under the selection process for this award category, the Department will assign individual scores to every individual truck included on every individual application received, which will allow the Department to partially award applications and spread the funding to even more fleets. By limiting the application requests to \$1 million, this will help ensure that fleets only submit applications for their best projects as opposed to including every eligible truck they own on an application. This will greatly reduce the administrative costs necessary to score and select projects from this award category.

2.4.3 Cost Share Requirements

Applicants may request VW Trust funds to cover –

- Up to 40 percent of the cost to repower an eligible truck with a new diesel or alternate fuel engine
- Up to 25 percent of the cost to replace an eligible truck with a new diesel or alternate fuel engine
- Up to 50 percent to repower an eligible truck with a new all-electric engine or to replace an eligible truck with a new all-electric truck

2.4.4 Selection Process

The selection process used in this award category is identical to the selection process used for award category #2 as described in subsection 2.2.4 of this document except that the scale to award points based on NO_x emission reduction cost effectiveness is as follows:

- For any project where the cost effectiveness exceeds \$20/pound of lifetime NO_x reduced, the Department will award zero (0) points for cost effectiveness.
- For any project where the cost effectiveness is less than \$20/pound of lifetime NO_x reduced, the Department will award points based on the following equation:

$$5 \times (20 - \text{Cost Effectiveness}) - 10$$

The use of this equation gives five (5) points for every \$1 improvement in the cost effectiveness of the project below \$20/pound of lifetime NO_x reduced.

2.4.5 Contingencies for Unused Funding

If any of the four separate area-specific funding pools within this award category have dedicated funds remaining after the Department has funded all eligible applications, the Department will divide the funds evenly and move them to award categories #1, #2, and #3. See Chapter 4 of this document for an explanation about the timing associated with moving funds from one award category to another.

2.5 *Award Category #5: Locomotives and Marine*

Missouri's beneficiary mitigation plan dedicates \$2 million to this award category; however, if the funding is not fully utilized in the initial application round, then any remaining funds will be divided evenly and moved to award categories #1, #2, and #3. See Chapter 4 of this document for an explanation about the timing associated with moving funds from one award category to another. There are no area-specific funding pools established within this award category; however, the selection process will award bonus points to applications for projects in which the locomotive or vessel operates in certain target areas of the state.

The projects implemented through this award category will help achieve several of the goals included in Missouri's beneficiary mitigation plan. The state may use funding from this award category to support both public and private fleet upgrades. Switch locomotive, tugboat, and ferry repowers and replacements and marine shorepower can all achieve significant NO_x emission reductions. These types of equipment are often located near ports, rail yards, and urban cores that bear a disproportionate amount of the air pollution burden. These projects are among the most cost effective emission reduction solutions for mobile sources on a cost per pound of NO_x removed basis. Although, Missouri only dedicates \$2 million to this award category, if the Department receives sufficient applications from this award category to utilize all of the funding, the projects will likely achieve more emissions reductions than the projects in several of the other award categories that have higher dedicated funding levels.

Another objective the Department may achieve through this award category is to obtain a list of eligible marine and locomotive projects that will compete well on competitive federal DERA grant applications. If funding is not available in this award category to fund every application received, the Department may work with fleet owners that do not receive funds from this award category to sponsor (or find another eligible entity to sponsor) an application for the project under the competitive federal DERA grant program. Due to the significant emission reduction potential for projects that are eligible under this award category, they compete very well in the competitive federal grant program. The Department and several other organizations around the state have successfully applied for funding to implement these types of projects under the competitive federal DERA grant program. The Department will continue to support these worthy projects in applying for future funding opportunities.

In addition, the preferential treatment in the selection process for certain urban areas of the state will help drive air quality improvements in areas that bear a disproportionate share of the air pollution burden. This includes areas that are struggling to comply with national ambient air quality standards and areas in the state where the greatest amount of affected Volkswagen vehicles were registered.

2.5.1 Eligible Projects

No projects under this award category are eligible to receive funding if the project is receiving funding from a State or federal DERA grant, or if it is receiving funding from another state's share of the VW Trust funds.

Eligible switch locomotives in this award category shall mean a pre-tier 4 locomotive that moves rail cars around a rail yard as compared to a line-haul engine that moves freight long distances. Eligible switch locomotives must operate a minimum of 1,000 hours per year.

Eligible switch-locomotives may be repowered with any new diesel or alternate fueled or all-electric engine (including generator sets), or may be replaced with any new diesel or alternate fueled or all-electric (including generator sets) locomotive that is certified to meet the applicable EPA emissions standards as published in the code of federal regulations for the engine model year in which the eligible mitigation action occurs.

In order for a locomotive to be eligible for funding within this award category, the locomotive must spend a minimum of 50 percent of its operating time within the state of Missouri.

Eligible tugboat and towboat engines in this award category shall mean unregulated, tier 1, or tier 2 marine engines in dedicated vessels that push or pull other vessels in ports, harbors, and inland waterways

Eligible ferry engines in this award category shall mean unregulated, tier 1, or tier 2 marine engines in dedicated vessels used as for the primary purpose of transporting people, cargo, and vehicles from one side of a river to another.

Entire marine vessel replacements are not an eligible project.

Eligible tugboat, tow boat, and ferry engines may be repowered with any new Tier 3 or Tier 4 diesel or alternate fueled engines, or with all-electric engines, or may be upgraded with an EPA certified remanufacture system or an EPA verified engine upgrade. (See Appendix D-2 of the VW federal consent decree for definitions of the various eligible mitigation actions for marine engines.)

In order for a tugboat, towboat, or ferry engine to be eligible for funding within this award category, the vessel that the engine powers must meet one of the following criteria:

- The main port where the vessel docks must be located in Missouri and the vessel must spend a minimum of 25 percent of its operating time within or along the border of the state of Missouri; or
- The vessel must spend a minimum of 50 percent of its operating time within or along the border of the state of Missouri

For the purposes of this award category, the Department will consider the main port where the vessel docks as the port the vessel was docked at in the previous year more so than any other port

For the purposes of this award category, the definition of alternate fueled is the same as described in subsection 2.1.1 of this document.

For the purposes of this award category, the definition of all-electric is the same as described in subsection 2.1.1 of this document.

Eligible marine shorepower includes systems that enable a compatible vessel's main and auxiliary engines to remain off while the vessel is at berth. Components of such systems eligible for reimbursement are limited to cables, cable management systems, shore power coupler systems, distribution control systems, and power distribution. Marine shore power systems must comply with international shore power design standards (ISO/IEC/IEEE 80005-1-2012 High Voltage Shore Connection Systems or the IEC/PAS 80005-3:2014 Low Voltage Shore Connection Systems) and should be supplied with power sourced from the local utility grid.

In order for a marine shorepower system to be eligible for funding within this award category, successful applicants must install the systems within or along the border of the state of Missouri.

2.5.2 Maximum Funding Requests

The maximum amount of VW Trust funds that an applicant may request under this award category is \$1 million.

Although there is only \$2 million available in this award category, the Department selected a maximum funding request of \$1 million for multiple reasons. It ensures that no single entity receives all of the benefits from this award category. Also, as discussed in subsection 2.6.4, under the selection process for this award category, the Department will assign individual scores to every individual project included on every individual application received, which will allow the Department to partially fund applications and spread the funding to even more fleets. By limiting the application requests to \$1 million, this will help ensure that fleets only submit applications for their best projects as opposed to including every eligible tugboat or locomotive they own on an application. This will greatly reduce the administrative costs necessary to score and select projects from this award category.

2.5.3 Cost Share Requirements

Nongovernment-owned Switch Locomotives

Applicants may request VW Trust funds to cover –

- Up to 40 percent of the cost to repower an eligible switch locomotive with a new diesel or alternate fueled engine
- Up to 25 percent of the cost to replace an eligible switch locomotive a new diesel or alternate fueled switch locomotive
- Up to 50 percent of the cost to repower an eligible switch locomotive a new all-electric engine or to replace an eligible switch locomotive with a new all-electric switch locomotive

Government-owned Switch Locomotives

Applicants may request VW Trust funds to cover –

- Up to 75 percent of the cost to repower an eligible switch locomotive
- Up to 75 percent of the cost to replace an eligible switch locomotive

Nongovernment-owned Tugboats and Ferries

Applicants may request VW Trust funds to cover –

- Up to 40 percent of the cost to repower an eligible tugboat or ferry with new diesel or alternate fueled engines
- Up to 50 percent of the cost to repower an eligible tugboat or ferry with all-electric engines

Government-owned Tugboats and Ferries

Applicants may request VW Trust funds to cover –

- Up to 75 percent of the cost to repower an eligible tugboat or ferry

Nongovernment-owned Marine Shore Power

Applicants may request VW Trust funds to cover –

- Up to 25 percent of the costs to install the eligible marine shore power system

Government-owned Marine Shore Power

Applicants may request VW Trust funds to cover –

- Up to 75 percent of the costs to install the eligible marine shore power system

For the purposes of this award category, the definition of government is the same as described in subsection 2.2.1 of this document. The Department will use that definition to determine whether a locomotive, vessel, or marine shorepower system is government-owned or nongovernment-owned.

2.5.4 Selection Process

For every application received, The Department will assign a score to every locomotive, vessel, or shorepower system that applicants propose for a project on an application. The Department will then award VW Trust funds to the applicant to implement the individual project that receives the highest score. The Department will then continue to award funds on an individual project basis in descending order of the score that each individual project receives until the Department has dedicated all of the funding in the award category. This process will allow the state to partially fund applications and will ensure that the best individual projects will receive funding regardless of the quality of other projects that applicants group together in the same application. This will maximize the amount of NO_x emission reductions achieved through this award category.

Similar to the scoring process the Department is using in the statewide pool in award category #2, this award category also uses a 100-point scoring system. The Department will base 90 points on the amount of VW Trust fund dollars per pound of lifetime NO_x emissions reduced, 10 points on the area of operation for the locomotive, vessel, or shore power system. In addition, up to six (6) bonus points are available for operations in certain target areas of the state.

Cost Effective Emission Reductions

As mentioned above, the basis for 90 points of each individual project score is the amount of VW Trust fund dollars per pound of lifetime NO_x emissions reduced. The process for assigning points to individual projects based on how cost effectively they reduce lifetime NO_x emissions is explained in detail below.

- Total lifetime NO_x emission reductions are calculated for each individual project on every application received.
- The Department will base emission reductions from shore power systems on the projected amount of use for the system and average vessel characteristics of the vessels expected to use the system. The Department will then reduce the calculated emission reductions by 25 percent to account for the emissions associated with the generation of electricity that is powering the system.
 - Assumption: New shorepower systems have a total useful life of 30 years.
 - Assumption: All existing and new locomotives have a total useful life of 60 years.
 - Assumption: All existing and new marine vessels have a total useful life of 40 years.
 - Exception: For any marine vessel or locomotive that operated in the previous year and is still operating, the Department will assume a minimum remaining life of five (5) years even if that would exceed the assumed total useful lifetimes listed above for the existing marine vessel or locomotive.
- Within the assumed remaining life of the existing locomotive or vessel, the Department will compare projected emission levels from the new locomotive or vessel to the projected emission levels of the existing locomotive or vessel if it were to continue operating.
- After the assumed remaining life of the existing locomotive or vessel, but within the assumed total life of the new locomotive or vessel –
 - For diesel-, gasoline-, or alternative-fueled new locomotives or vessels: The Department will compare the EPA certified emission levels of the new locomotive or vessel engine to the current applicable federal marine or locomotive emission standard.
 - For all-electric new locomotives or vessels: The Department will assume that emission levels from the new locomotive or vessel will be 25 percent of the current applicable federal marine or locomotive emission standard to account for the emissions associated with generating the electricity needed to charge the new locomotive or vessel.
- Once the lifetime NO_x emission reductions are calculated, the Department will divide the amount of VW Trust fund dollars requested for that individual project by the total pounds of lifetime NO_x emission reductions. The result is the cost effectiveness of the project.
 - For any project where the cost effectiveness exceeds \$10/pound of lifetime NO_x reduced, zero (0) points will be awarded.
 - For any project where the cost effectiveness is less than \$10/pound of lifetime NO_x reduced, points will be awarded based on the following equation:

$$10 \times (10 - \text{Cost Effectiveness}) - 10$$

The use of this equation gives ten (10) points for every \$1 improvement in the cost effectiveness of the project below \$10/pound of lifetime NO_x reduced.

Area of Operation

The basis for the remaining 10 points in the scoring process is the area of operation for the vessel or locomotive. In addition, six (6) bonus points are available based on the area of operation. This makes 106 total possible points for an application. The following details explain the process for assigning points and adding bonus points based on the area of operation for the three different eligible types of projects in this award category:

In-State Points for Locomotives:

As described in the eligibility section for this award category, a locomotive must spend a minimum of 50 percent of its operating time within the State of Missouri.

- For every additional five (5) percent of time a locomotive spends operating in the state of Missouri above the minimum 50 percent eligibility threshold, the Department will award one (1) point to the score.

In-State Points for Tugboats and Ferries:

As described in the eligibility section for this award category, a tugboat, towboat, or ferry must meet one of two operating conditions to be eligible. One condition includes a minimum of 25 percent of operating time within or along the border of the State of Missouri. The other condition includes a minimum of 50 percent of operating time within or along the border of the State of Missouri. The scoring process for area of operation will be slightly different based on the type of eligibility criteria met by the vessel:

For vessels meeting the 25 percent operating time criteria:

- For every additional seven and one half (7.5) percent of time a marine vessel spends operating within or along the border of the state of Missouri above the minimum 25 percent eligibility threshold, the Department will award one (1) point to the score.

For vessels meeting the 50 percent operating time criteria:

- For every additional five (5) percent of time a marine vessel spends operating within or along the border of the state of Missouri above the minimum 50 percent eligibility threshold, the Department will award one (1) point to the score.

Bonus Points for Locomotives, Tugboats, and Ferries:

- For every 33 percent of time spent operating in or along the border of St. Louis City and County, the Department will add two (2) bonus points to the score (Maximum bonus: six (6) points)
- For every 20 percent of time spent operating in or along the border of Jackson and St. Charles Counties, the Department will add one (1) bonus point to the score (Maximum bonus: five (5) points)
- For every 25 percent of time spent operating in or along the border of Jefferson and Franklin Counties, the Department will add one (1) bonus point to the score (Maximum bonus: four (4) points)
- For every 33 percent of time spent operating in or along the border of Clay and Platte Counties, the Department will add one (1) bonus point to the score (Maximum bonus: three (3) points)
- For every 50 percent of time spent operating in or along the border of Boone and Greene Counties, the Department will add one (1) bonus point to the score

(Maximum bonus: two (2) points)

Marine Shore Power:

As described in the eligibility section for this award category, successful applicants must install marine shorepower systems within or along the border of the state of Missouri. As such, for any eligible proposed marine shore-power system, the Department will award the full 10 points for area of operation. The Department will also award bonus points for marine shore power systems as follows:

- If installed in St. Louis City or County, the Department will add six (6) bonus points to the score
- If installed in Jackson or St. Charles Counties, the Department will add five (5) bonus points to the score
- If installed in Jefferson or Franklin Counties, the Department will add four (4) bonus points to the score
- If installed in Clay or Platte Counties, the Department will add three (3) bonus point to the score
- If installed in Boone or Greene Counties, the Department will add two (2) bonus points to the score

2.5.5 Contingencies for Unused Funding

If this award category has dedicated funds remaining after the Department has funded all eligible applications, the Department will divide the funds evenly and move them to award categories #1, #2, and #3. See Chapter 4 of this document for an explanation about the timing associated with moving funds from one award category to another.

2.6 Award Category #6: Airport and Cargo Equipment

Missouri's beneficiary mitigation plan dedicates \$2 million to this award category; however, if the funding is not fully utilized in the initial application round, then any remaining funds will be divided evenly and moved to award categories #1, #2, and #3. See Chapter 4 of this document for an explanation about the timing associated with moving funds from one award category to another. There are no area-specific funding pools established within this award category; however, the selection process will award bonus points to applications for projects in which the equipment operates in certain target areas of the state.

The projects implemented through this award category will help achieve several of the goals included in Missouri's beneficiary mitigation plan. The state may use funding in this award category to support both public and private equipment upgrades. It promotes the use of electric-powered equipment and reduces diesel and gasoline fuel consumption. In addition, the repower and replacement of cargo handling equipment and airport ground support equipment can all achieve meaningful NO_x emission reductions. Cargo handling equipment is often located near ports, rail yards, other distribution terminals, and in urban cores that bear a disproportionate amount of the air pollution burden. Airport equipment operates in areas where tens or hundreds of pieces of gas or diesel-powered equipment are constantly operating and are also often located in urban cores that bear a disproportionate amount of the air pollution burden. These types of projects can be very cost effective emission reduction solutions for mobile sources on a cost per pound of NO_x removed basis. Although, Missouri only dedicates \$2 million to this award category, if the Department receives sufficient applications from this award category to utilize all of the funding, the projects will likely achieve similar emissions reductions than the projects in several of the other award categories that have higher dedicated funding levels.

In addition, the preferential treatment in the selection process for certain urban areas of the state will help drive air quality improvements in areas that bear a disproportionate share of the air pollution burden. This includes areas that are struggling to comply with national ambient air quality standards and areas in the state where the greatest amount of affected Volkswagen vehicles were registered.

2.6.1 Eligible Projects

No projects under this award category are eligible to receive funding if the project is receiving funding from a State or federal DERA grant, or if it is receiving funding from another state's share of the VW Trust funds.

Eligible airport ground support equipment includes:

- Tier 0, Tier 1, or Tier 2 diesel powered vehicles and equipment used at airports to service aircraft in between flights; and
- Uncertified, or certified to 3 g/hbp-hr or higher, spark ignition engine powered vehicles and equipment used at airports to service aircraft in between flights.

Eligible airport ground support equipment may be repowered with an all-electric engine, or may be replaced with the same airport ground support equipment in an all-electric form.

Eligible forklifts includes forklifts with greater than 8,000 pound lift capacity

Eligible port cargo handling equipment includes rubber-tired gantry cranes, straddle carriers, shuttle carriers, and terminal tractors, including yard hostlers and yard tractors that operate within ports.

Eligible forklifts and port cargo handling equipment may be repowered with an all-electric engine, or may be replaced with the same equipment in an all-electric form.

For the purposes of this award category, the definition of all-electric is the same as described in subsection 2.1.1 of this document.

Disqualification Based on NO_x Emission Reductions

For any individual piece of equipment that is proposed for repower or replacement on an application, if the cost effectiveness for that individual project is calculated to be greater than \$100 in VW Trust dollars per pound of lifetime NO_x emissions reduced, that truck will be deemed ineligible to receive funding. This will not disqualify the remainder of the application from receiving funding.

In order for airport ground support equipment, forklifts, or port cargo handling equipment to be eligible, the equipment must spend a minimum of 50 percent of its operating time within the state of Missouri.

2.6.2 Maximum Funding Requests

The maximum amount of VW Trust funds that an applicant may request under this award category is \$1 million.

Although there is only \$2 million available in this award category, the Department selected a maximum funding request of \$1 million for multiple reasons. It ensures that no single entity receives all of the benefits from this award category. Also, as discussed in subsection 2.6.4, under the selection process for this award category, the Department will assign individual scores to every individual project included on every individual application received, which will allow the Department to partially fund applications and spread the funding to even more fleets. By limiting the application requests to \$1 million, this will help ensure that fleets only submit applications for their best projects as opposed to including every eligible piece of equipment they own on an application. This will greatly reduce the administrative costs necessary to score and select projects from this award category.

2.6.3 Cost Share Requirements

Government-owned

Applicants may request VW Trust funds to cover –

- Up to 75 percent of the cost to repower eligible airport ground support equipment, forklifts, and port cargo handling equipment with a new all-electric engine, including the charging infrastructure associated with such new all-electric engine.

- Up to 75 percent of the cost to replace eligible airport ground support equipment, forklifts, and port cargo handling equipment with new all-electric equipment, including the charging infrastructure associated with such new all-electric equipment.

Nongovernment-owned

Applicants may request VW Trust funds to cover –

- Up to 50 percent of the cost to repower eligible airport ground support equipment, forklifts, and port cargo handling equipment with a new all-electric engine, including the charging infrastructure associated with such new all-electric engine.
- Up to 50 percent of the cost to replace eligible airport ground support equipment, forklifts, and port cargo handling equipment with new all-electric equipment, including the charging infrastructure associated with such new all-electric equipment.

For the purposes of this award category, the Department will use the definition of government as described in subsection 2.2.1 of this document to determine whether the airport ground support equipment, forklift, or port cargo handling equipment is government-owned or nongovernment-owned.

2.6.4 Selection Process

The selection process used in this award category is identical to the selection process used for the statewide pool in award category #2, as described in subsection 2.2.4 of this document, except the Department will use different assumptions when calculating lifetime emission reductions and a different grading scale to award points for cost effectiveness as described below:

- When calculating lifetime emission reductions, the average life of any equipment will be assumed based on the horsepower of the equipment –
 - Total expected life for equipment with horsepower less than 50 HP: 15 years
 - Total expected life for equipment with horsepower 51 – 300 HP: 25 years
 - Total expected life for equipment with horsepower greater than 300 HP: 35 years
- For any project where the cost effectiveness exceeds \$20/pound of lifetime NO_x reduced, zero (0) points will be awarded.
- For any project where the cost effectiveness is less than \$20/pound of lifetime NO_x reduced, points will be awarded based on the following equation:

$$5 \times (20 - \text{Cost Effectiveness}) - 10$$

The use of this equation gives five (5) points for every \$1 improvement in the cost effectiveness of the project below \$20/pound of lifetime NO_x reduced.

2.6.5 Contingencies for Unused Funding

If this award category has dedicated funds remaining after the Department has funded all eligible applications, the Department will divide the funds evenly and move them to award categories #1, #2, and #3. See Chapter 4 of this document for an explanation about the timing associated with moving funds from one award category to another.

2.7 Award Category #7: Diesel Emission Reduction Act Option

Missouri's beneficiary mitigation plan dedicates \$3 million to this award category; however, if the funding is not fully utilized, then any remaining funds will be divided evenly and moved to award categories #1, #2, and #3. See Chapter 4 and subsection 2.7.5 of this document for an explanation about the timing associated with moving funds from this award category to another. No separate area-specific funding pools are established within this award category; however, for all but the first application round, the selection process will award bonus points to applications for projects if the vehicles or equipment operate in certain target areas of the state. The main goal of the DERA option is to ensure Missouri is able to qualify for the federal matching bonus in the state DERA grant from 2018 – 2027. Missouri plans to use the funds in this award category as match for the state DERA grant each year during the ten-year period of the beneficiary mitigation plan. As such, there will potentially be nine separate rounds of applications, one for each year remaining in the plan. In the first year, 2018, the state plans to implement a school bus replacement program, very similar to the DERA program the state has implemented several times over the last five years. The program will follow all of the state DERA program requirements, including cost share. For every eligible school bus application received the Department will either select it to receive funding in the first round of applications under this award category, or the Department will offer the applicants funding from award category #1 to implement their project.

The Department selected to implement a school bus program in the first year under this award category for several reasons. State DERA requirements generally include a mandatory cost share of 75 percent for school bus replacements, whereas the initial round of award category #1 only requires approximately 50 percent cost share for a school bus replacement if the bus is government-owned. The inclusion of this initial round in this category ensures that as many buses as possible are replaced at the higher cost share requirement, meaning less VW Trust funds per bus replaced and more total buses replaced. This spreads the funding further and maximizes the NO_x reductions achieved through award category #1. Another reason that the Department selected to implement a school bus program in the first year under this award category is timing. State DERA programs are one-year grant awards. The Department has been successful in implementing school bus programs in the past and is confident it can do so again within the 1-year grant period if the Department opens the application period for school bus projects in the summer of 2018. The Department typically must commit to the voluntary matching requirements and develop and submit the work plan for the 2018 State DERA program by late May or early June of 2018. By sticking with a program the state is already very familiar with operating, this will help the Department ensure it can meet these timing requirements without issue.

In the years after 2018, Missouri plans to solicit applications for projects that are eligible under DERA, but not otherwise eligible under the federal VW consent decree. This allows the state to use VW Trust funds to incentivize these other worthy projects.

The projects implemented through this award category will help achieve several of the goals included in Missouri's beneficiary mitigation plan. The state may use funding in this award category to support both public and private equipment upgrades. In the first year, it will also help

replace the aging school bus fleet. In addition, by qualifying the state for the federal matching bonus in the DERA grant, it provides the state with more project dollars to further reduce NO_x emissions from mobile sources. In all the years following the first year, numerous projects that are capable of achieving significant emission reductions will be eligible, and the Department will heavily base the selection process on the calculated emission reductions that projects will achieve.

In addition, the preferential treatment in the selection process for certain urban areas of the state in the rounds following the first round will help drive air quality improvements in areas that bear a disproportionate share of the air pollution burden. This includes areas that are struggling to comply with national ambient air quality standards and areas in the state where the greatest amount of affected Volkswagen vehicles were registered.

2.7.1 Eligible DERA Projects

No projects under this award category are eligible to receive funding if the project is receiving funding from a different State or federal DERA grant, or if it is receiving funding from another state's share of the VW Trust funds.

In each year from 2018 - 2027, Missouri will use the VW Trust funds to exactly match the initial federal DERA award. In the first year, 2018, the Department will use the funds to implement an early school bus replacement program. The model year, size, cost share, and other requirements will follow the terms and conditions included in the Missouri's State DERA grant award.

In all years except for the first year, the Department will solicit applications for DERA projects that are not otherwise eligible to receive VW Trust funds. The Department will use the eligible project criteria in Missouri's State DERA grant award to determine eligible projects; except that if the project is eligible to receive funding from any of the other seven award categories in Missouri's VW beneficiary mitigation plan, then the Department will not consider it to be eligible to apply. Examples of projects that are not eligible under the other seven award categories, but are eligible through DERA include replacements and repowers for off-road construction equipment, agricultural equipment, mining equipment, energy generators, line-haul (as opposed to switch) locomotives, and marine vessels other than tugboats, tow boats, and ferries, such as river boats and fishing boats. In addition, tailpipe retrofits, idle reduction equipment, and aerodynamic retrofits, are eligible for many different types of vehicles and equipment through DERA, which are not eligible projects in the other seven award categories described in this document. If the Department receives insufficient applications in any given year, then the Department will open a second round of applications, which will allow all DERA eligible projects to apply, including those that are also eligible to apply in the other seven award categories.

2.7.2 Maximum Funding Requests

The maximum amount of funding that an applicant may request under this award category in the first round (school bus replacements) will be \$66,000, which is equivalent to three school bus replacements at \$22,000 per bus.

In all rounds after the first round, the Department will base the maximum amount funding that an applicant may request under this award category on the anticipated level of the federal grant award. In most years, the maximum amount that an applicant may request will fall within the range of \$200,000 - \$350,000.

2.7.3 Cost Share Requirements

In all application rounds, the cost share requirements will follow the mandatory cost share requirements included in Missouri's State DERA grant terms and conditions. As such, the cost share requirements may change slightly from year to year. For reference, in past DERA grant awards, typical cost share requirements are as follows:

- Tailpipe retrofits: the grant may fund up to 100 percent of the cost of equipment and installation
- Idle reduction and aerodynamic retrofits: eligibility and cost share requirements have varied from year-to-year. Sometimes this type of equipment is not eligible except for locomotives, unless it is bundled with a tailpipe retrofit on the same vehicle. In other years, it is eligible as a stand-alone retrofit and the grant will fund anywhere from 25- 75 percent of the cost of equipment and installation.
- Engine repowers: the grant may fund up to 40 percent of the cost of equipment and installation
- Early vehicle/equipment replacement: the grant may fund up to 25 percent of the cost of the new vehicle/equipment.

2.7.4 Selection Process

In the initial application round, if the state DERA grant award combined with the funds from award category #1 are sufficient to fund every application received then the Department will award funds to all applications received. In this case, the Department will use alphabetical order to determine which school bus fleets will receive awards from the DERA grant and which schools will receive awards from award category #1.

If the funds in the state DERA grant combined with the funds from award category #1 are insufficient to fund every application, then the Department will reduce applications to two or one bus maximum's per applicant, and the Department will use a lottery selection process similar to the initial round application and selection process described for award category #1 in order to select the schools that will receive funds to implement their projects.

In every round after the first round, the selection process the Department will use in this award category will be identical to the selection process used for statewide funding pool in award category #2 as described in subsection 2.2.4 of this document, except the Department will use different assumptions when calculating lifetime emission reductions and a different grading scale to award points for cost effectiveness as described below:

- When calculating lifetime emission reductions, the Department will assume the average life of any vehicle or piece of equipment is equal to the value that is five years less than the maximum life calculated for the vehicle or piece of equipment in EPA's Diesel Emissions Quantifier tool.

- Exception: For vehicle or piece of equipment that operated in the previous year and is still operating, the Department will assume a minimum remaining life of two (2) years, even if that would exceed the assumed total useful lifetimes based on the values in EPA’s Diesel Emissions Quantifier tool.
- For any project where the cost effectiveness exceeds \$20/pound of lifetime NO_x reduced, zero (0) points will be awarded.
- For any project where the cost effectiveness is less than \$20/pound of lifetime NO_x reduced, points will be awarded based on the following equation:

$$5 \times (20 - \text{Cost Effectiveness}) - 10$$

The use of this equation gives five (5) points for every \$1 improvement in the cost effectiveness of the project below \$20/pound of lifetime NO_x reduced.

2.7.5 Contingencies for Unused Funding

In the first application round, if there is funding remaining in the federal grant award after the Department has funded all eligible projects; the Department will open a second application round and allow applicants to apply for up to five additional school bus replacements. If this still results in unspent funds, the Department will contact school districts individually until the Department finds enough schools that will accept the funding to implement school bus replacement projects and utilize the full federal grant award.

In all application rounds after the first round, if there is funding remaining in the federal grant award after the Department has funded all eligible projects; the Department will open a second application round and allow any DERA eligible project to apply, even if the project is eligible to receive funding from one of the other seven award categories. If this still results in unspent funds in any given year, the Department will not use VW Trust funds for state DERA match that year and will forfeit the federal matching bonus. In addition, it is possible that Congress will not authorize funding for DERA in all ten of the years for the VW Trust. If that happens, Missouri will not allocate any VW Trust funds towards the DERA option that year. For either of these two scenarios, the Department will move VW Trust funds to other award categories as discussed in the following paragraph.

The Department only plans to use the minimum amount of VW Trust funds as is necessary to acquire the matching bonus every year. Also, as discussed above, if the Department receives insufficient applications in any given year or if Congress does not appropriate funding to DERA in any given year, then the Department will not use VW Trust funds as State DERA match in that year. Therefore, it is likely that some funding will remain in this award category after the ten-year period in the beneficiary mitigation plan. In order to ensure that no VW Trust funds go unspent in this award category, every three years, the Department will move funds from this award category to award categories #1, #2, and #3. The amount the Department will move from this award category to the other award categories will be the difference of \$1,125,000 and the amount of VW Trust funds the Department used as State DERA match in the past three years.

2.8 Award Category #8: Electric Vehicle Charging Stations

Missouri's beneficiary mitigation plan dedicates \$6.15 million to this award category; however, if the funding is not fully utilized after contingency measure #1, then any remaining funds will be divided evenly and moved to award categories #1, #2, and #3. The initial plan for this award category will not favor certain geographic areas over others. Instead the goal will be to develop a highway network of publicly available electric vehicle level 3 (or better) fast charging stations throughout the state with the goal of ensuring that electric vehicle owners will be able to drive to and from any area of the state without fear of running out of charge and getting stranded. This will be a team-driven process with the Department overseeing a diverse group of stakeholders to determine the amount and location of charging stations needed to achieve this goal. The team will use competitive application processes as needed but each application solicitation will be restricted to an area deemed necessary to achieve the highway network goal.

If the team achieves the highway network goal and funds remain in the award category, the first contingency will be to fund level 2 charging stations at workplaces and multi-unit dwelling locations. If the contingency occurs, then the Department will establish separate area-specific pools of funding and also award points in the selection process based on the geographical area of the applicant's proposed station location.

The projects implemented through this award category will help achieve several of the goals included in Missouri's beneficiary mitigation plan. The award category promotes the use of electric-powered vehicles. If successful, Missouri will see increased market penetration for electric vehicle sales, which will reduce diesel and gasoline consumption and achieve meaningful NO_x emission reductions.

In addition, if the first contingency occurs, the preferential treatment for certain urban areas of the state will help drive air quality improvements in areas that bear a disproportionate share of the air pollution burden by promoting electric vehicle use in those areas. This includes areas that are struggling to comply with national ambient air quality standards and areas in the state where the greatest amount of affected Volkswagen vehicles were registered.

2.8.1 Establishment of Team for the Initial Plan

The Department will lead and oversee a team of stakeholders comprised of representatives from Missouri-based electric utilities, automakers, and EV charging station experts/advocates. The team will be open to representatives from any of those three categories. The team will first develop a plan to place level 3 (or better) electric vehicle DC fast charging stations along interstate, state, and local highway corridors throughout Missouri. Once the team has determined the amount and general locations for the stations, the team will develop a competitive application process to determine the exact locations where the stations will be installed.

2.8.2 Selection Process for the Initial Plan

The team will use numerous competitive application processes for the various stretches of highway corridors throughout the state. The process will only allow applicants to submit an application if they own land along the particular stretch of the applicable highway corridor and are located within a relatively short distance (e.g. one mile) of a highway exit. The team of

stakeholders may make exceptions to these criteria where necessary and/or develop additional eligibility criteria where it would be beneficial. In each application process, the team will generally award funds to the application that proposes the lowest ratio of VW Trust fund dollars per plug installed. However, the team may decide to also give some type of preferential treatment based on other criteria such as distance/visibility from a highway exit, proposed consumer rates to be charged, proposed hours of operation, proximity to and types of amenities available to charging customers, financial stability of the location owner and their ability to maintain and operate the equipment, and/or other factors.

2.8.3 Contingency Measure #1 for Unused Funding

If any funding remains in the award category after the team has achieved the goal for the minimum highway corridor EV fast charging station network, the Department will use it to fund a competitive application process for workplace and multi-unit dwelling level 2 stations. If this contingency is necessary, the Department will establish three separate area-specific funding pools within this award category, including the St. Louis area pool, the Kansas City area pool, and the statewide pool. The Department will dedicate 25 percent of the total amount of remaining funding in this award category to the St. Louis area pool; 10 percent to the Kansas City area pool; and 65 percent to the statewide pool. For any applications submitted in the St. Louis or Kansas City area-specific pools that the Department does not select to receive funding due to insufficient funding in those pools, the applications will compete against applications in the statewide pool. If this contingency is triggered, the Department does not intend to have a fourth funding pool that is reserved for areas of the state other than St. Louis and Kansas City like the Department plans to do with award categories #2, #3, and #4. However, projects in these areas of the state can still apply and receive funding through the statewide pool.

If this contingency is triggered, the scoring process in all three pools will assign 90 percent of the score based on the ratio of VW Trust dollars per plug installed to incentivize additional cost share and low cost proposals. The Department will base the remaining ten (10) percent of the score on the geographic location for the proposed charging stations. See Chapter 4 of this document for an explanation about the timing associated with initiating this contingency measure.

2.8.4 Contingency Measure #2 for Unused Funding

If this award category has dedicated funds remaining after the Department has funded all eligible applications from contingency measure #2, the Department will divide the funds evenly and move them to award categories #1, #2, and #3. See Chapter 4 of this document for an explanation about the timing associated with moving funds from one award category to another.

3. Administrative Costs

According to the federal VW consent decree, for any eligible mitigation action, beneficiaries may use VW Trust funds for actual administrative expenditures (described below) associated with implementing such eligible mitigation action, but not to exceed 15 percent of the total cost of such eligible mitigation action. The 15 percent cap includes the aggregated amount of eligible administrative expenditures incurred by the beneficiary and any third-party contractors. The Department has listed the following eligible administrative costs below for convenience. This language comes directly from Appendix D-2 of the VW federal consent decree.

1. Personnel including costs of employee salaries and wages, but not consultants
2. Fringe benefits including the costs of employee fringe benefits such as health insurance, FICA, retirement, life insurance, and payroll taxes.
3. Travel including costs of mitigation action-related travel by program staff, but does not include consultant travel.
4. Supplies including tangible property purchased in support of the mitigation action that will be expensed on the statement of activities, such as educational publications, office supplies, etc. Identify general categories of supplies and their mitigation action costs.
5. Contractual including all contracted services and goods except for those charged under other categories such as supplies, construction, etc. Contracts for evaluation and consulting services and contracts with sub-recipient organizations are included.
6. Construction including costs associated with ordinary or normal rearrangement and alteration of facilities.
7. Other costs including insurance, professional services, occupancy and equipment leases, printing and publication, training, indirect costs, and accounting.

As discussed in Missouri's beneficiary mitigation plan, the Department expects to spend a minimum of two percent for administrative costs associated with an eligible mitigation action. For every individual eligible mitigation action, the Department plans to set aside funds from the award category in which the action was selected to receive funds in order to cover anticipated Department administrative expenses associated with selecting the project, awarding the funds, overseeing the project, submitting funding requests, and reporting to the trustee and the public on project implementation. As outlined by the consent decree, this amount can never be more than 15 percent of the total cost of the individual eligible mitigation action and the Department commits that this cost will not exceed 10 percent of the trust proceeds over the life of the program.

In addition, the Department will not allow for any third party administrative costs associated with implementing eligible mitigation actions under the VW Trust. The exclusion of third party administrative costs will allow more funding for eligible mitigation actions themselves, thus maximizing the benefit of the VW Trust funds in Missouri.

Note, in award categories where an applicant applies for and is awarded funding for electric charging infrastructure for vehicles or equipment, the costs incurred by the applicant to pay third parties for planning, zoning, electrical engineering, etc. that are necessary to ensure the safe, legal, and reliable installation of the electric charging infrastructure, the Department will not

consider such costs to be administrative expenses. Instead, the Department will consider such expenses as an eligible cost to implement the eligible mitigation action. The Department will require applicants to submit documentation to explain why any such services were necessary for the safe, legal, and reliable installation of the electric charging infrastructure.

4. Timing of Awards and Funding Disbursement

As described in the federal VW consent decree, no beneficiary may request payout of more than: (i) one-third of its total allocation during the first year after the Settling defendants make the initial deposit, or (ii) two-thirds of its total allocation during the first two years after the Settling defendants make the initial deposit. Missouri's total allocation under the VW Trust is \$41,152,051.74. Therefore one-third of this amount is equal to \$13,717,350.58, and two-thirds of this amount is equal to \$27,434,701.16. The settling defendants made their initial deposit into the VW Trust in October 2017. Therefore, Missouri may withdraw no more than approximately \$13.7 million and \$27.4 million from the trust until October 2018 and 2019, respectively. As such, the Department must ensure that payments totaling one third and two thirds of the state's total allocation will not occur until at least October 2018 and 2019, respectively, when the full \$41 million will be available for disbursement. Due to the application and selection process, and the timing necessary for fleets to implement eligible mitigation actions, the Department does not expect the trigger date in October of 2018 to cause any difficulties for Missouri. It is possible and even likely that the Department will not have even made its first funding requests by that date.

The timing associated with application rounds in three of the award categories will ensure that the Department will not request funds in excess of \$27.4 million by October 2019. For award category #1 (school buses), award category #7 (DERA option), and award category #8 (EV charging stations), the Department does not expect for the vast majority of the funding in those award categories to be drawn down prior to October 2019. The total funding associated with these three award categories is \$21.15 million. While the Department does plan to draw down a small portion of the funding in award category #7 (DERA option) to implement the State DERA grant in 2018, the amount drawn from that pool should not be any more than one tenth of the total funding dedicated to that pool. For award category #8 (EV charging stations), the Department will not make any funds dedicated to that pool available for draw down until after October of 2019. This is necessary to help the team gather information associated with Electrify America's plan to install EV charging stations around the country so that the Department-led team can use the funds in award category #8 at strategic locations in order to maximize their effectiveness at eliminating range anxiety for current and prospective EV owners. Finally, for award category #1, the Department may draw down some funding in 2018 or early 2019 to fund early school bus replacements that apply for, but the Department does not select to receive, DERA grant awards in the initial DERA application round. However, the Department does not expect this amount to be any more than \$1 - \$2 million based on Missouri's past experience with implementing early school bus replacement programs with DERA funding. The initial application round under award category #1 (school buses), where government-owned school bus replacements will be eligible for approximately 50 percent of the cost of the new buses will not be opened until summer of 2019, and payments to selected fleets will not be available until October 2019, when Missouri will have access to the full \$41 million in VW Trust funds.

For all other award categories, the Department plans to open the initial application and selection process in the summer of 2018 with payments to successful applicants occurring no earlier than September 2018. This plan should minimize any disruptions or lengthy delays for successful applicants to receive funds to implement their eligible mitigation actions.

Several of the award categories include planned or possible (as a contingency) additional application and selection rounds. The following sections list these award categories along with the tentative timing associated with initiating the additional rounds.

Award Category #1 (School Buses)

- The Department will award funds from this award category to schools that applied, but the Department did not select to receive funding in the initial application round from the DERA option award category. The Department plans for the 2018 DERA application process to occur in the summer of 2018 with funding available to successful applicants beginning in October 2018.
- The Department plans for the initial round of applications for this award category, specifically where applicants will be eligible to receive VW Trust funds to cover approximately 50 percent of the cost of a government owned bus, to occur in the summer of 2019 with funding available to successful applicants in the fall of 2019.
- Any rounds needed after that will occur approximately one to two years apart.

Award Category #2 (Government Trucks)

- The Department expects the initial round of applications for this award category to occur in the summer or fall of 2018 with funding available to successful applicants in the fall or winter of 2018.
- Any rounds needed after the initial round will occur approximately two years apart.

Award Category #3 (Transit and Shuttle Buses)

- The Department expects the initial round of applications for this award category to occur in the summer or fall of 2018 with funding available to successful applicants in the fall or winter of 2018.
- Any rounds needed after the initial round will occur approximately two years apart.

Award Category #7 (DERA Option)

- The Department expects the initial round of applications for this award category to occur in the summer of 2018 with funding available to successful applicants beginning in October of 2018.
- The Department expects all application rounds after the initial round to occur between January and March every year, and funds will be available to successful applicants in October of those years.

Award Category #8 (Electric Vehicle Charging Stations)

- The Department-led team will plan to begin opening the application processes for the highway network in 2019. The Department expects that the team and successful applicants will complete the work necessary to achieve the highway network goal by 2022.
- The contingency application rounds, if necessary, will occur in 2022 or possibly earlier if the Department-led team has accomplished the highway network goal.

5. Public Participation

The federal VW consent decree requires that beneficiaries explain the process they used to seek and consider public input on their beneficiary mitigation plan. Although this implementation guidelines document is not officially part of Missouri's beneficiary mitigation plan and Missouri is not submitting it to the Trustee for the VW Trust, extensive public input and comment has informed this guidelines document, and the guidelines will continue to be subject to public input and comment. From October 2017 through February 2018, the Department has performed public outreach to solicit public input to inform both the beneficiary mitigation plan and this implementation guidelines document. This outreach process has included the following as of March of 2018:

- Four general meetings in St. Louis, Kansas City, Springfield and Jefferson City
- Two in-depth advisory committee meetings in Jefferson City
- Two online surveys
- 94 comments received through Missouri's VW Trust website; and
- 27 emailed comments received

The Department used the input received at the meetings, through the surveys, and from written comments to inform Missouri's beneficiary mitigation plan and this implementation guidelines document. The Department has posted all of the following outreach related material on <https://dnr.mo.gov/env/apcp/vw/index.html>, Missouri's VW Trust website: presentations, agendas, and attendance lists from all six of the meetings held, all comments received through the online comment portal, all written comments received via mail or email, and copies of the surveys that were sent out to the public and the Missouri VW Advisory Committee. In addition, both the mitigation plan and this implementation guidelines document will undergo a public notice and comment period prior to finalization. Specifically, the Department will –

- Post the draft mitigation plan and implementation guidelines document on the Missouri Volkswagen Trust website: dnr.mo.gov/env/apcp/vw
- Host an open meeting to receive comments on the draft mitigation plan and implementation guidelines document.
- Accept public comments for at least 30 days on both the draft mitigation plan and implementation guidelines.

The Department will consider all input received prior to finalizing the beneficiary mitigation plan or implementation guidelines document, and the Department will make final versions of both documents available for public review. Any future amendments to either the mitigation plan or this implementation guidelines document will also undergo a similar public notice and comment process.