



DEPARTMENT OF
ECOLOGY
State of Washington

**Washington State
Volkswagen Settlement Grants
Announcement of Funds Available and
Grant Guidelines to Replace/Repower
Fossil Fuel Powered Transit Buses
with All-Electric Transit Buses**

Prepared by

**Cindy James
Diesel Grants and Contracts Coordinator
Air Quality Program**

March 12, 2019
Publication 18-02-040

To request ADA accommodation, call (360) 407-6800, 711 (relay service), or
877-833-6341 (TTY)

Washington State Volkswagen Settlement Grants
Announcement of Funds Available and Grant Guidelines
for Repowering/Replacing Transit Buses with All-Electric Transit Buses
2019 Funding
March 12, 2019

Apply to: Ecology Air Quality Program
Title: VW Federal Settlement - Grants, 2019 Funding
Action: Request for Grant Funding
Due Date: Thursday, April 25, 2019

Summary: This notice announces funding available to help Washington transit authorities reduce toxic and greenhouse gas emissions from publicly owned heavy-duty, fossil fuel powered transit buses in Washington by:

- Scrapping and replacing buses with all-electric buses, or
- Scrapping the fossil fuel powered engines and repowering buses with all-electric engines

Examples of eligible fossil fuels include diesel, gasoline, natural gas, and propane.

Amount of Funding Available: Approximately \$13,500,000 is available for eligible projects.

Application Deadline: Applicants must submit applications by 5 PM PST, April 25, 2019.

Note: Ecology has an electronic grant and loan application system called EAGL (Ecology Administration of Grants and Loans). See Application Process for more details.

Notice of Awards: Ecology will notify successful recipients of awards May 23, 2019.

Award and Required Cost Share: Ecology will provide:

- Up to \$300,000 per bus to help cover the cost difference between a new fossil fuel powered bus and a new all-electric powered bus. The recipient may use up to \$100,000 of the awarded funds to help pay for the cost of the associated electric charging infrastructure.
- Up to \$300,000 per repowered engine to cover the cost for a repowered all-electric engine. The recipient may use up to \$100,000 of the awarded funds to help pay for the cost of the associated electric charging infrastructure.

Matching Funds and Grant Period: The grant recipient should take possession of the new electric or repowered electric bus by May 31, 2023. This grant period will allow transit authorities the additional opportunities to acquire matching funds.

Application Process: All applicants must submit applications through the electronic grant and loan application system called EAGL (Ecology Administration of Grants and Loans). To apply through EAGL, applicants must first register for a Secure Access Washington (SAW) account and an EAGL account. Detailed instructions for new and current EAGL users are at: <https://ecology.wa.gov/About-us/How-we-operate/Grants-loans>

For more information or help, call Cindy James at (360) 407-6568, or email at Cindy.James@ecy.wa.gov.

For all project proposals, applicants must submit:

- an application using EAGL (<https://ecology.wa.gov/About-us/How-we-operate/Grants-loans>),
- a list of fossil fuel powered transit buses or engines to be scrapped and replaced (list form is available on the EAGL application), and
- the amount of funding requested to repower or purchase each new all-electric bus
- a cover letter describing:
 1. the number and model of all-electric buses, engines, and charging equipment currently in the fleet;
 2. the number and model of all-electric buses or engines currently on order;
 3. the level of interest or future commitment, including current and future budgets, to convert or replace buses within your fleet to all-electric;
 4. the committed current and future budgets to purchase any needed charging equipment;
 5. the estimated purchase costs for each all-electric bus or all-electric powered engine to be purchased with these grant funds;
 6. If the applicant will use grant funds to help pay charging infrastructure costs, then include the charging infrastructure costs for both equipment and labor.

Overview of Award Process

Ecology is offering funds to Washington Transit Authorities to help accelerate the transformation to all-electric powered transit fleets. Investing in zero-emission technologies will help address current air pollution problems, avoid future air pollution problems, and improve both near and long-term public health in communities historically disproportionately impacted by diesel pollution.

Eligible Project Categories:

- Scrap and replace of pre-2007, fossil fuel powered transit buses with all-electric powered buses, including associated charging infrastructure.
- Scrap and repower of pre-2007, fossil fuel powered transit bus engines with all-electric powered engines, including associated charging infrastructure.
- Associated electric charging infrastructure: The grant recipient may use grant funds to pay up to 70% of the cost attributed to purchasing and installing charging infrastructure, not to exceed \$100,000. The recipient must combine this use of funds with the scrap and replace/repower of a fossil fuel powered bus with an electric powered bus.

Eligible Applicants: Transit Authorities operating in Washington

Grant Requirements: To qualify for grant funds, transit authorities must meet and document the ability to provide:

1. Charging infrastructure prior to receiving delivery of the new all-electric bus, and
2. All necessary funds needed to fully purchase each all-electric bus or all-electric engine. (Necessary funds include the cost difference between the Ecology grant and the full purchase price of the new all-electric bus or all-electric motor.)

Background: Diesel emissions contain a hazardous mixture of pollutants that have serious health effects. Diesel exhaust has been linked to the onset or worsening of most major, chronic and/or terminal diseases, including cancer, emphysema, auto-immune disorders, asthma, heart disease, stroke, and the underdevelopment of children's lungs. When inhaled, fine particles in diesel exhaust penetrate the lungs and remain there indefinitely to aggravate or create both lung and heart conditions. Research also indicates diesel emissions cause premature deaths of people regularly exposed to these toxins. For this reason, diesel exhaust is one of the most toxic forms of air pollution.

For violating the Federal Clean Air Act, Volkswagen (VW) agreed to provide Washington \$112.7 million to fund diesel emission reduction projects. Ecology will use \$13,500,000 to help accelerate the transit fossil fuel powered bus fleet turnover to all-electric buses, reduce toxic air pollution to sensitive populations, to benefit disproportionately impacted communities, and to reduce greenhouse gases.

Projects funded by these grants will:

- Reduce toxic air pollution among disproportionately impacted communities in Air Quality Priority counties
- Reduce greenhouse gases that help Washington meet its greenhouse gas reduction goals
- Help accelerate the adoption of zero emission transit buses

These grant awards align with the state's objectives under the:

- Washington Clean Air Act
- Diesel Particulate Emission Reduction Strategy for Washington State
- Washington GHG emission reduction limits (70.235 RCW)
- Results Washington Clean Transportation outcomes and indicators
- Washington State Clean Energy Fund

Washington Air Quality (AQ) Priority Counties: In AQ Priority Counties, transportation generates significant amounts of air pollution. These fourteen Washington AQ Priority Counties (see table 1) contain about 85% of the state’s population. These counties also contain the highest twentieth percentile of the state’s population disproportionately impacted by diesel air pollution.*

Ecology compiled the list of thirteen Air Quality Priority Counties from the following lists:

- EPA 2018 Priority County List for the National Air Toxics Assessment (NATA) <https://www.epa.gov/sites/production/files/2018-04/documents/fy18-priority-counties-national.pdf>
- Washington non-attainment/maintenance areas for National Ambient Air Quality Standards (NAAQS) https://www3.epa.gov/airquality/greenbook/anayo_wa.html
- Washington Tracking Network’s (WTN) “Diesel and Disproportionately Impacted Communities” Index* <https://fortress.wa.gov/doh/wtn/wtnibl/>

Table 1: Washington Air Quality Priority Counties*

Priority Counties	EPA NATA	EPA NAAQS	Disproportionately Impacted Area**
Benton			X
Clallam			X
Clark	X	X	X
Cowlitz			X
Franklin			X
King	X	X	X
Lewis			X
Pierce	X	X	X
Skagit	X		X
Snohomish	X	X	X
Spokane		X	X
Thurston		X	X
Whatcom	X		X
Yakima		X	X
Total Counties	6	7	14

*AQ Priority Counties updated 12/21/2018

** “Disproportionately Impacted Communities” include those census tracts in the top 20th percentile for exposure to diesel emissions and for a specific list of socioeconomic factors. These communities have historically borne the greatest health impact for exposure to diesel air pollution.

For the list of Washington Air Quality Priority Counties, Ecology calculated the percent of violating VW vehicles and the percent of disproportionately impacted population. At a county level, Table 2 reports the relative pollution contribution from the violating VW vehicles and the relative pollution impact on the disproportionately impacted population. These fourteen AQ priority counties have 84% of the state's violating VW vehicles and 100% of the disproportionately impacted population.

Table 2: Washington Air Quality Priority Counties*

Priority Counties	% of Disproportionately Impacted Population	% of Violating VW Vehicles
Lewis	0.3%	0.8%
Clallam	0.3%	1.0%
Benton	0.3%	2.2%
Franklin	0.5%	0.5%
Thurston	0.5%	3.9%
Whatcom	0.5%	4.2%
Cowlitz	0.8%	1.0%
Skagit	0.8%	2.4%
Yakima	1.9%	1.7%
Spokane	7.3%	3.1%
Clark	8.7%	6.5%
Pierce	13.3%	9.0%
Snohomish	16.1%	9.2%
King	51.1%	38.2%
Total	100%	83.7%

*AQ Priority Counties updated 12/21/2018

Scoring

Ecology will use the list of Air Quality Priority Counties to score the applicants. See Table 1. Applicants can receive scores of up to a maximum of five (5) points. Each county identified as an:

- EPA NATA county will receive a score of 1 point
- EPA NAAQS county will receive a score of 1 point
- Disproportionately impacted area will receive a score of 3 points

Table 3: Scoring per County

Score	Counties
3	Benton, Franklin, Clallam, Cowlitz, Lewis
4	Skagit, Spokane, Thurston, Whatcom, Yakima
5	Clark, King, Pierce, Snohomish

Award of Funds: Ecology will utilize the percent of “Disproportionately Impacted Population” in Washington counties to help scale the size of awards. See Table 3.

Table 3: Potential Award Amount

Percent of Disproportionately Impacted Population	Counties	Potential Award per County
Less than 5%	<u>Score</u> • Benton, Franklin, Clallam, Cowlitz, Lewis = 3 • Skagit, Thurston, Whatcom, & Yakima = 4	≤ \$1,000,000
5% to 10%	<u>Score</u> • Spokane = 4 • Clark = 5	≤ \$2,000,000
11% to 20%	<u>Score</u> • Pierce & Snohomish = 5	≤ \$3,000,000
Greater than 20%	<u>Score</u> • King = 5	≤ \$7,000,000

The total number of applicants, the percent of disproportionately impacted population, and the priority counties score will determine the amount of award for each recipient.

Amount of Award per Bus and Required Cost Share: Ecology will provide:

- Up to \$300,000 per bus to help cover the cost difference between a new fossil fuel powered bus and a new all-electric powered bus, including associated charging infrastructure.
- Up to \$300,000 per repowered engine to cover the cost for a repowered all-electric engine, including associated charging infrastructure.
- Up to \$100,000 to help cover the cost of purchasing and installing charging infrastructure. The recipient must combine this use of funds with the scrap and replace/repower of a fossil fuel powered bus with an electric powered bus.

The grant awardee must provide the remaining cost difference for the new all-electric bus, or the repowered all-electric motor, and/or the electric charging infrastructure. The grant awardee must ensure to Ecology that the transit authority will provide the charging infrastructure or the new all-electric bus or motor.

Eligible Charging Infrastructure Costs: Grant recipient must have electric bus charging infrastructure in place prior to taking possession of new electric bus funded by this grant.

- Eligible costs include parts, materials, and labor from start of property line to bus battery connection, including items such as transformer, electrical wiring, conduit, trenching, electrical panel, charger, permit, and engineering consultation as part of materials and installation contract.
- Ineligible costs include such items as feasibility studies, costs not directly associated with electric charging infrastructure contract, and administration costs.

Scrap and Replacement Conditions:

The to-be-scraped transit buses must currently be:

- Part of the applicant's fleet.
- Licensed, registered, and insured for on-road operation in Washington at least one (1) previous year from date of award.

The grant recipient must provide to Ecology documentation of the permanent destruction of the pre-2007 transit bus or engine. The documentation must include:

- Completed and signed certificate of destruction provided by Ecology.
- Use of acceptable methods of permanent destruction required by the VW federal settlement agreement , which includes:
 - rendering the vehicle inoperable and available for recycling;
 - at, a minimum cutting a 3 inch by 3 inch hole in the engine block;
 - if the vehicle is scrapped and replaced, then disabling the chassis by cutting the vehicle's frame rails in half.
- Scrappage documentation signed by a licensed scrap yard
- Digital photographs or other materials documenting the destruction.