

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification
State of Hawaii

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary State of Hawaii

Hawaii Department of Business, Economic Development, and

Lead Agency Authorized to Act on Behalf of the Beneficiary Tourism
 (Any authorized person with delegation of such authority to direct the Trustee delivered to the Trustee pursuant to a Delegation of Authority and Certificate of Incumbency)

Action Title:	Action 2: Hawaii Zero Emission Bus Project
Beneficiary's Project ID:	VW - 0010 – 0004
Funding Request No.	(sequential) 5
Request Type: (select one or more)	<input type="checkbox"/> Reimbursement <input checked="" type="checkbox"/> Advance <input type="checkbox"/> Other (specify): _____
Payment to be made to: (select one or more)	<input checked="" type="checkbox"/> Beneficiary <input type="checkbox"/> Other (specify): _____
Funding Request & Direction (Attachment A)	<input checked="" type="checkbox"/> Attached to this Certification <input type="checkbox"/> To be Provided Separately

SUMMARY

Eligible Mitigation Action <input checked="" type="checkbox"/> Appendix D-2 item(specify): <u>2</u>
Action Type Item 10 - DERA Option (5.2.12) (specify and attach DERA Proposal):
Explanation of how funding request fits into Beneficiary's Mitigation Plan (5.2.1): Per Hawaii's Beneficiary Mitigation Plan (BMP) Section 6.3.1, this funding request is submitted for Eligible Mitigation Action #2 - Electrify Class 4-8 School Buses, Shuttle Buses, or Transit Buses. Hawaii's BMP highlights the benefit of using this funding for government-owned vehicles as an action that is directly under the state's control, demonstrates leadership, and is an essential step towards decarbonizing ground transportation. HSEO is currently assessing opportunities to utilize this funding including one such opportunity called the Hawaii Zero Emission Bus Pilot (HZEB). The project under the HZEB program that is in the planning stages between the Department of Transportation, the Hawaii State Energy Office, Maui County, Hawaii County, and Kauai County. This project would combine multiple funding sources, including VW dollars to purchase up to 12 battery-electric buses, 4 for each county. In the event that this specific project does not utilize all of the School, Shuttle, and Transit Bus Program funds, the funds will be applied to projects that meet similar goals as illustrated here and in the Beneficiary Mitigation Plan. Consistent with BMP Section 6.3.1, the priority is to work with government fleets. If, however, circumstances and market demand necessitate, the HZEB will explore private fleets as well.

Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):

HSEO is proposing to distribute Trust funds to County and/or State agencies based on their readiness to facilitate public transit or school bus electrification projects (battery electric buses). The demonstrated ability to sustainably operate, store, and maintain these projects over the long term also is a determining factor. Ideally these projects will be scalable and provide knowledge to assist with future bus electrification projects in Hawaii.

The project under development is in partnership with the Hawaii Department of Transportation, the Hawaii State Energy Office (HSEO), Maui County, Hawaii County, and Kauai County. County and DOT funding combined with \$4.16M of VW project funds, would result in up to 12 new electric buses and associated charging equipment.

The overall program will reduce emissions, improve air quality, and protect public health in targeted residential, rural, and school zones in Hawaii that are more susceptible to criteria air pollutants. Diesel bus replacements would reduce diesel particulate matter and greenhouse gas emissions benefiting susceptible communities and improving Hawaii's air quality.

Estimate of Anticipated NOx Reductions (5.2.3):

Utilizing the EPA's Diesel Emissions Quantifier, the estimated NOx reductions is 1.445 tons over the lifetime of each bus replaced. This equates to approximately 17.34 tons for an estimated equivalent of 12 buses for the entire project.

Identification of Governmental Entity Responsible for Reviewing and Auditing Expenditures of Eligible Mitigation Action Funds to Ensure Compliance with Applicable Law (5.2.7.1):

State of Hawaii Department of Business, Economic Development, and Tourism's Hawaii State Energy Office

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

DBEDT-HSEO created a public website, <http://energy.hawaii.gov/vw-settlement/vw> for information relating to the Trust, the VW Partial Consent Trust Decrees, Hawaii's BMP, and implementation information. To provide transparency and accountability, DBEDT-HSEO will post information on its VW website.

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

HSEO has requested \$4.16M of Trust Funds for the HZEB. For the project under development the counties and DOT will be providing \$14,027,065 toward the purchase and installation of 12 battery electric buses. VW funding covers roughly 25% of total project costs.

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

On February 23, 2018, in accordance with Paragraph 4.2.8 of the Trust Agreement, DBEDT provided a copy of the Trust Agreement with Attachments to the appropriate federal agencies; notified those agencies that DBEDT may request Trust funds for use on lands within federal custody, control, or management (including, but not limited to, Clean Air Act Class I and II areas); and, set forth the procedures by which DBEDT will review, consider, and make a written determination upon requests to use federal lands for Trust-funded projects.

If applicable, describe how the mitigation action will mitigate the impacts of NOx emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions (5.2.10).

Exposure to diesel exhaust can lead to serious health conditions such as asthma and respiratory illnesses and can worsen existing heart and lung diseases, especially in children and the elderly. According to the Hawaii Health Survey, the prevalence of asthma in those 65 years and older has steadily increased since 1998. Replacing medium/heavy-duty diesel vehicles such as school buses, shuttle buses, and transit buses will reduce diesel particulate matter and greenhouse gas emissions, improve air quality, and protect public health in residential, rural, and school zones in Hawaii that are more susceptible to criteria air pollutants. While deployment location will ultimately determine how the pursued Eligible Mitigation Actions impact air quality in those locations, For resources and links refer to section 6.3.3.2 in Hawaii's BMP.

ATTACHMENTS
(CHECK BOX IF ATTACHED)

- Attachment A Funding Request and Direction.
- Attachment B Eligible Mitigation Action Management Plan Including Detailed Budget and Implementation and Expenditures Timeline (5.2.4).
- Attachment C Detailed Plan for Reporting on Eligible Mitigation Action Implementation (5.2.11).
- Attachment D Detailed cost estimates from selected or potential vendors for each proposed expenditure exceeding \$25,000 (5.2.6). [Attach only if project involves vendor expenditures exceeding \$25,000.]
- Attachment E DERA Option (5.2.12). [Attach only if using DERA option.]
- Attachment F Attachment specifying amount of requested funding to be debited against each beneficiary's allocation (5.2.13). [Attach only if this is a joint application involving multiple beneficiaries.]

CERTIFICATIONS

By submitting this application, the Lead Agency makes the following certifications:

1. This application is submitted on behalf of Beneficiary State of Hawaii,

and the person executing this certification has authority to make this certification on behalf of the Lead Agency and Beneficiary, pursuant to the Certification for Beneficiary Status filed with the Court.
2. Beneficiary requests and directs that the Trustee make the payments described in this application and Attachment A to this Form.
3. This application contains all information and certifications required by Paragraph 5.2 of the Trust Agreement, and the Trustee may rely on this application, Attachment A, and related certifications in making disbursements of trust funds for the aforementioned Project ID.
4. Any vendors were or will be selected in accordance with a jurisdiction's public contracting law as applicable. (5.2.5)
5. Beneficiary will maintain and make publicly available all documentation submitted in

support of this funding request and all records supporting all expenditures of eligible mitigation action funds subject to applicable laws governing the publication of confidential business information and personally identifiable information. (5.2.7.2)

DATED: Nov 29, 2021

Chris Yunker
Managing Director, Resilience, Clean Transportation, and
Analytics, Hawaii State Energy Office

[NAME]
[TITLE]

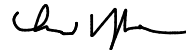
Hawaii Department of Business, Economic Development, and Tourism
- State Energy Office

[LEAD AGENCY]

for

State of Hawaii

[BENEFICIARY]



[SIGNATURE]

ATTACHMENT A

FUNDING REQUEST AND DIRECTION

(Attachment to Appendix D-4, Beneficiary Eligible Mitigation Action Certification, pursuant to Paragraph 5.2 of the Environmental Mitigation Trust Agreement)

Pursuant to the authority granted to Hawaii Department of Business, Economic Development, and Tourism [insert Lead Agency] to act on behalf of Beneficiary State of Hawaii under the Mitigation Trust, [Lead Agency] directs the Trustee to make the following payments from its subaccount no. 122969-003 to the following payees, for the amounts specified on the dates specified below.

LEAD AGENCY INFORMATION

Beneficiary Name: State of Hawaii Lead Agency Contact Person: Chris Yunker
Hawaii Department of Business, Economic Development, and Tourism
Lead Agency Name: Development, and Tourism Lead Agency Email Address: dbedt.vwsettlement@hawaii.gov
Lead Agency Address: 235 S. Beretania St. Honolulu, HI 96813 Lead Agency Fax: _____
Lead Agency Phone: 808-587-3807 Lead Agency TIN: 99-0266942

Contact information entered above may correspond to Lead Agency or any authorized person with delegation of such authority to direct the Trustee delivered to the Trustee pursuant to a Delegation of Authority and Certificate of Incumbency

MITIGATION ACTION INFORMATION

Action Title: <u>Action 2: Hawaii Zero Emission Bus Program (HZEB)</u>	Funding Request No: <u>5</u>
Beneficiary's Project ID: <u>VW - 0010 - 0004</u>	

PAYMENTS REQUESTED

(attach additional pages if needed)

Amount	Requested Date	Payee	Request Type
4,156,250	Nov 29, 2021	State of Hawaii, Director of Finance	Advance

PAYEE CONTACT AND WIRE INFORMATION

(fill out both tables below for each payee and payment identified in "Payments Requested" table on p. 1; attach additional pages if needed)

PAYEE CONTACT INFORMATION

Action Title:	Action 2 Hawaii Zero Emission Bus Program	Beneficiary Project ID:	VW - 0010 - 0004
Payee Name:	State of Hawaii, Director of Finance	Payee Contact Person:	John Myrdal
Payee Address:	235 S. Beretania St, 5th floor, Honolulu HI 96813	Payee Email Address:	john.w.myrdal@hawaii.gov
Payee Phone:	808-587-2778	Payee Fax:	
Payee TIN:	99-0266942		

Payment Amount	Requested Date	Request Type
\$4,156,250		Advance

WIRE INFORMATION

Receiving Bank Name: First Hawaiian Bank

Receiving Bank Branch: _____

Receiving Bank Address: 999 Bishop Street, Honolulu, HI 96813

Bank Swift ID: _____ National Routing No. / Bank ABA Number 121301015
(Sort Code, BLZ)

Amount of Wire: \$4,156,250

Message to Payee: Action 2 Hawaii Zero Emission Bus Program
Funding Request No. 5

Instructions to Receiving Bank: DBEDT 0208 HSEO VW

For Credit to: State of Hawaii, Director of Finance Account No. 01-000497

Other Special Instructions:



[Signature Block]

Nov 23, 2021

John Myrdal Authorized Instructor
Hawaii State Energy Office

Attachment B

Eligible Mitigation Action Management Plan Including Detailed Budget and Implementation and Expenditures Timeline (5.2.4)

Hawaii Funding Request #4: Action 2 – Hawaii Zero Emission Bus (HZEB) Program
Beneficiary’s Project ID: VW – 0010 – 0004

PROJECT MANAGEMENT PLAN

Hawaii’s Beneficiary Mitigation Plan (Section 6.3.3) allocates approximately \$4.16 million or 51 percent of Trust Funds to projects that contribute to Environmental Mitigation Action #2, Class 4-8 School Bus, Shuttle Bus, or Transit Bus. The Hawaii Department of Business Economic Development and Tourism – State Energy Office is submitting its fifth D-4 funding request to the Trustee for \$4,156,250. \$3,532,813 will be used to fund equipment via the projects described herein. Approximately \$600k will be reserved for admin spend, which may include hiring additional staff.

The project currently being developed under the HZEB program is done in partnership with the Hawaii Department of Transportation, the Hawaii State Energy Office (HSEO), Maui County, Hawaii County, and Kauai County. This project would combine multiple funding sources, including VW dollars to purchase 12 battery-electric buses along with charging infrastructure.

The counties expect to issue a joint Request for Proposal (RFP) in early 2022, and expect to make an award in March 2022. Anticipated delivery of buses is summer 2023 and the project will close in 2024.

HSEO will utilize \$3.53M of the \$4.16M to support the purchase of additional buses, with the remainder reserved for administration. Awardees would be required to cover the remaining cost-share.

Estimated project schedule and milestones, budget, and trust allocations are included below.

PROJECT SCHEDULE AND MILESTONES - Through 2024

Milestone	Estimated Time of Year
MOU signed and project formalized	Early 2022
Counties release joint RFP	Early 2022
Proposals Evaluated	March 2022
Vehicle Award and Contract	May 2022
Vehicle Delivery	July 2023

PROJECTED TRUST ALLOCATIONS

	2019		2020	2019	2021
	Project 1: DERA Honolulu Transit Bus Replacement	Project 2: DERA Vehicle Assistance Program	Project 3: Light Duty ZEV Supply Equipment	Project 2: <i>amended</i>	Project 4: Hawaii Zero Emission Bus Project
1. Anticipated Annual Project Funding Request to be paid through the Trust	\$ 230,087	\$ 316,494	\$ 1,218,750	<i>Total project 2 incremental request: \$2,203,419 Total project 2 request: \$2,519,913 *</i>	\$ 4,156,250
2. Anticipated Annual Cost Share	\$1,297,825	\$ 780,980	\$ -	anticipated <i>total</i> cost share: \$11,479,604	\$ 14,027,065
3. Anticipated Total Project Funding by Year	\$1,527,912	\$ 1,097,474	\$1,218,750	Total project funding: \$13,999,517	Equipment + charging \$ \$17,557,065
4. Cumulative Trustee Payments Made to Date Against Cumulative Approved Beneficiary Allocation	\$ -	\$ 230,087	\$ 546,581	\$1,765,331	\$3,968,750
5. Current Beneficiary Project Funding to be paid through the Trust	\$ 230,087	\$ 316,494	\$ 1,218,750	\$2,203,419	\$ 4,156,250
6. Total Funding Allocated to Beneficiary, inclusive of Current Action by Year	\$ 230,087	\$ 546,581	\$ 1,765,331	\$3,968,750	\$ 8,125,000
7. Beneficiary Share of estimated Funds Remaining in Trust	\$ 8,125,000	\$ 7,894,913	\$7,578,419	\$ 6,359,669	\$ 4,156,250
8. Net Beneficiary Funds Remaining in trust, net cumulative Beneficiary Funding Actions	\$ 7,894,913	\$ 7,578,419	\$ 6,359,669	\$4,156,250	\$ 0

* The incremental request represents the additional funds that HSEO is requesting to add to project 2. The Total project funding represents the original

request plus the incremental request and will be spread across the 7 years of the program lifetime. Administrative expenses represent 15% of total trust funds allocated to the amended project 2. The administrative portion of these incremental funds will total approximately \$330,512 through 2027.

Attachment C

Detailed Plan for Reporting on Eligible Mitigation Action Implementation (5.2.11)

Consistent with 5.2.11 of the Environmental Mitigation Trust Agreement for State Beneficiaries (Trust), Beneficiaries must submit with their Appendix D-4 request for Eligible Mitigation Action funding a detailed plan for reporting on Eligible Mitigation Action implementation. The Hawaii Department of Business, Economic Development, and Tourism Hawaii State Energy Office (DBEDT-HSEO) intends to achieve the Beneficiary Reporting Obligations as outlined with 5.3 of the Trust.

DBEDT-HSEO is devoted to carrying out the reporting requirements of the Trust, according to 5.3, Beneficiary Reporting Obligations, as described below:

For each Eligible Mitigation Action, no later than six months after receiving its first disbursement of Trust Assets, and thereafter no later than January 30 (for the preceding six-month period of July 1 to December 31) and July 30 (for the preceding six-month period of January 1 to June 30) of each year, each Beneficiary shall submit to the Trustee a semiannual report describing the progress of implementing each Eligible Mitigation Action during the six-month period leading up the reporting date (including a summary of all costs expended on the Eligible Mitigation Action through the reporting date). Such reports shall include a complete description of the status (including actual or projected termination date), development, implementation, and any modification of each approved Eligible Mitigation Action. Beneficiaries may group multiple Eligible Mitigation Actions and multiple sub-beneficiaries into a single report. These reports shall be signed by an official with the authority to submit the report for the Beneficiary and must contain an attestation that the information is true and correct and that the submission is made under penalty of perjury. To the extent a Beneficiary avails itself of the DERA Option described in Appendix D-2, that Beneficiary may submit its DERA Quarterly Programmatic reports in satisfaction of its obligations under this Paragraph as to those Eligible Mitigation actions funded through the DERA Option. The Trustee shall post each semiannual report on the State Trusts public-facing website upon receipt.

Attachment D

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

Item	Qty	Unit Cost	Tax	Unit +tax	Total (12 units)
Buses - 35'	12	\$ 830,000	4.25%	\$ 865,275	\$ 10,383,300
Extended Battery Warranty	12	\$ 75,000	4.25%	\$ 78,188	\$ 938,250
Options	12	\$ 90,000	4.25%	\$ 93,825	\$ 1,125,900
Paint/Wrap	12	\$ 10,000	4.25%	\$ 10,425	\$ 125,100
Delivery	12	\$ 21,000	4.25%	\$ 21,893	\$ 262,710
Data Access Tools	12	\$ 3,000	4.25%	\$ 3,128	\$ 37,530
Diagnostic Tools & Laptop	3	\$ 5,000	4.25%	\$ 5,213	\$ 15,638
				Bus Total	\$ 12,888,428

Charging Equipment unit cost	\$ 100,000
Charging Infrastructure	\$ 300,000

Estimated costs reflect informal quotes collected during research and discussions with battery electric bus and charger vendors. Contact details are withheld to conform with Hawaii State and County procurement laws.