

APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification

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).

N/A. All counties in SC are in attainment of the NAAQS, including the 2015 standard for ozone (i.e., 70 parts per billion).

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 South Carolina, 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: 10/4/19

Kendall Buchanan
Kendall Buchanan
Deputy Director

South Carolina Department of Insurance

[LEAD AGENCY]

for

State of South Carolina

[BENEFICIARY]

Beneficiary Eligible Mitigation Action Certification
State of South Carolina

Action Title: Round 1 Funding Awards

Project ID: VW EMT Rd 1

Explanation of how funding request fits into Beneficiary's Mitigation Plan (5.2.1):

According to the United States Environmental Protection Agency (EPA), over half (55%) of the diesel only NOx emissions in South Carolina come from on-road diesel heavy duty vehicles. Given this, and the additional considerations outlined in South Carolina's Beneficiary Mitigation Plan, South Carolina prioritized Category 2 (Class 4-8 School, Shuttle, and Transit Buses) for funding, noting that 80% to 100% of the state's allocation would be utilized to fund Eligible Mitigation Actions under this category.

Our first round of funding, which was made available in March 2019, was designed to fund up to \$10 million of Category 2 projects. Following a review of the eight applications submitted, the state awarded \$9.33 million in projects to replace 82 school and transit buses.

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

The 82 buses to be funded have been awarded as follows:

- 78 propane school buses for the South Carolina Department of Education, going to the following school districts: Horry County Schools (20), Richland District 2 (18), Beaufort County Schools (18), and Lexington District 1 (22);
- 3 electric transit buses for the Berkeley-Charleston-Dorchester Council of Governments¹ going to Charleston; and
- 1 compressed natural gas bus going to the City of Anderson.

Over 80% of Round 1 funding will be utilized to replace 78 Model Year 1988 school buses, all of which have in excess of 240,000 miles, reaching as high as 650,000 miles. These buses are well outside of their useful life, posing a risk to the safety and wellbeing of the children that rely upon them to get to and from school. They will be replaced with Model Year 2020 propane buses, resulting in cleaner, safer transportation for our students. The nitrogen oxides (NOx) emitted from the Model Year 1988 buses are rated at 10.7 versus a rating of 0.16 for the new propane school buses, as rated by current engine model standards.

Additional benefits include less noise pollution and improved operational economy due to less expensive fuel costs for propane as compared to diesel. There is also a slight reduction in the maintenance costs for propane buses as compared to diesel buses. Finally, the 78 school buses to be replaced lack many of the safety features found on newer buses, such as safer passenger seating, safer driver restraint systems, improved driver ergonomics and visibility, anti-lock brakes, self-adjusting air-brakes, electronic stability control, air ride suspension, LED lighting, additional stop arm, 360-degree exterior camera system, and air conditioning.

An additional 15% of this funding will be utilized to replace three Model Year 1996 diesel transit buses, all of which have at or near one million miles. These vehicles will be in transit revenue service seven days per week, 365 days per year, serving Route 10 on Rivers Avenue (US 78) in the greater

¹ The Berkeley-Charleston-Dorchester Council of Governments (BCDCOG) is the administrating and planning agency for the Charleston Area Regional Transportation Authority (CARTA)

Beneficiary Eligible Mitigation Action Certification

State of South Carolina

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Project ID: VW EMT Rd 1

Charleston area. This is CARTA's most productive route, serving 25% of its riders with a little more than 1 million riders per year, and operates along the Region's first proposed bus rapid transit corridor.

Seventy percent (70%) of the route's riders are transit dependent. Many of these riders are traveling to work and this route services Trident Health Systems, the Medical University of South Carolina, the Charleston peninsula, Boeing (through connection), and the airport (through connection), among others. Further, this route serves several census tracts designated as Opportunity Zones (low income households that have historically experienced the negative health effects of emissions from industrial, roadway, and rail projects).

Route 10 is operational from 6:00am to 1:00am on weekdays and 7:00am to 12:00am on weekends with an average annual mileage of 60,930 miles per bus.

These electric transit buses will help to reduce congestion and emissions from traffic growth in one of the most quickly growing areas of our state. Additional benefits include better fuel economy (the average fuel economy of the buses being replaced is less than 5 mpg) and lower maintenance costs. Proterra has estimated a savings of \$448,000 over a 12-year lifetime for an all-electric bus as compared to a traditional diesel vehicle.

The remaining Round 1 funding will replace a Model Year 2006 diesel bus with nearly 400,000 miles with a Model Year 2020 compressed natural gas (CNG) bus. It will operate in the highest density areas of the City of Anderson. The transit bus will be in service Monday through Friday from 6:30am to 6:30pm, excluding state holidays, with an estimated average annual mileage in excess of 50,000 miles. The City has already realized maintenance cost savings from the two existing CNG buses recently added to their fleet. They also report minimal repair costs and additional costs savings realized through their preventive maintenance and training programs.

Estimate of Anticipated NOx Reductions (5.2.3):

We calculated anticipated NOx reductions utilizing a publicly available environmental tool, the Argonne National Laboratory Heavy-Duty Vehicle Emissions Calculator (HDVEC). The HDVEC was used to calculate an estimate of NOx emission reductions over the lifetime of the project for each of the projects funded. It also provided calculations of reductions in particulate matter (PM_{2.5}) and greenhouse gases (GHGs). We combined the results for all three funded projects to develop aggregated estimates of anticipated NOx reductions.

Based upon the HDVEC tool, the 82 buses will reduce emissions as follows:

- -64,102 lbs of NOx,
- -1,389 lbs of PM_{2.5}, and
- -2,678 short tons of GHGs

Beneficiary Eligible Mitigation Action Certification
State of South Carolina

Action Title: Round 1 Funding Awards

Project ID: VW EMT Rd 1

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

Our public records policy is outlined in Section VII of the state's Beneficiary Mitigation Plan (BMP) and in Section III of the Request for Applications: Round 1 - Application Manual. What follows is an excerpt from the Application Manual.

South Carolina's Records

As noted in the state's BMP, South Carolina is committed to an implementation process that is open and transparent. Accordingly, all applications for funding will be made publicly available on the VW website at vwsettlement.sc.gov. Further, all documentation and records submitted by South Carolina in support of a funding request, including documentation and records supporting expenditures, will be posted on this website. For more information on public access to documents related to the EMT, please refer to Section VII of the state's Beneficiary Mitigation Plan.

National Trustee's Records

In addition to the South Carolina Department of Insurance (SCDOI) making the above-referenced information publicly available, the National Trustee has established a website, <https://www.vwenvironmentalmitigationtrust.com>, where the Trustee will post each funding request.

Treatment of Confidential Information

The SCDOI will maintain the confidentiality of certain items that are exempt from the South Carolina Freedom of Information Act (FOIA), SC Code §30-4-10 et seq. An applicant or funding recipient is required to identify any item that they believe to be exempt from FOIA as a part of their application for funding or submission of documentation relating to a funding award. The SCDOI will review any requests for redaction to determine whether such information should be withheld from public disclosure pursuant to FOIA. The publication of records relating to the VW EMT will also be governed by the Family Privacy Protection Act, SC Code §30-2-10 et seq. Pursuant to the Act, the SCDOI will redact personal information, which includes bank account numbers.

Record Retention

The Finalized Trust Agreement requires that South Carolina maintain and make publicly available all documentation and records discussed in this section until the Termination Date of the Trust pursuant to Paragraph 6.8 of the Trust Agreement.

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

As noted below, each funding recipient is expected to allocate any scrap revenue toward the overall project costs with any such revenue reducing the costs to be borne through the Volkswagen Environmental Mitigation Trust. In addition, the transit buses include external funding sources as outlined below.

Beneficiary Eligible Mitigation Action Certification

State of South Carolina

Action Title: Round 1 Funding Awards

Project ID: VW EMT Rd 1

1. SC Department of Education

- ✓ 78 Thomas Built propane school buses
- ✓ Award Amount: Up to \$7,872,618.00
- ✓ Total Project Costs: \$7,872,618.00
- ✓ SCDOE will provide funding from the following sources:
 - Revenues (if any) from scrappage of buses to be replaced will be allocated toward project costs

2. Berkeley-Charleston-Dorchester Council of Governments

- ✓ 3 Proterra electric transit buses + charging stations will be purchased for CARTA
- ✓ Award Amount: Up to \$1,386,950.40
- ✓ Total Project Costs: \$1,963,014.00
- ✓ BCDCOG will provide funding from the following sources:
 - 29% of total project costs will be funded through Charleston County sales tax (\$576,063.60).
 - Revenues (if any) from scrappage of buses to be replaced will be allocated toward project costs; however, any federal reimbursement required for proceeds in excess of \$5,000 per vehicle will not be included in this offset.
 - The annual lease expenditure for the electric battery used in each bus will be funded through Charleston County sales tax.

3. City of Anderson

- ✓ 1 Eldorado National Axess CNG transit bus
- ✓ Award Amount: Up to \$73,568.55
- ✓ Total Project Costs: \$490,457.00
- ✓ COA will provide funding from the following sources:
 - 85% of total project costs will be funded through a federal grant (\$416,888.45)
 - Revenues (if any) from scrappage of buses to be replaced will be allocated toward project costs

The total project costs for the above projects (including external funding sources) total \$10,326,089. This figure does not account for the one percent budgeted for administrative expenses.

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

In late February 2018, SCDOI Director Ray Farmer sent a letter to representatives of the US Department of Interior and the US Department of Agriculture notifying them of the availability of Environmental Mitigation Action funds as required under Subparagraph 4.2.8 of the Volkswagen Diesel Emissions Environmental Mitigation Trust for State Beneficiaries, Puerto Rico, and the District of Columbia (the "State Trust Agreement"). This letter was sent via United States postal mail delivery and electronic mail delivery to the addresses provided in the State Trust Agreement.

Beneficiary Eligible Mitigation Action Certification
State of South Carolina

Action Title: Round 1 Funding Awards

Project ID: VW EMT Rd 1

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

Pursuant to Subparagraph 5.2.4 of the State Trust Agreement, the SCDOI submits the following detailed budget and implementation and expenditure timeline. All dates are estimates and are subject to change. Some milestones are specific to one or more funding recipients and are notated accordingly.

ROUND 1 FUNDING: PROJECT IMPLEMENTATION SCHEDULE AND MILESTONES

Milestone	Estimated Date
SCDOI issues request for applications for Round 1 funding	3/18/19
Deadline for Applications for Round 1 funding	5/17/19
SCDOI provides written approval to funding recipients	7/29/19
Funding recipients execute required Funding Agreement w/ SCDOI	8/28/19
City of Anderson provides documentation of federal cost share	8/28/19
BCDCOG finalizes procurement contract (others already in place)	8/30/19
SCDOI Submits D-4 to Wilmington Trust	9/5/19
Wilmington Trust approves D-4	D-4 Submission + 60 days
Orders placed for replacement buses <ul style="list-style-type: none"> • SC Department of Education • BCDCOG • City of Anderson 	8/19/19 8/30/19 8/27/19
Delivery of replacement buses <ul style="list-style-type: none"> • SC Department of Education • BCDCOG • City of Anderson 	3/4/20 8/30/20 9/13/20
Start of operation of new buses <ul style="list-style-type: none"> • SC Department of Education • BCDCOG • City of Anderson 	3/11/20 9/30/20 11/1/20
Scrappage of diesel buses being replaced ² <ul style="list-style-type: none"> • SC Department of Education • BCDCOG • City of Anderson 	3/17/20 12/30/20 11/1/20
SCDOI verifies scrappage of diesel buses being replaced	Scrappage + 30 days
Attachment A submitted to request payment for SC Department of Education	3/5/20
Disbursement of Trust Assets for SC Department of Education	3/20/20
1 st reports due from funding recipients to SCDOI	1 st Disbursement + 5 mos
1 st report due to Wilmington Trust	1 st Disbursement + 6 mos

² SCDOI has imposed a deadline for scrappage of 90 days from receipt of new buses.

Beneficiary Eligible Mitigation Action Certification

State of South Carolina

Action Title: Round 1 Funding Awards

Project ID: VW EMT Rd 1

Attachment A submitted to request payment for BCDCOG	9/15/20
Disbursement of Trust Assets for BCDCOG	9/30/20
Attachment A submitted to request payment for City of Anderson	9/30/20
Disbursement of Trust Assets for City of Anderson	10/15/20
Attachment A submitted for any outstanding funding needs (after verifying scrappage revenue, if any)	11/5/20
Disbursement of Trust Assets for remainder of outstanding funds (if any)	11/20/20
Project completion deadline (24 mos following Funding Agreement execution)	8/28/21
SCDOI verifies, reports project completion to Wilmington Trust	9/21/21
Semiannual reports due from funding recipients to SCDOI	1/10 and 7/10
Aggregated semiannual reports due to Wilmington Trust	1/30 and 7/30

Beneficiary Eligible Mitigation Action Certification
 State of South Carolina

Action Title: Round 1 Funding Awards

Project ID: VW EMT Rd 1

ROUND 1 FUNDING BUDGET

<i>Budget Category</i>	<i>Total Approved Budget</i>	<i>Share of Total Budget to be Funded by the Trust</i>	<i>Cost Share* (if applicable)</i>
Equipment Expenditure – Propane School Buses (78)	\$7,872,618.00	\$7,872,618.00	\$0.00
Equipment Expenditure – Electric Transit Buses (3)	\$1,783,014.00	\$1,282,950.40	\$500,063.60
Equipment Expenditure – Electric Charging Station(s)	\$180,000.00	\$104,000.00	\$76,000.00
Equipment Expenditure – CNG Transit Bus (1)	\$490,457.00	\$73,568.55	\$416,888.45
Equipment Expenditure - Subtotal	\$10,326,089.00	\$9,333,136.95	\$992,952.05
Administrative (1%)	\$93,331.37	\$93,331.37	\$0.00
Project Totals	\$10,419,420.37	\$9,426,468.32	\$992,952.05
Percentage	100%	90.5%	9.5%

*Note: the cost shares for the funding recipients noted above do not account for any revenues from scrappage of the buses to be replaced. These revenues, if any, will be added to the above cost share to reduce the share of the total budget to be funded through the Volkswagen Environmental Mitigation Trust. The cost share for the electric transit buses also does not include the annual lease expenditure for the electric battery used in each bus, which will be funded through Charleston County sales tax.

Beneficiary Eligible Mitigation Action Certification
State of South Carolina

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PROJECTED TRUST ALLOCATIONS

a. South Carolina's Allocation	\$ 33,895,491.39
b. Obligated Awards from Previous D-4 Submittals (Equipment + Administrative Costs)	\$ -
c. South Carolina's Net Allocation (line a - line b)	\$ 33,895,491.39
d. Current D-4 Funding Request for Round 1 Awards (Equipment + 1% for Administrative Costs)	\$ 9,426,468.32
e. South Carolina's Remaining, Unobligated Allocation (line c - line d)	\$ 24,469,023.07

<i>Anticipated Calendar Year for Asset Trust Distributions (Equipment + 1% for Administrative Costs for Round 1 Funding)</i>	2020	2021
1. Anticipated Annual Project Funding Request to be paid through the Trust	\$ 9,426,468.32	\$ -
2. Anticipated Annual Cost Share	\$ 992,952.05	\$ -
3. Anticipated Total Project Funding by Year (line 1 + line 2)	\$ 10,419,420.37	\$ -
4. Cumulative Trustee Payments Made Prior to Beginning of Year	\$ -	\$ 9,426,468.32
5. Current Year Beneficiary Project Funding to be paid through the Trust (line 1)	\$ 9,426,468.32	\$ -
6. Total Funding Paid to Beneficiary, inclusive of Current Action by Year (line 4 + line 5)	\$ 9,426,468.32	\$ 9,426,468.32
7. Beneficiary Share of Estimated Funds Remaining in Trust @ Beginning of Year	\$ 33,895,491.39	\$ 24,469,023.07
8. Net Beneficiary Funds Remaining in Trust @ Year End (line 7 - line 5)	\$ 24,469,023.07	\$ 24,469,023.07

Beneficiary Eligible Mitigation Action Certification
State of South Carolina

Action Title: Round 1 Funding Awards

Project ID: VW EMT Rd 1

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

What follows is an excerpt from Section II of the Request for Applications: Round 1 - Application Manual:

Regular Progress Reports Required Under Trust Agreement

Subparagraph 5.3 of the Trust Agreement outlines South Carolina's reporting obligations under the EMT. Reports are due as follows:

- First report is due six (6) months following first disbursement of Trust Assets; and
- Semi-annual reports are due thereafter by:
 - January 30th (for prior 7/1 – 12/31 period); and
 - July 30th (for prior 1/1 – 6/30 period).

Reports to the Trustee must describe the progress implementing each Eligible Mitigation Action during the six-month period leading up to 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.

In order to ensure compliance with these reporting obligations, an award recipient, as a condition of receipt of funds, agrees to submit reports containing sufficient detail to comply with these reporting requirements no later than the following dates:

- First report is due five (5) months following first disbursement of Trust Assets; and
- Semi-annual reports are due thereafter by:
 - January 10th (for prior 7/1 – 12/31 period); and
 - July 10th (for prior 1/1 – 6/30 period).

Reports must contain the following certifying statement: "These reports shall be signed by an official with the authority to submit the report and must contain an attestation that the information is true and correct and that the submission is made under penalty of perjury."

These reports will be submitted until such time as the project is completed and written notice is provided by the SCDOI that further reports are no longer required. A final report with aggregated data will be required to provide a comprehensive overview of the funding received, its use, and the calculated environmental and public health benefits, including the reduction in NOx emissions.

Beneficiary Eligible Mitigation Action Certification
 State of South Carolina

Action Title: Round 1 Funding Awards

Project ID: VW EMT Rd 1

ATTACHMENT D

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

SC Department of Education (78 propane buses):

The state procurement contract for 06/21/2019 to 06/20/2022 provides for a base price of \$98,860.00:

SOUTH CAROLINA STATE TERM CONTRACT

Type C Propane Engine
Contract Dates: 06/21/2019 – 06/20/2022

VENDOR: Interstate Transportation Equipment
 P.O. Box 9163
 Columbia, SC 29290

STATE VENDOR# 7000047087
CONTRACT #: 4400021415

CONTACT: Todd Manuel
TELEPHONE: 803-776-5041 (800-726-0779)
FAX: 803-776-3527
EMAIL: todd@interstatetransportation.com

DELIVERY: Up to 240 Days ARO

BASE PRICE:	\$98,860.00
OPTIONAL ADDS:	
INTEGRATED GPS/TELEMATICS:	\$147.00
STUDENT TRACKING SYSTEM:	\$174.00

The SCDOE issued a change-order to include LED headlights and to increase the capacity to 77 students. The table below outlines the final pricing as funded under this Round 1 Funding Award.

Bid Price	Tax	77 Passenger Upgrade	LED Headlights	Total Purchase Price Per Unit
\$98,860.00	\$500	\$1,123.00	\$448.00	\$100,931.00

The final purchase order included an additional upgrade cost for GPS/ Telematics. That price was not known until following the SCDOI's award and, as such, is not included in the VW EMT funding.

Beneficiary Eligible Mitigation Action Certification

State of South Carolina

Action Title: Round 1 Funding Awards

Project ID: VW EMT Rd 1

Berkeley-Charleston-Dorchester Council of Governments (3 electric transit bus and charging stations):

- A. CARTA shall pay and the Contractor shall accept:
1. Five Hundred and Ninety-Four Thousand, Three Hundred and Thirty-Eight Dollars (\$594,338) per Bus ("Bus Unit Price"), for a total of One Million Seven Hundred and Eighty-Three Thousand and Twelve Dollars (\$1,783,012) for all three (3) Buses initially purchased under this Agreement;
 2. Sixty Thousand Dollars (\$60,000) per Depot Charging Station ("Depot Charging Unit Price") for a total of One Hundred and Eighty Thousand Dollars (\$180,000) for the Three (3) Charging Stations initially purchased under this Agreement;

for a total contract price of One Million, Nine Hundred and Sixty-Three Thousand and Twelve Dollars (\$1,963,012) BUT SPECIFICALLY EXCLUDING SALES TAX ("Contract Price").

**Note: There is a \$2 discrepancy in the subtotal for the purchase price of the three buses under A.1. above. That will be corrected before execution of the contract to reflect a price of \$1,783,014 for the buses and a total contract price of \$1,963,014, per BCDCOG.*

Beneficiary Eligible Mitigation Action Certification
State of South Carolina

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Project ID: VW EMT Rd 1

City of Anderson (1 CNG transit bus - see highlighted/ circled amount):

From: Ross Richardson [REDACTED]
Sent: Tuesday, May 14, 2019 11:57 AM
To: Keith Scott
Cc: John Richardson [REDACTED]
Subject: ENC 35' current pricing

Keith,
 See below for current pricing. Let me know if you have any questions.

Thanks,

AXESS 35' CNG			CONTRACT YEAR
AWARDED BASE BID PRICE	\$	[REDACTED]	2015
1st PRICE INCREASE	\$	[REDACTED]	2016
2nd PRICE INCREASE	\$	[REDACTED]	2017
3rd PRICE INCREASE	\$	490,457.00	2018

E-Z RIDER II 32' CNG			CONTRACT YEAR
AWARDED BASE BID PRICE	\$	[REDACTED]	2015
1st PRICE INCREASE	\$	[REDACTED]	2016
2nd PRICE INCREASE	\$	[REDACTED]	2017
3rd PRICE INCREASE	\$	[REDACTED]	2018

*PRICE INCLUDES L9N ENGINE CNG

Ross Richardson | Commercial Bus Sales

Creative Bus Sales, Inc.

