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Lee A. Norman, M.D., Secretary

Laura Kelly, Governor

June 25, 2020

Mr. Russell L. Crane
Volkswagen Environmental Mitigation Trust
c/o Wilmington Trust
1100 North Market Street
Wilmington, DE 19890

Dear Mr. Crane,

The Kansas Department of Health and Environment has completed the semi-annual reporting requirement per paragraph 5.3 of the Volkswagen Environmental Mitigation Trust Agreement for State Beneficiaries. The report includes spending, actual and obligated, for the following two action titles as named on the submitted D-4 certification forms:

- KS Clean Diesel Program – DERA VW 1
- KS Clean Diesel Program – DERA VW 2

Please contact Kathleen Waters in the Bureau of Air with questions or comments.

Sincerely,

A handwritten signature in black ink that reads "Kwaters".

Kathleen Waters
KDHE – Bureau of Air
1000 SW Jackson Street Suite 310
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Introduction

The following is a programmatic and fiscal report for both Action Title – KS Clean Diesel Program- DERA VW 1 and KS Clean Diesel Program DERA VW 2 as named on the separate D-4 certification forms. This document includes a programmatic report of actual activities, projected activities and expected modifications for the all eligible mitigation actions in the KS spending overview. This document is required per Section 5.3 of the Environmental Mitigation Trust Agreement for State Beneficiaries.

Programmatic Report DERA VW 1

Description, Status and End Date: The DERA VW 1 addressed the DERA Option. The D-4 document was prepared by KDHE and submitted to Wilmington Trust on 8/20/2019 in the amount of \$309,795.36. Funding the trust allocation for Kansas was requested and approved for use as voluntary match towards the 2018 DERA grant. These combines funds follow federal requirements to offer awards for project support for school bus replacements for districts that own their fleets. The expected end date for this DERA VW 1 is 9/30/2020.

Development and Implementation:

Program development and implementation of DERA awards to KS entities is well established at KDHE – Bureau of Air. The following is a list the steps in the process:

- Develop RFP for potential applicants
- Review/verify eligibility and select the awardees
- Communicate award status and request quotes
- Approve quote and offer written award agreements
- Finalize award agreements between KDHE and awarded entity
- Awarded entity orders agreed upon equipment
- Project verification process (social distracting in place) when new equipment arrives
- Approve paid invoice and process reimbursement to the awarded entities

Table 1 lists the awards offered to eligible school districts for DERA VW 1.

Modifications: None as of 6/19/2020, most the initial tasks were complete before the effects of COVID-19 were felt in the United States.

Table 1. Outputs DERA VW 1 as of June 30, 2020

Award funding¹	Agreement amount	# Buses purchased	# Old buses destroyed	Entity	Status
DERA VW-1	\$27,160.50	1	1 (required)	USD 112	Verification process
DERA VW-1	\$21,136.25	1	1 (required)	USD 113	Verification process
DERA VW-1	\$43,943.00	2	2 (required)	USD 202	Verification process
DERA 2018	\$21,722.50,	1	1 (required)	USD 216	Verification process
DERA VW-1 & DERA 2018	\$37,559.09 \$5,793.41	2	2 (required)	USD 234	Verification process
DERA VW-1	\$22,033.00	1	1 (required)	USD 235	Verification process
DERA 2018	\$23,052.25	1	1 (required)	USD 256	Verification process
DERA VW-1	\$29,600.25	1	1 (required)	USD 265	Verification process
DERA VW-1	\$23,817.75	1	1 (required)	USD 283	Verification process
DERA 2018	\$14,483.50	1	1 (required)	USD 303	Verification process
DERA 2018	\$39,933.00	2	2 (required)	USD 437	Complete
DERA VW-1	\$53,834.00	2	2 (required)	USD 500	Complete

DERA 2018 in awards for project support = \$108,426.96

DERA VW-1 in awards for project support = \$259,083.84

¹ As noted, some of the awards used DERA 2018 federal grant funds and others used DERA VW -1 from the trust allocation. One district used both funds to use the remaining federal funds.

Fiscal Report DERA VW 1

10/1/2019 to 6/30/2020 (Budget items are the amounts spent or obligated to spend through the end of the state fiscal year, SFY2020)

Table 2. DERA VW 1 = \$309,795.36		
Description of project budget item	PROJ01	DERA 2018
Salary	\$13,658.00	-
Fringe	\$4,097.52	-
Travel	0.00	-
Equipment	0.00	-
Supplies	0.00	-
Contractual	0.00	-
Other (Pass-through for project support)	\$259,083.84	\$108,426.96
Indirect	\$5,865.12	\$0.00
Total	\$282,704.48	\$108,426.96
Leftover	\$27,090.88	\$0.00

Leftover funds are for salary, fringe, travel, supplies and one project will be amended due to the addition of a special equipment bus instead of a standard bus.

Programmatic Report DERA VW 2: DERA VW 2

The DERA VW 2 addressed the DERA Option. The D-4 document was prepared by KDHE and submitted to Wilmington Trust on 10/9/2019 in the amount of \$2,318,757.00. Funding the trust allocation for Kansas was requested and granted for use as voluntary match towards the 2019 DERA grant. The allocation allowed KDHE to receive federal bonus funds for the Kansas Clean Diesel Program. DERA funds, VW allocation funds and the DERA bonus were used for the partial reimbursement of early replacement school buses, nonroad construction equipment and or engine replacement, program implementation and oversight. Table 3 lists the awards offered to eligible school districts.

Description, Status and End Date: The DERA VW 2 addressed the DERA Option. The D-4 document was prepared by KDHE and submitted to Wilmington Trust on 10/9/2019 in the amount of \$2,318,757.00. Funding the trust allocation for Kansas was requested and approved for use as voluntary match towards the 2019 DERA grant. These combines funds follow federal requirements to offer project support for the following two types of projects:

- School bus replacements for school districts that own their fleets
- Nonroad mobile engine and equipment replacements for public and private entities

These are separate processes with a *current* expected end date for this DERA VW 2 is 9/30/2021.

Development and Implementation: Program development and implementation of DERA awards to KS entities is well established at KDHE – Bureau of Air. The following lists the steps in the process.

- Develop RFP for potential applicants
- Review/verify eligibility and select the awards
- Communicate award status and request quotes
- Approve quote and offer written award agreement
- Finalize award agreements between KDHE and awarded entity
- Awarded entity orders agreed upon equipment
- Begin verification process (social distracting in place) when new equipment arrives
- Approve paid invoice and process reimbursement to the awarded entity

Table 3, lists the awards offered to eligible school districts for DERA VW 2. The nonroad RFP has not been posted as of 6/19/2020. Please see the following paragraph for details.

Modifications: For the school bus portion most of the districts will complete tasks and be reimbursed before the 9/30/2021 deadline. Several districts have raised concerns about budget cuts to school

transportation and have delayed in ordering. EPA has extended the grant deadline to states due to delays brought on by COVID-19. This allows KDHE to extend the deadline to school district awardees if that is necessary. For nonroad entities, concerns over COVID-19 did delay the roll out of the RFP. KDHE anticipates posting the RFP in July of 2020 and adjusting the end date to allow more time to complete projects. The no-cost extension from EPA would be changed from 9/30/2021 to 9/30/2022.

Table 3. Outputs DERA VW 2 for school buses only as of June 30, 2020

Award funding²	Agreement amount	# Buses Purchased	# Old buses destroyed	Entity	Status
DERA-2019	20,968.25	1	1 (planned)	USD 108	May be ordering July 2020
DERA-2019	26,987.75	1	1 (planned)	USD 223	May be ordering January 2021
DERA VW-2	28,243.00	2	2 (planned)	USD 227	Waiting on equipment
DERA-2019	43,701.00	2	2 (planned)	USD 247	Waiting on equipment
DERA-2019	58,325.50	2	2 (planned)	USD 261	Waiting on equipment
DERA VW-2	26,381.50	1	1 (planned)	USD 263	Waiting on equipment
DERA-2019	20,417.50	1	1 (planned)	USD 284	Waiting on equipment
DERA VW-2	22,220.75	1	1 (planned)	USD 299	Waiting on equipment

² As noted, some of the awards used DERA 2019 federal grant funds and others used DERA VW-2 from the trust allocation. One district used both funds to use the remaining federal funds.

DERA VW-2 & DERA-2019	1,528.75 21,193	1	1 (planned)	USD 320	Waiting on equipment
DERA VW-2	21,370.25	1	1 (planned)	USD 323	Complete
DERA VW-2	45,113.00	2	2 (planned)	USD 362	Waiting on equipment
DERA-2019	19,710.00	1	1	USD 373	Verification process
DERA-2019	22,179.75	1	1 (planned)	USD 378	Complete
DERA-2019	31,112.00	1	1 (planned)	USD 436	Complete
DERA-2019	25,919.50	1	1 (planned)	USD 439	Waiting on equipment
DERA-2019	44,486.50	2	2 (planned)	USD 454	Waiting in equipment
DERA-2019	23,761.00	1	1 (planned)	USD 490	Verification process
DERA-2019	56,804.50	2	2 (planned)	USD 495	Verification process
DERA-2019	21,637.50	1	1 (planned)	USD 506	Waiting on equipment

DERA VW-2 in awards for project, school buses = \$436,203.75

DERA-2019 in awards for project support school buses = \$144,113.00

Fiscal Report DERA VW 2

11/1/2019 to 6/30/2020 (Budget items are the amounts spent or obligated to spend through the end of the state fiscal year, SFY2020)

Table 4. DERA VW 2 School Bus Awards = \$2,318,757.00		
Description of project budget item	PROJ02	DERA 2019
Salary	\$16,813.00	\$11,216.23
Fringe	\$5,043.84	\$4,806.96
Travel	0.00	\$990.00
Equipment	0.00	0
Supplies	0.00	\$2,200
Contractual	0.00	0.00
Other (Pass-through for project support)	\$144,113.00	\$436,203.75
Indirect	\$23,789.85	\$7,075.85
Totals	\$189,759.85	\$462,492.79
Leftover	\$2,128,997.31	\$15,643.21

Leftover funds are for salary, fringe, travel supplies and nonroad awards.

Brief update on remaining funds

Table 5 lists the spending plan breakout. Table 6 below lists the funds remaining in each category.

Table 5. Initial spending plan breakout – Kansas		
Eligible Category	Description	Potential Amount
1. DERA Option	- Early School Bus Replacements/idling technologies - Non-road equipment replacement or engine replacements	\$2,000,000 for school buses and \$2,000,000 for non-road equipment/engines
2. EV Charging infrastructure	15 percent of allocation for Kansas used for increasing access to electric vehicle charging infrastructure	\$2,349,335.82
3. On-road - Classes 4 through 8	Vehicle replacements or engine replacements of government and non-government owned fleet vehicles, model years 1992 to 2009	\$5,000,000
4. Freight Switcher	Engine replacement on pre-Tier 4 locomotives that operate 1,000 or more hours per year.	\$4,000,000
5. Other, TBD, based on demand	- Airport Ground Support - Forklifts and Port Cargo Handling Equipment	\$312,902.98
TOTAL = \$15,662,238.80		

Table 6. Remaining funds in each category – Kansas		
Eligible Category	Requested	Amount left to be requested
1. DERA Option	1. \$309,795.36 2. \$2,318,757.00	\$1,371,447.64
2. EV Charging infrastructure	\$0.00	\$2,349,335.82
3. On-road - Classes 4 through 8	\$0.00	\$5,000,000
4. Freight Switcher	\$0.00	\$4,000,000
5. Other, TBD, based on demand	\$0.00	\$312,902.98
TOTAL remaining in trust = \$13,033,686.44		