



2024 North Dakota Department of Environmental Quality Volkswagen Settlement Application Guidance (Year 4)

The guidance provided in this document is based on the information and requirements of the Environmental Mitigation Trust Agreement for State Beneficiaries, filed October 2, 2017, and North Dakota's Mitigation Plan for the Volkswagen Environmental Mitigation Trust Agreement. This document is intended to be a guide to assist in applying for Volkswagen Settlement funding from the North Dakota Department of Environmental Quality (NDDEQ). Details not addressed in this guidance document are still applicable per settlement requirements. The trust agreement document can be found at:

[Dkt 82-1 Modified State Trust Agreement \(5.19.2020\).pdf \(vwenvironmentalmitigationtrust.com\)](#)

Information about the Volkswagen Settlement in North Dakota as well as the State's mitigation plan can be found at:

<https://deq.nd.gov/AQ/planning/VW.aspx>

Introduction

North Dakota's initial allocation of the Environmental Mitigation Trust Fund for the Volkswagen Settlement was \$8,125,000. The primary goal of the settlement is to reduce NO_x emissions. As the designated "Beneficiary" for the State of North Dakota, the NDDEQ administers a program to complete projects that reduce NO_x emissions from mobile sources of air pollution. The eligible projects for this application period will primarily include the replacement or repower of older, diesel-powered school buses.

The NDDEQ has approximately \$299,000 available to fund projects during this year of the program.

Upon being selected for project funding, applicants will enter into a contract with the NDDEQ. The contract will state the amount awarded and include any additional necessary conditions. Applicants selected for funding will have two years to complete their project(s).

Who Can Apply

Eligible applicants include Government and Non-Government entities. For this program, Government shall mean a state or local government agency (including a school district, municipality, city, county, special district, transit district, joint powers authority, or port authority, owning fleets purchased with government funds). Non-Government entities include for profit businesses and non-profit organizations identified as having a tax-exempt declaration from the Internal Revenue Service.

Eligible Projects

Applicants may request funds from the Environmental Mitigation Trust for projects that fit into Category 2 of the eligible mitigation action categories. The goal of each eligible category is to reduce NO_x emissions. As outlined in this application, the following mitigation action category will be eligible for funding during the fourth year of the program:

Category	Eligible Mitigation Action
2	Class 4-8 Eligible School Buses

When requesting funds for your proposal, please state the correct amount based on the reimbursement allowed for the category.

Details of Category 2 and the reimbursement rates associated with each project is outlined as follows:

Category 2 - Class 4–8 Eligible School Buses

- Repower or replacement of Class 4–8 school bus 14,001 pounds and larger.
- Eligible buses include those with an engine model year 2009 and older.
- The replaced bus must be scrapped.
- Replaced engines must be scrapped.
- Eligible buses may be repowered or replaced with any new diesel, alternate fuel, or all electric bus, with an engine model year in which the mitigation action occurs or one engine model year prior.
- For **non-Government owned** eligible buses, the reimbursement rates are as follows:
 - i. Up to 20% of the cost of a repower with a new diesel or alternate fueled (e.g. CNG, propane, hybrid) engine, including the costs of installation of such engine
 - ii. Up to 13% of the cost of a new diesel or alternate fueled (e.g. CNG, propane, hybrid) vehicle
 - iii. Up to 38% of the cost of a repower with a new all-electric engine, including the costs of installation of such engine, and charging infrastructure associated with the new all-electric engine
 - iv. Up to 38% of the cost of a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle
- For **Government owned** eligible buses, and privately-owned school buses under contract with a public school district, the reimbursement rates are as follows:

- i. Up to 50% of the cost of a repower with a new diesel or alternate fueled (e.g. CNG, propane, hybrid) engine, including the costs of installation of such engine
- ii. Up to 50% of the cost of a new diesel or alternate fueled (e.g. CNG, propane, hybrid) vehicle
- iii. Up to 50% of the cost of a repower with a new all-electric engine, including the costs of installation of such engine, and charging infrastructure associated with the new all-electric engine
- iv. Up to 50% of the cost of a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle

Scoring

The NDDEQ will utilize a competitive approach in selecting projects to be funded. Project proposals will be evaluated in terms of the goals and requirements of the settlement. The projects to be considered must fall into eligible mitigation action Category 2 and will be evaluated based upon the scoring system outlined in the application forms.

Scrapping Requirements

The completion of an eligible vehicle replacement and/or engine repower project requires the scrapping of an old vehicle or engine per settlement requirements. Use of funds from this program to expand an existing fleet is not allowed. Scrapping means to render inoperable and available for recycle, and, at a minimum, cut a 3-inch hole in the engine block for all engines. If any vehicles are replaced as part of an eligible project, scrapping shall also include the disabling of the chassis by cutting the vehicle’s frame rails completely in half. The item being replaced shall be scrapped within 90 days of receiving the new item purchased with settlement funds. Submission of a certification of scrapping form will be required prior to receiving reimbursement. The scrapping form will be provided by the NDDEQ.

Schedule of Events

The following represents the NDDEQ’s estimate of the schedule of events for implementing the program.

Application Deadline	September 13, 2024, 5:00 PM
Application Evaluation Process	September 2024
NDDEQ Notifies Recipients of Award	September-October 2024
Project and Budget Period	2 years following the award date
End Date	2 years after the award date

How to Apply

The application is available on the NDDEQ's website:

<https://deg.nd.gov/AQ/planning/VW.aspx>.

When filling out and submitting your application, please include all required supplemental information requested in the application. The application will state what is required.

All applications must be received by the NDDEQ by 5:00 pm on September 13, 2024, to be considered.

Applications may be submitted to the address below:

North Dakota Department of Environmental Quality
Air Quality Division
4201 Normandy Street
Bismarck, ND 58503-1324

Applications may also be emailed to airquality@nd.gov.

If you have any questions, please contact Keith Hinnenkamp (khinnenk@nd.gov) via email or phone (701-328-5188).

Receiving Reimbursement

Upon project completion, the following must be submitted to the NDDEQ to receive reimbursement:

1. Invoice for new item(s) purchased.
2. Certification of scrappage for replaced item(s) (NDDEQ will provide form).
3. Photos as follows:
 - a. Side profile of vehicle(s) being scrapped
 - b. VIN plate of the vehicle(s) being scrapped
 - c. Engine tag of the vehicle(s)/engine(s) being scrapped showing the engine serial number and EPA engine family name
 - d. Vehicle(s) chassis rails cut in half
 - e. Engine block(s) prior to hole being drilled or engine destruction
 - f. Engine block(s) after hole has been drilled or engine destruction

Photos must be submitted as jpeg files. Submit only the requested photos. Do not submit extras.