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Title: RESOLUTION - Authorizing the periodic filing of applications for, acceptance of, and execution of all documents and instruments in relation to the Volkswagen Environmental Mitigation Trust Fund (VW Trust) administered by the California Air Resources Board (CARB)

Sponsors: Department of Transportation

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Attachments: 1. VW Reso.pdf

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REPORT TO THE CITY COUNCIL

March 19, 2020

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SUBJECT

RESOLUTION - Authorizing the periodic filing of applications for, acceptance of, and execution of all documents and instruments in relation to the Volkswagen Environmental Mitigation Trust Fund (VW Trust) administered by the California Air Resources Board (CARB)

RECOMMENDATION

Staff recommends Council adopt a Resolution authorizing the Department of Transportation or designee to submit periodic applications to the VW Trust program seeking funding for the replacement of higher-polluting transit buses with zero-emission buses as part of its zero-emission fleet transition project, and authorizing the Director of Transportation or designee to execute and file all necessary documents to accept funds on behalf of the City.

EXECUTIVE SUMMARY

The Department of Transportation, FAX Division seeks Council approval of the attached Resolution authorizing the Director or designee to submit an application to the VW Trust program seeking funding, execute and file the associated required project proposals, grant approval documents, and other documents required by CARB on behalf of the City for the VW Trust program.

BACKGROUND

The VW Trust shall provide approximately \$423 million for California to mitigate the excess nitrogen oxide (NOX) emissions caused by Volkswagen's use of illegal emissions devices in certain Volkswagen diesel vehicles. The Trust is a component of partial settlements with Volkswagen, and provides funding opportunities for specified eligible actions that are focused mostly on "scrap and replace" projects for the heavy-duty sector, including on-road freight trucks, transit and shuttle buses, school buses, forklifts and port cargo handling equipment, commercial marine vessels, and freight switcher locomotives.

CARB approved the VW Trust Plan in May 2018, and reported it to the Trustee, Wilmington Trust, N.A., on June 28, 2018. The VW Trust Plan describes the eligible mitigation actions from the list specified in the Consent Decree that will be funded from the State's allocation of the Trust. Senate Bill 92, passed in June 2017, directs CARB to strive to ensure 35 percent of California's allocation benefits low-income or disadvantaged communities that are disproportionately impacted by air pollution. The approved Plan exceeds that target; at least 50 percent of the total funding is expected to benefit low-income or disadvantaged communities.

The VW Trust has \$130 million in funds specifically set aside to replace older, high-polluting transit, school, and shuttle buses with new battery-electric or fuel-cell buses. Replacing an older bus with a zero-emission bus eliminates particulate matter and other pollutants that impact children and residents riding the buses, as well as residents throughout California communities. During the project's anticipated 10-year period, approximately 425 vehicles will be replaced with an incentive amount of up to \$180,000 per electric bus purchased.

Due to the multiple projected installments of funding being provided by this program, the department anticipates periodically submitting applications to CARB for available VW Trust funding. These anticipated revenues and corresponding appropriations will be included in the department proposed budget each fiscal year, or the department will return to Council to request the appropriations.

ENVIRONMENTAL FINDING

CEQA is not applicable because this Resolution does not include a project that has potential impacts to the environment.

LOCAL PREFERENCE

Local preference is not applicable because this Resolution does not include a bid or award of a construction or services contract.

FISCAL IMPACT

This request will have no impact to the General Fund as the zero-emission bus purchases will be 15 percent funded through the VW Trust, with 85 percent match funding coming from Transit and Intercity Rail Capital Program funds.

Attachment:
Resolution