


## COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number: <b>18-665</b>	Meeting: <b>December 17, 2018</b>
	Agenda Item: <b>43</b>	Roll Call: <b>18-2082</b>
	Submitted by: <b>Bob Fagen, Finance Director</b>	

### AGENDA HEADING:

Authorization to apply for Iowa Department of Transportation (IDOT) Volkswagen Settlement Environmental Mitigation Trust Grant (VW Settlement) funds for City fleet vehicle and equipment replacements.

### SYNOPSIS:

This action authorizes the City Manager to submit grant applications to the IDOT for up to the maximum available \$500,000 per applicant limit of total available statewide funding of \$1,750,000 for replacement of diesel engine powered vehicles and equipment with clean burning diesel truck chassis and electric powered equipment.

### FISCAL IMPACT:

Amount: Estimated \$1,967,500 in expenditures. \$1,467,500 net City expenses after maximum grant award of \$500,000.

Funding Source: To be included in the 2019-2020 & 2021-2021 Operating Budget, I201, Equipment Replacement

### ADDITIONAL INFORMATION:

- In 2016, the Environmental Protection Agency (EPA) filed a complaint alleging VW violated the federal Clean Air Act with the sale of motor vehicles between 2009 and 2016 equipped with "defeat devices" designed to perform differently during normal vehicle operation than during emissions tests; exceeding the EPA compliant levels of nitrogen oxides (NOx) during normal use. VW agreed to settle some of the allegations with the creation of an Environmental Mitigation Trust to fund a specific set of mitigation actions that will reduce NOx emissions.
- IDOT has been designated the lead state agency to administer the funds. Grant funding will be in the form of reimbursement of expenditures for awarded projects and distributed through competitive application programs. Applications will be solicited through at least three (3) funding cycles for each category. Applications are due by January 18, 2019. The first funding cycle will distribute \$4.9 million across three (3) project categories:
  - Category 1 - Class 4-8 School Bus, Shuttle Bus, or Transit Bus \$3,150,000 (does not apply to City assets)

- Category 2 - Freight Trucks and Port Drayage Trucks \$1,050,000 (approximately 46 vehicles qualify for replacement grant funding in this category at an estimated replacement cost)
- Category 3 - Non-Road Transport and Equipment \$700,000
- This requested authorization is for staff to apply for VW Settlement Funding Grants for up to the maximum reimbursement per applicant of \$500,000. Staff will prepare applications for Category 2, medium and heavy-duty diesel engine trucks to be replaced with new clean burning diesel trucks. The maximum award is based on 25% reimbursement for medium duty diesel truck and \$30,000 per heavy duty diesel truck replacement purchase. There is extremely limited market availability of all electric trucks in this category. Application would also be made for Category 3 equipment to replace a diesel engine forklift with a new electric forklift and charging infrastructure.
- Future funding cycles will include categories for zero (0) emissions vehicle (ZEV) Supply Equipment and Diesel Emissions Reduction Act programs.

**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

- Award of vehicles and equipment purchases eligible for reimbursement in Cycle 1 from any IDOT VW Settlement grant funds.
- Approval of future authorizations to submit grant applications for Cycles 2 and 3.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).