

COUNCIL COMMUNICATION

	Number:	20-051	Meeting:	February 10, 2020
	Agenda Item:	27	Roll Call:	20-0239
	Submitted by:	Nick Schaul, Interim Finance Director		

AGENDA HEADING:

Authorization to apply for Iowa Department of Transportation (IDOT) Volkswagen Settlement Environmental Mitigation Trust Grant (VW Settlement) and, in partnership with the National Biodiesel Foundation for Diesel Emissions Reduction Act (DERA) National Grants Program for City fleet vehicle and equipment replacements.

SYNOPSIS:

This action authorizes the City Manager to submit grant applications to the IDOT and DERA for replacement of eligible City heavy duty trucks up to the maximum available from each grant program for a minimum of two (2) diesel engine powered vehicles and equipment with clean burning diesel truck chassis.

FISCAL IMPACT:

Amount: Estimated \$330,000 in expenditures for a minimum two (2) eligible vehicle replacements. \$202,500 net City cost if maximum award of each grant is received.

Funding Source: To be included in the 2021-2022 and 2022-2023 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 are due by February 17, 2020.
- In 2019 the City was awarded the maximum applicant limit of \$500,000 for the replacement of 17 heavy duty diesel trucks in Cycle 1 of the IDOT VW Settlement. Those vehicles are now on order will be received and placed into service in approximately six (6) months.

- EPA anticipates awarding approximately \$44 million in competitive grant funding under the DERA National Grants Program. The program is soliciting applications nationwide for projects that achieve significant reductions in diesel emissions and exposure, particularly from fleets operating in areas designated by the Administrator as poor air quality areas. Partnering with the National Biodiesel Foundation will allow application for grant award along with other government entities, thus strengthening the overall grant application by demonstrating a wider area of benefit. The National Biodiesel Foundation will combine eligible vehicles from other agencies in a unified application and distribute reimbursed grant funds to each participating agency.
- This requested authorization is for staff to apply for VW Settlement Funding Grants in Cycle 2 and in partnership with the National Biodiesel Foundation for DERA National Grants Program for up to the maximum grant award per vehicle for the replacement of minimum two (2) vehicles approved and budgeted for replacement during the time period of the grant. Staff will prepare applications for Category 2, medium and heavy-duty diesel engine trucks to be replaced with new clean burning diesel trucks. The DERA grant will be for the use of technology to allow diesel engines to be fueled with B100 biodiesel, further reducing the impact of greenhouse gases from emissions. Although there are some individual experimental and prototype all electric (EV) heavy duty truck chassis in these classes being evaluated for production, there is not currently any production models for the applications of the intended replacements in Forestry Division operations. There is extremely limited market availability of EVs in this category.

PREVIOUS COUNCIL ACTION(S):

Date: September 9, 2019

Roll Call Number: [19-1412](#)

Action: [Agreement](#) with Iowa Department of Transportation for Iowa's Volkswagen Settlement Environmental Mitigation Trust Program for reimbursement funds for City fleet vehicles and equipment replacements. ([Council Communication No. 19-394](#)) Moved by Boesen to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Approval of any resulting agreement with the IDOT for any awarded grant.

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