



GRETCHEN WHITMER  
GOVERNOR


STATE OF MICHIGAN  
DEPARTMENT OF  
ENVIRONMENT, GREAT LAKES, AND ENERGY  
LANSING



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VIA E-MAIL

TO: Senate Appropriations Subcommittee on Natural Resources and  
Environmental Quality Members  
House Appropriations Subcommittee on Natural Resources and  
Environmental Quality Members  
Chris Harkins, Director, Senate Fiscal Agency  
Mary Ann Cleary, Director, House Fiscal Agency  
Chris Kolb, Director, State Budget Office

FROM: Amy Epkey, Senior Deputy Director 

DATE: September 30, 2020

SUBJECT: Report on Fiscal Year 2020 Volkswagen Settlement Fund

In accordance with Section 401 of Article 14, Part 2, of 2020 PA 166, following is the Department of Environment, Great Lakes, and Energy's (EGLE) report on the Volkswagen Settlement Fund for fiscal year 2020.

Volkswagen Settlement Fund overview:

The State of Michigan was allocated \$64.8 million as part of the Volkswagen Settlement. EGLE was designated as the lead agency and developed the Michigan Beneficiary Mitigation Plan that describes how the funds will be spent.

The goals of the Michigan Beneficiary Mitigation Plan are:

- Reduce oxides of nitrogen emissions and maximize air quality benefits statewide, with an emphasis on priority areas (areas that are designated as non-attainment and maintenance areas for the National Ambient Air Quality Standards).
- Reduce diesel emissions from school buses statewide.
- Increase adoption of zero emission vehicles (ZEV) and alternate fuel vehicles and equipment.

Michigan has up to ten years from October 2, 2017, to spend its allocation of State Trust Agreement funds, as specified in the Environmental Mitigation Trust Agreement for State Beneficiaries. Projects will be solicited through a competitive application process and funded on a reimbursement basis. More information regarding the Volkswagen Settlement and the allocation of funding in the Fuel Transformation Program can be found at the following link: [Michigan.gov/EGLEFTP](https://Michigan.gov/EGLEFTP).

<b>Michigan Beneficiary Mitigation Plan</b>		
<b>Allocation</b>	<b>Amount</b>	<b>Percentage</b>
Class 4-8: Local Freight Vehicles (Eligible Medium and Large Trucks and Port Drayage Trucks), Shuttle Buses, and Transit Buses	\$19,442,104	30%
Freight Switchers, Great Lakes Ferries/Tugs, Shore Power, Port Cargo Handling Equipment and Forklifts, and Airport Ground Support Equipment	\$16,201,754	25%
Class 4-8 School Buses	\$13,961,403	21.5%
Light-Duty ZEV Supply Equipment	\$9,721,052	15%
Program Administration	\$5,480,701	8.5%
<b>Total Allocation</b>	<b>\$64,807,014</b>	<b>100%</b>

<b>Financial Summary</b>			
<b>Allocation</b>	<b>Obligated</b>	<b>Volkswagen Funds Expended</b>	<b>Total</b>
Class 4-8: Local Freight Vehicles (Eligible Medium and Large Trucks and Port Drayage Trucks), Shuttle Buses, and Transit Buses	\$0	\$0	\$0
Freight Switchers, Great Lakes Ferries/Tugs, Shore Power, Port Cargo Handling Equipment and Forklifts, and Airport Ground Support Equipment	\$0	\$0	\$0
Class 4-8 School Buses	\$10,267,690	\$2,675,870	\$12,943,560
Light-Duty ZEV Supply Equipment	\$1,636,035	\$0	\$1,636,035
Program Administration	\$30,000	\$0	\$30,000
<b>Totals</b>	<b>\$11,933,725</b>	<b>\$2,675,870</b>	<b>\$14,609,595</b>

<b>Project Summary</b>	
<b>Allocation</b>	<b>Status</b>
Class 4-8: Local Freight Vehicles (Eligible Medium and Large Trucks and Port Drayage Trucks), Shuttle Buses, and Transit Buses	A Request for Proposals is in progress.

<b>Project Summary – Continued</b>	
<b>Allocation</b>	<b>Status</b>
Freight Switchers, Great Lakes Ferries/Tugs, Shore Power, Port Cargo Handling Equipment and Forklifts, and Airport Ground Support Equipment	A Request for Proposals is in progress.
Class 4-8 School Buses	26 projects have been awarded grants to replace qualifying diesel school buses with new school buses. One project involves the replacement of 17 diesel school buses with new all-electric school buses. 25 projects involve replacing 300 diesel school buses with new diesel and propane school buses. All projects are expected to be completed by December 30, 2022.
Light-Duty ZEV Supply Equipment	47 projects have been awarded grants to install 94 direct-current fast chargers and six Level-2 electric vehicle chargers, along Michigan’s transportation corridors. All projects are expected to be completed by September 30, 2021.

If you need further information, please contact Debra Swartz, Program Manager, Materials Management Division, at 517-582-1578; or you may contact me at 517-284-5002.

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