



GRETCHEN WHITMER
GOVERNOR


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



LIESL EICHLER CLARK
DIRECTOR

VIA E-MAIL

TO: Senate Appropriations Subcommittee on Natural Resources and
Environment, Great Lakes, and Energy Members
House Appropriations Subcommittee on Environment, Great Lakes,
and Energy Members
Kathryn Summers, Director, Senate Fiscal Agency
Mary Ann Cleary, Director, House Fiscal Agency
Chris Harkins, Director, State Budget Office

FROM: Amy Epkey, Senior Deputy Director 

DATE: March 31, 2022

SUBJECT: Report on the Volkswagen Settlement Fund for Fiscal Year 2021

In accordance with Section 901 of Article 4, 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 2021.

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.

Michigan Beneficiary Mitigation Plan		
Allocation	Amount	Percentage
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%
Total Allocation	\$64,807,014	100%

Financial Summary			
Allocation	Obligated	Volkswagen Funds Expended	Total
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	\$1,876,416	\$11,067,144	\$12,943,560
Light-Duty ZEV Supply Equipment	\$2,392,980	\$1,057,361	\$3,450,341
Program Administration	\$165,967	\$154,033	\$320,000
Totals	\$4,435,363	\$12,278,538	\$16,713,901

Project Summary	
Allocation	Status
Class 4-8: Local Freight Vehicles (Eligible Medium and Large Trucks and Port Drayage Trucks), Shuttle Buses, and Transit Buses	Part 1 of a three-part Request for Proposals opened February 23, 2021. Proposals from two application rounds in Part 1 were accepted and evaluated. EGLE is in the process of awarding 16 grant agreements. A third round opened October 19, 2021, and closed December 17, 2021.
Freight Switchers, Great Lakes Ferries/Tugs, Shore Power, Port Cargo Handling Equipment and Forklifts, and Airport Ground Support Equipment	Part 2 of a three-part Request for Proposals opened in February of 2022 and Part 3 will open in March of 2023.
Class 4-8 School Buses	Twenty-six projects were awarded grants to replace qualifying diesel school buses with new school buses. Twenty-five projects involved replacing 300 diesel school buses with new diesel and propane school buses. One project involved the replacement of 17 school buses with new all-electric buses. The majority of these projects are complete. The few remaining were delayed due to issues related to the COVID-19 pandemic and are expected to be completed by December 31, 2022.
Light-Duty ZEV Supply Equipment	Forty-eight projects have been awarded grants to install 96 direct current fast chargers (DCFCs) and 84 Level-2 electric vehicle chargers along Michigan's transportation corridors. Eighteen projects are complete with reimbursement pending, and 30 projects are expected to be completed by December 31, 2022.

If you need further information, please contact Debra Swartz, Program Manager, Materials Management Division, at 517-582-1578; or you may contact me at 517-242-7407.

SUBJECT: Report on the Volkswagen Settlement Fund for Fiscal Year 2021

Page 4

March 31, 2022

cc: George W. Cook, III, Legislative Affairs Director, Governor's Office
Marc Rehmann, Policy Director, Governor's Office
Ben Dawson, Senate Fiscal Agency
Austin Scott, House Fiscal Agency
Jacques McNeely, State Budget Office
Zach Hendrix, State Budget Office
Liesl Eichler Clark, Director, EGLE
Aaron B. Keatley, Chief Deputy Director, EGLE
James Clift, Deputy Director, EGLE
Travis Boeskool, Legislative Liaison, EGLE
Paul McDonald, EGLE
Dale Shaw, EGLE
Elizabeth M. Browne, EGLE
Robert Jackson, EGLE
Tracy Kecskemeti, EGLE
Julie Staveland, EGLE
Kathy Tetzlaff, EGLE
Chad Rogers, EGLE
Debra Swartz, EGLE