



The Volkswagen Environmental Mitigation Trust Opportunity:

Support for State Implementation

In the months ahead, states will be able to access millions of dollars from the \$2.7 billion Environmental Mitigation Trust—established under the [Volkswagen \(VW\) Consent Decree](#)—to reduce nitrogen oxide (NO_x) emissions from diesel sources. Successful programs require expertise and capacity to effectively design, implement, and assess NO_x emissions reductions within ten years. ERG is uniquely qualified to help states rapidly and strategically make the most efficient and effective use of these funds.

Getting Started

Once the Trust takes effect, states will have 30 days to identify their lead agency and apply to become a trust beneficiary. Within 90 days of receiving beneficiary status, states must submit a mitigation plan. ERG can help states develop and implement publicly defensible plans that comply with settlement requirements. ERG has conferred with 32 states, and understands their challenges, needs, and opportunities for making best use of the funds and extracting the greatest impact per dollar. Start-up activities include:

- **Strategic Analysis.** ERG can rapidly assess and model where the greatest opportunities for NO_x emissions reductions lie and what their anticipated environmental



The Volkswagen Environmental Mitigation Trust creates a unique opportunity—and many challenges—for states.

and health benefits will be, based on the state's current emissions sources and projected economic and technology trends. This input will be critical to determine the state's overall goal for the available funding, the types and anticipated allocations of eligible mitigation actions, and the expected NO_x emissions reductions. ERG can also help states identify and characterize co-benefits from proposed projects, including impacts on environmental justice communities and public health improvements.

- **Stakeholder and Public Involvement.** The settlement emphasizes the importance of public involvement and transparency—program elements essential to foster stakeholder input and buy-in critical to success. ERG's strategic communications group can provide full-spectrum support, including public outreach, program promotion, and highlighting program results.

ERG's understanding of state challenges, needs, and opportunities is based on discussions about the VW Trust with over 30 states.

Program Design and Implementation

Wilmington Trust has been appointed Trustee for the VW Mitigation Trust. After the Trustee approves a state's Mitigation Plan, the state can begin to submit to the Trustee funding requests for "Eligible Mitigation Actions." To take advantage of this opportunity, the lead state agency will need to rapidly mobilize. ERG can cost-effectively design, implement, and monitor state programs to publicize the opportunity, issue requests for proposals (RFPs), review and rank proposals, and monitor and report performance and benefits. Systems (including comprehensive online user interface programs) from our prior state grant program work can be adapted to meet a state's specific needs.

While some states may want to target a specific fleet for program implementation, others will want to spread funding across multiple fleets and programs to maximize benefits. ERG experts can model emissions reductions to help states strategically target their programs to achieve the desired results.

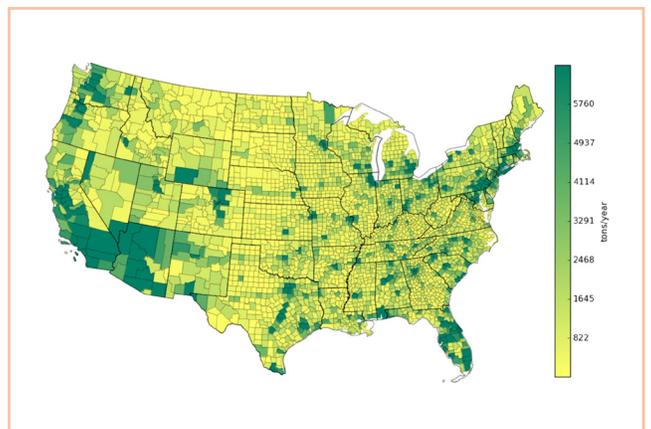
ERG Qualifications

ERG is uniquely qualified to support design and implementation of successful state NO_x reduction programs that meet Environmental Mitigation Trust requirements. We offer unparalleled knowledge of the VW Settlement based on our service as lead technical consultant to the U.S. Environmental Protection Agency, the U.S. Department of Justice, and the California Air Resources Board in reaching the settlement. In addition, ERG has demonstrated state and national leadership in designing and implementing mobile source emissions programs, and over 20 years' experience supporting state grant programs.

- **Extensive State Air Program Support.** Since 1984, we have supported vehicle emissions reduction programs—in 19 states and numerous local air quality management districts—that have resulted in dramatic emissions reductions across all categories of on-road and nonroad sources. We also have supported more than 30 states in implementing their air quality programs. In parallel, we have helped the U.S. EPA develop the MOVES model and other tools that states use to understand and quantify their vehicle emissions, and we have supported U.S. EPA in designing, collecting, analyzing, and modeling NO_x emissions from on-road and nonroad sources.



During 2015–2016, ERG provided technical expertise to support the government's ultimately successful claim regarding VW's Clean Air Act violations.



ERG's work, for more than two decades, to improve vehicle fleet and activity data at the county level has included development of on-road mobile source NO_x emissions data for every U.S. county (shown in this National Emissions Inventory map). We have applied these improvements to U.S. EPA's MOVES model, so that modelled emissions are truly representative of the vehicles in each county.

- **IT Solutions for Effective Program Administration.**

ERG has deep experience in designing and building innovative web-based data collection, management, analysis, and reporting applications for state and federal agencies that streamline processes, deliver modern access to trusted information, and enhance productivity.

- **Successful Grant and Settlement Fund**

Management. Having managed several large mobile source programs funded by different sources (e.g., settlements, Diesel Emissions Reduction Act, Congestion Mitigation and Air Quality), we understand how essential it is to avoid circumstances that could trigger costly investigations. ERG has helped state agencies administer millions of dollars with sound financial oversight and documentation needed to withstand audits.

- **Program Outreach.** ERG outreach specialists are adept at designing and managing cost-effective strategies to publicize funding opportunities, solicit stakeholder input (including project proposals), and communicate program results.

Examples of Our Work

- **Comprehensive Program Support to Retrofit Massachusetts' Fleet of Diesel School Buses.** When the Massachusetts Department of Environmental Protection needed help retrofitting every diesel school bus in the Commonwealth, it turned to ERG to design and roll out MASSCLEANDIESEL, the first such statewide program in the nation. ERG supported this program from beginning to end, including: developing eligibility

MASSCLEANDIESEL



ERG has provided extensive grant administration services to multiple states and other jurisdictions, ensuring that environmental goals are met while abiding by all grant requirements.

criteria; creating a first-of-its-kind online marketplace to streamline bid solicitation, contract award, and program administration processes; strategically promoting the program; and ensuring retrofits were installed. With ERG's help, Massachusetts retrofitted more than 2,100 buses in three years.

- **Deploying Clean Diesel Technology in Ohio.** ERG assessed Ohio fleets for their potential to achieve clean air benefits cost-effectively, monitored vehicle and engine replacements, and handled all state and federal reporting for Ohio's \$5 million U.S. EPA Clean Diesel grant program—work that saved the state time and effort in getting up to speed on diesel technology strategies and federal rules and requirements.
- **Design and Operation of a Cloud-Based Application to Streamline State RFP and Contracts Administration.** For a Massachusetts agency, ERG designed, built, and now provides operation and maintenance support for a secure web-based Contracts Management Database application. Using this application, the agency can efficiently create, amend, track, report on, and otherwise manage a range of solicitation and contract types used to establish agreements with service providers. Based on the system's success, ERG is now adapting the system for use by other Massachusetts agencies.

- Supporting Connecticut's Program to Replace Lawn and Grounds Maintenance Equipment.** To help Connecticut's cities and towns get rid of old, high-polluting equipment, ERG supported the Connecticut Department of Energy and Environmental Protection in designing and implementing an innovative program to replace old models with newer, lower-polluting versions. ERG helped target the worst equipment, set up protocols to ensure scrappage and recycling of old equipment, and processed \$500,000 in reimbursements to 76 municipalities.
- Mitigating Pollution from Drayage Trucks.** ERG has helped the Texas Commission on Environmental Quality, the Houston-Galveston Area Council, the Port of New York and New Jersey, the California Energy Commission, and U.S. EPA better understand emissions from drayage trucks at ports. By collecting detailed emissions estimation data on these trucks, ERG played a critical role in characterizing and incorporating their emissions contributions into the nation's mobile source emissions

The recent ERG-developed cloud-based application to streamline state solicitation and contract administration can be readily tailored for use under the VW Environmental Mitigation Trust opportunity.

inventory estimates, which in turn inform national emissions models. ERG also estimated how much it would cost to reduce drayage truck emissions using various control strategies.

- Supporting Compliance Assurance.** For the past 15 years, ERG has helped states and U.S. EPA assure compliance with regulations, including those covering medium- and heavy-duty diesel engine semi-trucks and buses, recreational vehicles, and hand-held and other nonroad engines. ERG's experts evaluate and negotiate supplemental environmental and injunctive relief projects, including proposing vehicle replacement and engine repower projects with the greatest benefits.

ABOUT ERG

ERG helps federal, state, and local government agencies protect the environment and public health. Located throughout the United States, our 450 professionals include experts in mobile sources and transportation, air quality, grants management, cost-benefit analyses, digital and information solutions, and strategic communications.



For more information, please contact:



Sandeep Kishan
 DIRECTOR OF MOBILE SOURCES
 512-407-1830
 sandeep.kishan@erg.com



John Wilhelmi
 MANAGER OF STATE PROGRAM
 ADMINISTRATION
 781-674-7312
 john.wilhelmi@erg.com