



The Volkswagen Environmental Mitigation Trust Opportunity

Support for State Response

Soon states can begin 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. Many states are already preparing to take advantage of this opportunity. Success requires expertise and capacity to effectively design, implement, administer, and monitor an aggressive NO_x emissions reduction program with the ability to spend millions of dollars in funding within ten years. ERG is uniquely qualified to help states work rapidly and strategically to make the most efficient and effective use of trust funds. We can provide comprehensive program support or focused support to meet particular needs.

Getting Started

After the trust agreement becomes effective (i.e., filed with the court, anticipated for early 2017), states have 60 days to identify their lead agency and apply to become a trust beneficiary. States can start now to lay the foundation for developing the mitigation plan they will need to submit within 90 days of receiving beneficiary status. ERG can support states in developing publicly defensible plans that will comply with settlement requirements and provide an effective framework for subsequent program development.

- **Strategic Analysis.** ERG can rapidly assess and model where the greatest opportunities for NO_x reductions lie and what their anticipated environmental 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, as required under the settlement, the state's overall goal for the available funding, the types and anticipated allocations of eligible

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



mitigation actions, and the expected NO_x emissions reductions. ERG can also help states develop, identify, and characterize co-benefits from proposed mitigation strategies or allocations, including how they may help address disproportionate impacts on environmental justice communities.

- **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 program success. Based on our experience serving state strategic communication needs, ERG can provide full-spectrum support, including soliciting and characterizing public input, promoting the availability of mitigation trust funds to constituents, and preparing communications briefs (e.g., press releases, talking points, social media posts) to highlight program activities and results.

Program Design and Implementation

As states identify “Eligible Mitigation Actions” under their plan, they will submit funding requests to the court-appointed trustee for approval, and may begin to receive trust funds approximately six months after the trust effective date. To take advantage of this opportunity, the lead state agency will need to rapidly design, implement, administer, and monitor a transparent and fair program.

ERG’s experience designing and administering state grant programs enables us to cost-effectively support states in responding to this opportunity. For example, we can design, implement, and monitor an open process to publicize the opportunity, issue RFPs, review proposals, rank and select eligible projects, apply for and distribute funds, and monitor and report performance and benefits. Systems (including comprehensive online user interface programs), strategies, and approaches from our prior state program support projects can be efficiently adapted for this purpose and tailored to meet a state’s specific needs.

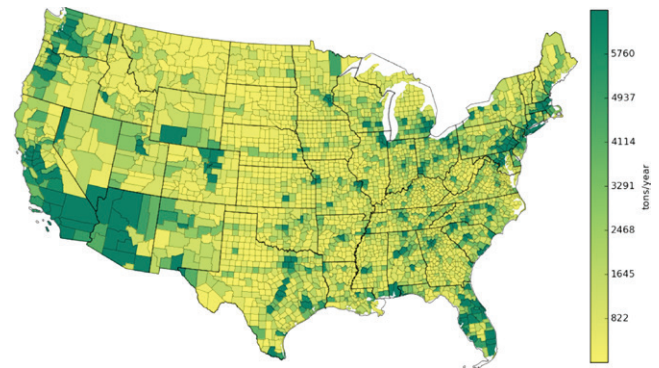
ERG Qualifications

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, 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- and nonroad sources for the last 20 years.



In 2015-2016, ERG provided technical expertise to support the government’s ultimately successful claim regarding the scope of the environmental harm caused by Volkswagen’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.

- **Successful Grant and Settlement Fund Management Experience.** 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 any circumstances that could trigger costly investigations. ERG has successfully helped state agencies administer millions of dollars of funds with sound financial oversight and documentation needed to pass current and future audits.
- **Grant Administration.** 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. We have honed effective methods to articulate environmental priorities (e.g., emissions reductions, environmental justice considerations); develop eligibility criteria; draft RFPs; moderate proposal review panels; identify potential revenue streams and match funds; monitor projects to verify that they meet grant objectives and include no fraudulent expenditures; and assess, document, and report project results and benefits.
- **Program Outreach Expertise.** ERG outreach specialists are adept at designing and managing cost-effective strategies to publicize state funding opportunities; solicit stakeholder input (including project proposals); and communicate a program's process, progress, and results.
- **IT Solutions for Effective Program Administration.** ERG specializes 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.

program from beginning to end, including developing eligibility 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.** When the Ohio Department of Development secured a \$5 million U.S. EPA Clean Diesel grant to retrofit, replace, and repower diesel vehicles and engines, it selected ERG to provide technical expertise to ensure that the funds were well spent. 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 the grant required, saving the state significant time and effort in getting up to speed on diesel technology strategies and federal rules and requirements.
- **Supporting Connecticut's Program to Replace Lawn Equipment.** To help Connecticut's cities and towns get rid of old, high-polluting lawn and grounds equipment, ERG supported the Connecticut Department of Energy



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. Groundbreaking in scale, this voluntary program benefitted school bus owners, vendors, and children's health. ERG supported this

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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 scrap-purchase 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 data on these trucks, ERG played a critical role in characterizing and incorporating their emissions contributions into the nation's mobile source emissions 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. In settlement and consent

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

decree cases, ERG's experts help evaluate and negotiate supplemental environmental and injunctive relief projects, including proposing vehicle and engine retrofit/replacement projects with the highest potential for environmental benefits.

- **Design and Operation of a Cloud-based Application to Streamline State Solicitation and Contracts Administration.** For a Massachusetts agency, ERG recently 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 value to agency efficiency, the state asked ERG to tailor it for use by other Massachusetts agencies.

ABOUT ERG

For more than 30 years, ERG has helped federal, state, and local government agencies protect the environment, improve public health, and achieve other positive outcomes. 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.



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