

# VW Grants 2020 Rulemaking

## Summary

### Rulemaking Advisory Committee Meeting #3

Monday, Aug. 17, 2020, 10 a.m. to Noon  
Online Webinar



State of Oregon  
Department of  
Environmental  
Quality

#### Committee Members in Attendance

Committee Member	Affiliation	Representing
Larry Gesher	Association of General Contractors	Construction Companies
Nate McCoy	National Association of Minority Contractors	Minority Contractors
Allen Schaeffer	Diesel Technology Forum	Diesel Equipment and Technology
Christine Kendrick	City of Portland	City Regulated by HB 2007
Corky Collier	Columbia Corridor Association	Small Fleets
Michael Graham	Columbia Willamette Clean Cities Coalition	Large Fleets and Alternative Fuels
Tracy Rutten	League of Oregon Cities	Oregon Cities
John Wasitynski	Multnomah County	County Regulated by HB 2007
Mary Peveto	Neighbors for Clean Air	Clean Air Community-Based Organization
Chris Kroeker	Northwest Natural Gas	CNG/RNG Vehicles
Morgan Gratz-Weiser	Oregon Environmental Council	Environmental Community-Based Organization
Curtis Cude	Oregon Health Authority	Public Health
Greg Alderson	Portland General Electric	Medium/Heavy-Duty Vehicle Electrification
David Breen	Port of Portland	Intermodal Freight, Ports, and Drayage
Aaron Deas	TriMet	Transit Providers
Brian Worley	Association of Oregon Counties	Oregon Counties
Ezra Finkin	Diesel Technology Forum	Diesel Companies
Jana Jarvis	Oregon Trucking Association	Trucking Companies
Patrick O'Herron	Oregon Physicians for Social Responsibility	Public Health

#### Air Quality - Planning

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*DEQ is a leader in restoring, maintaining and enhancing the quality of Oregon's air, land and water.*

#### Committee Members Not in Attendance

Committee Member	Affiliation	Representing
Mike Bezner	Association of Oregon Counties	Oregon Counties
Huy Ong	Organizing People Activating Leaders	Impacted Communities, Environmental Justice Community-Based Organization
Jeff Bissonnette	Union of Concerned Scientists	Scientific Community

Tony DeFalco	Verde	Impacted Communities, Environmental Justice Community-Based Organization
Rich Angstrom	Oregon Concrete & Aggregate Producers Association	Concrete & Aggregate Business

### Staff Present

Staff Member	Affiliation
Gerik Kransky	DEQ
Morgan Schafer	DEQ
Angela Parker	DEQ
Lynda Viray	DEQ
Rachel Sakata	DEQ
Rick Reznic	DEQ
Penny Mabie	EnviroIssues
Marilee Jolin	EnviroIssues
Sulley Schuster	EnviroIssues

### Community Members Present

Community Member	Affiliation
Jordan Bice	Oxley and Associates
Jocelyn Blake	Association of Oregon Counties
Scott Bohl	Oregon Department of Education
Julie Brooks	Orange EV
Barrett Carpenter	Peterson Power
Brock Dittus	Oregon Department of Education
Sean Edgar	Clean Fleets
Jennifer Olson	Government Relations Strategies
Jamie Pang	Oregon Environmental Council
Bob Short	Not Listed
Lucita Valiere	EPA
Paul Vickers	Skookum Environmental Advisors
Meghan Sproule	Ryan Consulting
Michelle Rainville	Redmond Schools
Kirsten Adams	Associated General Contractors of Oregon
Jillian Safian	The Lion Electric Company
Derek Chernow	Roush Engineering
Ebony Blackmon	Not Listed
Patrick Sabelhaus	FirstBus
James Cador	Not Listed
Heather Stebbings	Shaver Transportation
Victoria Paykar	Climate Solutions
O Alsen	Envea Consulting
Selina Tan	Ernst & Young

## Meeting Commencement

Gerik Kransky, Oregon Department of Environmental Quality (DEQ) opened the meeting by welcoming the participants and giving an overview of the meeting's purpose. He noted that the committee would be talking about key changes to the draft rules for the Volkswagen Environmental Mitigation Grants Program that DEQ is creating with Oregon's remaining Volkswagen Settlement Funds. The Oregon Legislature directed DEQ to create this grant program through HB 2007. Kransky noted that many of the requirements of the grant program are embedded in HB 2007 and the Volkswagen settlement agreement. He stated that DEQ's goal is to create a transparent, accessible program to reduce diesel emissions in the places in the state where these reductions are most needed.

Facilitator Penny Mabie (EnviroIssues) reminded committee members of the ground rules they agreed upon at their first meeting:

- Listen respectfully
- Speak from interests
- Share airtime
- Participate fully
- Demonstrate curiosity
- Silence noisemakers

Mabie then walked committee members through the meeting's agenda:

- Welcome and Introductions
- Overview of ground rules
- Presentation of key draft rule changes
- Discussion of the Fiscal Impact Statement
- Public comment
- Next steps

## Key Changes to Draft Rules Review

Kransky began reviewing the key changes to the draft rules with committee members. He noted that since the committee has already reviewed the draft rules, he would be focusing on reviewing specific changes to several rules that had been made since the group last met. His goal for this section of the meeting was to collect feedback about these changes and whether they align with the original intent of the change. He encouraged members to highlight any questions or concerns that arose.

### **Definition of Small Fleet (340-255-0020 45)**

Kransky noted that DEQ's draft rules suggest a new definition for "small fleet" to respond to legislative intent of giving preference for funding to small fleets. He noted that the previous definition stated that a "small fleet" is a fleet size of five or fewer non-road, heavy, medium duty diesel vehicles and equipment, and that the changes to the rule now defines a "small fleet" as a fleet size of nine or fewer heavy and medium duty diesel vehicles and no longer includes non-road equipment. He then opened the floor for a discussion on these changes and their efficacy.

**Committee members discussed the changes to the definition of "small fleet."**

- A committee member asked for Kransky to reiterate the change to exclude non-road equipment.
  - Kransky explained that the original draft would have included non-road diesel equipment in the total equipment count to define a fleet as a “small fleet,” and stakeholders shared that this would be a tough target to hit. DEQ decided to remove non-road equipment from the definition and increase the fleet size to nine to address these concerns.
- A committee member highlighted that the committee had previously discussed defining a “small fleet” as twenty vehicles and asked how DEQ decided on nine.
  - Kransky shared that DEQ received fleet size data from the Oregon Department of Transportation (ODOT) to get a sense of how many fleets this quantification would include. According to the data, 7,867 heavy-duty fleets and 423 medium-duty fleets would match this definition. Kransky noted that this captures most fleets in Oregon, making this rule change quite inclusive.
  - The committee member noted that fleets of five or fewer vehicles had been exempted and that the original focus had been on the fleets of six to nineteen vehicles, the “smaller carriers.” She explained that a lot of folks are going out and buying older equipment to increase their capacity, and she is unsure how many organizations with fleets of six to nine will be impacted by this rule change.
  - Kransky thanked the committee member for sharing and added that a preferential grant review award will still be granted to organizations if they are regulated by construction standards in their respective counties.
  - The committee member then asked Kransky to confirm that if an organization doesn’t qualify as a fleet size of nine or fewer, they are still able to participate in the program.
  - Kransky confirmed and noted that DEQ has created an inclusive program that will apply to any applicants, just with preferential treatment given to smaller fleets.
- A committee member asked if “small fleet” equals small business and what the intent of the rule is there.
  - Kransky explained that the intent of the rule is to provide clarification from HB 2007 where small fleet is mentioned, but not defined. He acknowledged that there is likely to be some overlap with small businesses and small fleets and provided several examples of small businesses that may receive preference including minority-owned, women-owned, and service-disabled veteran-owned businesses. Kransky concluded that these small businesses will receive additional preference from other facets of the rules and could receive double preference if these small businesses own a “small fleet.”

**Committee members then discussed the exclusion of non-road vehicles in the rule changes.**

- A committee member expressed surprise that non-road equipment had been removed from the new definition and asked how DEQ reached this conclusion.
  - Kransky explained that during the last committee meeting, diesel operators and committee members had articulated that the inclusion of non-road vehicles in the count would reduce the number of businesses that would qualify for preferential treatment. With this feedback, DEQ decided to not count the ownership of non-road equipment in the total fleet size count.
  - The committee member asked Kransky to confirm that non-road vehicles therefore wouldn’t grant any preference points for organizations.
  - Kransky clarified and stated that organizations will get preference points if they are operating under existing clean air construction guidelines or if that non-road equipment is operating on a state construction project over \$20 million (e.g. I-5 Rose Quarter Improvement Project) because non-road equipment on these projects will be regulated by HB 2007.
- A committee member asked if generators would be eligible under this definition.

- Kransky confirmed, yes.

**Committee members articulated the differences between what is regulated in HB 2007 and what is regulated within the grant rules.**

- A committee member asked Kransky to distinguish between what is regulated in HB 2007 and what is within the grant rules.
  - Kransky shared that diesel equipment of all types will be allowed to apply and potentially win grant funding through this program and that those types of equipment extend far beyond the regulatory reach of HB 2007.
  - The committee member followed up and stated that this rule text is specifically to define “small fleet,” with the distinction that there will be two different definitions of “small fleet” with on-road versus non-road vehicles.
  - Kransky corrected this statement and noted that there will not be two definitions. He explained that opportunities for non-road equipment to receive preferential treatment are regulated by existing construction guidelines.
- A committee member stated that the committee has focused on groups that would be most affected by HB 2007 and identified these groups as older fleets with six or more trucks. She noted that the construction part of the bill was a little less regulated initially, and that, if there are limited funds, DEQ ought to direct those funds to the folks that will be most impacted by the regulations first.

**Definition of Vulnerable Populations (340-255-0020 49)**

Kransky introduced the definition of vulnerable populations as new to the rule language and noted that the addition of this definition was in response to stakeholder support for the related criterion and the agency’s need for clarity regarding how project applications are evaluated against this desired outcome. The definition is as follows:

- “Vulnerable Population” means people under the age of 14 and over the age of 64, Black, indigenous, and people of color, people with a household income that is less than or equal to twice the federal poverty level, people who are linguistically isolated, and people age 25 or older who have not earned a high school diploma or passed a General Educational Equivalent (GED) test.

Kransky also noted that this approach allows DEQ to utilize existing demographic indicators and more specifically, a vulnerable population score predicated on demographic indicators, census tracts, and equipment operation areas. Kransky then asked the committee for feedback on this new definition.

**Committee members discussed the accuracy of the definition and proposed indicators.**

- A committee member stated that he liked the idea of using the EJSCREEN definition and noted that it would be accessible for folks to use online. He then asked if the diesel emissions measurement is based on a metric of some sort or whether it would be determined by active monitoring.
  - Kransky replied that it would be based on the best data available, and that it may be reflective of national inventory data or another relevant indicator. He also noted that this measurement would be continuously updated throughout the lifetime of the program.
- A committee member asked if the EJSCREEN was DEQ’s process for identifying vulnerable populations.
  - Kransky answered that this definition will be DEQ’s process and noted that although the agency has other programs that attempt to characterize impact on vulnerable populations, this will be unique to the criteria of this program. He also stated that DEQ is using EJSCREEN as

a model because it is a national indicator, and that DEQ will do its best to extract demographic data from the census to populate an Oregon specific definition.

- The committee member then asked if there was a plan to use something more specific.
  - Kransky confirmed, yes. He shared that Tennessee has a great tool that generates a metric to measure vulnerable populations at the county level, but DEQ believes census data works best for this effort. Kransky also noted that DEQ will have that data available on the back end.
  - The committee member asked Kransky to clarify whether the committee would be able to use that tool and data to inform the program application.
  - Kransky acknowledged this was a great question, thanked the committee member for asking it, and noted he would investigate this.
- A committee member asked whether the program would utilize Portland Air Toxic Solutions modeling to measure instances above the Oregon benchmark.
    - Kransky confirmed this and noted that DEQ will characterize a diesel emissions profile against those standards in the context of other available metrics. He also confirmed that Portland Air Toxics was one of the sources for this information.
  - A committee member highlighted that it is important to get this tool together and asked what the timeline was for when it would be available.
    - Kransky agreed and noted that DEQ would be providing as much detail as possible about this tool during the August 28th meeting.
  - A committee member was concerned that because the mission of this program is to reduce diesel emissions, it feels like vulnerable populations are also defined by other synergistic exposures from other pollutants in their communities. She suggested that a scoring element should also prioritize a heavily burdened community from a highly toxic area. She added that she wasn't sure if it made sense to add it to this definition or not. She concluded her statement by adding that vulnerable populations are also defined by the additional toxic burden that they already bear.
    - Kransky thanked the committee member for raising this important point and noted that he didn't have a response to provide for this concern. He did note that DEQ is building this criterion in such a way as to identify and understand the role that diesel emissions have on populations and is including rules to provide preferential treatment to alleviate those impacts. He acknowledged that a broader suite of toxics is also to be considered, but that this rule only applies to diesel emissions.
    - The committee member added that an area cap-like program hadn't been examined in developing this program, and that trying to reduce the value of the diesel grants to look at an overburdened area and use this tool to reduce that burden would be a great example of synthesizing DEQ programs in a single area. She highlighted again the fact that a vulnerable population is identified by total toxic load and noted it would be beneficial to include in considerations of program designs in the future.
  - A committee member shared that she was trying to understand where the committee is in defining vulnerable populations and that by looking at age, education, race, people that are 15-64 with a high school education are the only people that aren't vulnerable. She also shared that she wasn't sure what the purpose of putting this definition into the rules was.
    - Kransky explained that the goal of this element of the program was asked for by several committee members. He also noted that the settlement itself requires that DEQ attempt to alleviate the burden to populations that face a disproportionate impact to their air quality, and that this specific rule was designed to acknowledge that disproportional burden and determine what types of benefits these populations will receive.

**Committee members then discussed other aspects of the implementation of this part of the program.**

- A committee member asked for clarity regarding the process of how this will be evaluated and whether this a method that DEQ will provide. She noted that ideally, a person would be able to look at their equipment and where they are operating and be able to evaluate their impact in that environment. She also asked whether this would be something that would happen after an organization applies for the grant funding, and how this process would compare across applications.
  - Kransky shared that DEQ is both building the program and writing the rules at the same time to make these processes possible and will work to provide clarity in how the agency will iron out that criterion. He also noted that the upcoming meeting of this committee on August 28th will focus on major areas of implementation of this program and walk through DEQ's pre-application and review process.

### **Providing Technical Assistance (340-255-0040 9)**

Kransky provided a brief overview of the changes to this section of the draft rules highlighting that qualified applicants can now request an additional seven percent of funding to pull together technical support to meet the program requirements. Qualified applicants include:

- Disadvantaged, Minority, Women, or Emerging Small Businesses (DMWESB)
- Service-Disabled Veteran Businesses (SDVB)

Kransky explained that DEQ made this change to increase capacity that may be needed for these businesses to successfully participate in the program and asked for feedback from the committee on the update and intent of this rule.

### **Committee members discussed the details of the changes to this draft rule.**

- A committee member asked why DEQ chose seven percent and noted that it seemed low. He said that in attaching additional technical assistance to DMWESB businesses the committee was effectively excluding small fleet companies and suggested it might be simpler to just say that administrative costs are allowed. He also asked why DMWESB was explicitly defined within this rule.
  - Kransky explained that the availability of this funding is paired directly with the revenue available to DEQ as an agency able to provide support. He added that within the settlement, the maximum administrative allocation available to Oregon is fifteen percent, so DEQ's thought was to ensure additional assistance is available to firms that don't seek help directly from the agency. Kransky also noted that DEQ needs to preserve the availability of funding for the four permanent staff needed to run the program and make some revenue available while still preserving technical capacity within the agency. He also cited this as the reason why the agency is considering making this technical assistance funding available to a smaller pool of applicants.
- A committee member asked Kransky to clarify whether this was exclusive to projects regulated by HB 2007 or included any project.
  - Kransky clarified that it included any project.
- A committee member noted that disadvantaged, minority, and women (DMW) owned firms come up as an important constituency to assist and expressed support for further narrowing the definition to just DMW and not DMWESB.
- A committee member noted that the Diesel Emissions Reduction Act (DERA) requires that non-governmental organizations be a component of the application and asked if Kransky anticipated that this mirroring of DERA would be able to provide support to recipients that aren't receiving the actual money but are assisting others with the application process.

- Kransky confirmed, yes. He explained that DEQ’s intention in mirroring DERA is to lighten the administrative burden of the program and produce a simple process, as well as to include new rule language that will allow for a third-party applicant to access third-party support. He also noted that while this was an option, the agency does not want this language to create a barrier.
- A committee member asked if there had been any consideration of allowing other agencies to use their construction dollars to provide additional technical assistance and challenged the committee to think about how to “grow the pie” of dollars available rather than maintaining the minimum.
  - Kransky noted that although the work is informal in nature, DEQ has reached out to Business Oregon to find out what type of assistance is available through the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and what opportunities there are to assist Certification Office for Business Inclusion and Diversity (COBID) approved firms with this process. Kransky agreed that it is important to build out the capacity of other agencies and shared that DEQ is doing what it can in this matter.
- A committee member asked Kransky to clarify how technical assistance is defined, and whether it should be spelled out more explicitly.
  - Kransky noted that DEQ has a comprehensive list of what that looks like and that it would be discussed in detail during the August 28th meeting.
  - The committee member then asked what qualifies as technical assistance.
  - Kransky stated that there has been some interest in providing a verified list, but that there have been concerns about producing artificial barriers.
- A committee member asked if the money for assistance would be in addition to what organizations would already be receiving for their project or if it would be taken out of the amount they would be receiving.
  - Kransky clarified that the funding would be in addition and noted that any dollars spent towards technical assistance would not be going towards the reduction of diesel emissions.

### **Ensuring Tribal Eligibility (340-255-0050)**

Kransky provided a brief overview of the changes to this draft section of the rule, which explicitly states that the funds within this program are available to Oregon’s federally recognized tribes. There were no comments or discussion regarding this rule change.

### **Allowing Third Party Applicants (340-255-0050 1)**

Kransky introduced the new rule language and explained that DEQ is proposing to allow third-party applicants, with the express written permission of diesel equipment owners, to apply for grant funds on the diesel equipment owners’ behalf. This would allow nonprofit organizations, community-based partners, and transportation and air quality focused groups to build relationships with diesel equipment owners in their region and help compile grant applications to reduce diesel emissions. Kransky noted that when paired with the language that authorizes up to seven percent of reimbursable project costs to be spent on technical assistance for qualified businesses, DEQ’s goal here is to reduce any barriers to participation that may prevent small businesses and individuals from participating in the program. He then asked the committee to share their thoughts about this proposed approach.

### **Committee members discussed the definition and role of third-party applicants.**

- A committee member asked if “third-party” included or excluded contractors that contract out work. He provided school districts as an example.



- Kransky stated that there haven't been any issues supporting diesel changeouts during Phase 1 and noted that this ruling is intended to provide opportunities for third-party assistance providers that are familiar with compiling big DERA applications.
- Kransky engaged in a conversation with a few committee members about whether the text referenced the party applying or the party providing support and noted this would need clarification outside of this committee. He then asked members if it makes sense that third-party support be based in Oregon. Several committee members agreed that it does.
- A committee member asked if third-party applicants providing application support were essentially doing it for free or whether they would receive some sort of compensation or portion of the technical assistance funds.
  - Kransky thanked her for the good question and noted that it depends on what type of business is applying and whether they'd be able to receive additional support for administrative funding. He also stated that if they're not COBID certified, they may need to seek additional funding to pay out a third party for assistance.
  - The committee member noted that these specifics should be included in the advertising materials during implementation.
  - Kransky added that the language allows third-party applicants and is intentionally broad to allow for a plethora of potential partnerships.
- A committee member asked if there had been any conversation about the tax filing status of the organizations.
  - Kransky said no, he didn't have a tax filing metric in mind. He wants to make sure this isn't a barrier to applicants and therefore thinks DEQ shouldn't be too particular.
  - Another committee member agreed.

**Committee members then discussed other details around implementation for this part of the program.**

- A committee member asked whether DEQ would provide guidance to organizations for retrofitting vehicles.
  - Kransky shared that there is a group of folks at DEQ currently building out the retrofit capacity program established by HB 2007, and that he was happy to connect the committee member with a colleague on that team. He noted that this topic was not a subject for today's grant rule conversation.

**Flexibility on Three Bids (340-255-0050 5)**

Kransky introduced the new language in this section by sharing that several committee members had expressed concerns about the initial draft requirement that grant applicants must solicit three bids for project costs. Some were concerned that certain types of equipment, like heavy-duty electric vehicles, are not offered by three vendors. Others were concerned that the requirement does not match the business model of certain diesel exhaust control technology providers, like diesel particulate filter retrofit installers. In response, this rule modification will require DEQ to make a waiver available during project applications that provides an opportunity to explain the unique circumstances preventing the grant applicant from soliciting three viable bids. Kransky then asked members of the committee for feedback on this change.

- A committee member asked how DEQ will define what solicitation of three bids looks like.
  - Kransky acknowledged that DEQ and the committee would delve into this during implementation conversations, and that it may come out in the structure of the waiver request form.

## **Program Review (340-255-0070 4)**

Kransky introduced this section by sharing that based on comments from committee members, DEQ is proposing a new program review component to the grant program. Given the relatively short amount of time available to spend settlement dollars and achieve significant emissions reductions, this review will allow the agency and stakeholders to check in on the progress approximately mid-way through the effort. Kransky then asked committee members to share their thoughts on this concept overall, what types of measures they'd like to see included, and any other comments regarding program review.

### **Committee members discussed what program review would look like.**

- A committee member asked if there will be a set time for applicants to turn in materials to DEQ, or whether it would be over a long period of time where DEQ will be awarding money and still have new applicants coming in.
  - Kransky stated that DEQ will essentially publish a timeline of the program process, and each of those set dates will be made public. Additionally, DEQ will publish questions annually.
- A committee member asked what happens if a waiver is denied.
  - Kransky noted this was a good question and answered that his initial response is that that would be considered a denial of funding.
- A committee member asked what the transparency around this process looked like, and whether it will be in rule that this is required by a certain date. She also asked what the public engagement and participation in this review process would look like.
  - Kransky shared that the review process would occur two years after the implementation date. He said that the community involvement component is open for further consideration but certainly required based on the existing rule text. In addition, he shared that he hoped DEQ would be able to assemble willing committee members to determine what that process might look like in the future.
  - The committee member asked whether the performance measures assessed in the review would be published anywhere.
  - Kransky noted that there were no performance measures proposed in the rule text, and that the intention would be to evaluate program impact. He added that DEQ's goal is to get as much of an emissions benefit as possible with available dollars.
  - The committee member then asked if it was called out that this would be a rolling application or whether individual Request for Proposals (RFPs) would be released. She also asked whether applicants would have to wait for a grant cycle, and if so, whether these grant cycles were defined.
  - Kransky stated that grant cycles will be defined with agency guidance, and that considering annual timelines, they may be potentially two times per year. He then asked if any committee members had direct feedback on a preferred method and noted that DEQ is considering either making \$8-9 million available annually or splitting that amount twice per year.
- A committee member asked if it was possible to provide detailed information much like what North Carolina has just published regarding emission reduction accounting, noting the idea was to provide a report outlining the cost effectiveness of each project.
  - Kransky acknowledged he was unaware of the example but would investigate it.
- A committee member asked who DEQ will solicit information from within the review process, and whether that information will be solicited both mid-term and during the two-year review.
  - Kransky explained that there will be a single review occurring mid-term for the anticipated five-year life cycle of the grant program. As far as who DEQ will solicit, Kransky listed

members of this committee, the community, trade associations, and fleet owners as potential targets.

- The committee member noted that it would also be helpful to see explicit actions DEQ will take to collect, inform, and assess review processes to prevent them from becoming rubber stamps.
- A committee member highlighted that DEQ has to conduct program reviews for many things, and that there is a way to structure this program review so that DEQ staff is able to do this efficiently and produce a report that is concise.
  - Kransky agreed and added that DEQ envisions a straightforward assessment of dollars spent and emissions reduced with additional elements as needed.
- A committee member suggested that this could be drafted as part of the implementation plan as opposed to in rule. This would allow time and flexibility in developing performance measures.
- A committee member asked if there will be an ongoing requirement for grant recipients to report operations data to assess cost benefits.
  - Kransky shared that current agency practice is to receive annual equipment operating costs so DEQ knows how frequently equipment is being driven.
- A committee member asked if there was an opportunity for entities denied funding to receive feedback on how to apply more effectively in the next cycle.
  - Kransky confirmed there have been internal conversations around transparency in scoring and providing staffing to support applicants, but the agency is worried about capacity and being able to successfully administer the program.
  - The committee member voiced his appreciation of these conversations and noted that there isn't a lot of funding, and that federal folks have more resources at their disposal.
- A committee member asked Kransky to confirm that program implementation would be discussed on August 28th and noted the distinction between that conversation and the program review conversation.
  - Kransky confirmed and added that the August 28th conversation will focus specifically on how the agency can help applicants navigate this process.

## **Draft Fiscal Impact Statement**

Kransky provided the following summary of the Draft Fiscal Impact Statement:

- DEQ estimates that the proposed rules for this grant program will not create negative economic impacts for any entity to comply. Our understanding is that the new grant funding will provide an economic benefit among all program participants, whether they receive direct funding assistance, or they sell vehicles and equipment that may see increased business as a result of DEQ grant awards. DEQ estimates that approximately 216 small businesses that sell automobiles, vehicle supplies, and construction equipment could see a benefit from increased business.

Kransky then asked the committee to discuss whether the proposed rules have a fiscal impact, if so, the extent of that impact, and any other significant adverse impact. He also noted that DEQ has conducted a review of potential costs of compliance and in each of those sections of the draft they anticipate creating no economic impacts. He also stated that there may be a small administrative burden for any entity that decides to apply, but it is not a requirement for entities to apply.

Penny Mabie (Facilitator) suggested that the committee take a formal vote on the matter after discussing whether the rules have a fiscal impact. She posed the following questions to the committee: Do the proposed rules have a fiscal impact? Yes or no? If yes, what is the extent of the impact?

**All committee members present agreed that the rules have no negative fiscal impact.** Several noted that the rules would in fact have a positive fiscal impact.

Mabie then asked the committee if the proposed rules would have a significant adverse impact on small businesses, and, if yes, how DEQ could reduce that impact.

- A committee member shared that she thinks HB 2007 will have a significant impact on small trucking companies and hopes those folks will get to participate in this program and get some help to purchase newer and cleaner equipment. She added that the retrofit for heavy trucks is not a good option.
  - Mabie asked the committee member to clarify whether she thinks that the proposed rule in the diesel reduction fund specifically will have a negative impact on small businesses.
  - The committee member said no, but it depends on how the rules end up. She noted that it depends on how many folks can participate in the program and that she didn't know what that would look like yet.
  - Kransky noted that he understands the impact of HB 2007 on those businesses and shared that DEQ will be looking to their partners at the Oregon Department of Transportation (ODOT) to establish administrative rules for titling and registration, and additional colleagues with regards to the retrofit pathways. He added that for the purposes of this ruling, they are working to establish how DEQ will distribute additional funding and that they are confident there will be no negative economic impact.
- A committee member shared that he sees the impact coming on the back end of how the grants are dispersed. He noted that he is hesitant that the committee is not setting specific goals about direct funding allocation and would love to see the committee working with folks most affected to make sure they're first in line.
  - Kransky thanked the committee member for this contribution and referred him to the rules reviewed regarding identifying vulnerable populations.

Mabie reminded folks that the question at hand is whether the program will have an adverse economic impact.

- A committee member stated that the program may have adverse impacts in final implementation. She also requested that the committee member concerned about the potential negative impacts of HB 2007 be more specific about what scenarios she is referring to and noted that there is a whole separate process of identifying sources of funding to alleviate the risks she discussed.
- A committee member stated that there would be no adverse impact, but it's important to acknowledge that small businesses will be held to restrictions using the equipment they currently have and the program needs to ensure they're getting the assistance they need.
- A committee member noted that the small businesses will be the ones being impacted if they don't receive funding from this program.

## **Public Comment Period**

Penny Mabie opened the floor for public comments.

- While waiting for a member of the public to provide comment via text, Kransky reiterated that the question the committee needed to answer today wasn't whether or not the grant program will have enough of a positive impact, and the program will not be able to address all diesel equipment in Oregon. He noted the question of whether the program would have a negative impact had been answered satisfactorily and that other impacts of HB 2007 could be discussed with the insight from these conversations in mind.

- A committee member agreed that this issue is larger than what has been discussed within this meeting and noted that there had been statements made in error. She highlighted that larger entities will also be impacted and added that the trucking industry has had very narrow margins for the last decade or so and therefore hasn't been able to convert to more efficient vehicles.

A member of the public shared her public comment via text:

- In terms of third-party assistance, some business associations are regional and do not have an Oregon address. I would hope your rules would not exclude such organizations from providing assistance.
- Kransky shared that the goal with the third-party assistance is to just open up the doors for more people to participate. He noted that in the August 28th meeting, the committee would spend time talking about specific trade associations the program should engage to make sure that the initial net is as wide as possible so everyone who owns diesel equipment is aware of the program and the opportunity.

## **Preview Next Meeting Topics and Next Steps**

Kransky thanked everyone for participating and gave committee members a preview of the topics for the next committee meeting:

- Discuss implementation plans for the grant program including:
  - Outreach
  - Technical Assistance
  - Grant Application
  - Review Process
  - Grant Administration
  - Program Review

Several committee members noted the good work being done within these meetings and the program to reduce diesel emissions and to look out for small businesses, minority- and women-owned businesses.

Kransky thanked the committee and reminded them that DEQ would accept further written comments on the draft rules through August 24th.

### **Alternative formats**

DEQ can provide documents in an alternate format or in a language other than English upon request. Call DEQ at 800-452-4011 or email [deqinfo@deq.state.or.us](mailto:deqinfo@deq.state.or.us)