

VW Grants 2020 Rulemaking

Summary

Rulemaking Advisory Committee Meeting #4

Friday, Aug. 24, 2020, 10 a.m. to Noon
Online Webinar



State of Oregon
Department of
Environmental
Quality

Committee Members in Attendance

Committee Member	Affiliation	Representing
Kirsten Adams	Association of General Contractors	Construction Companies
Mike Bezner	Association of Oregon Counties	Oregon Counties
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
Allen Schaeffer	Diesel Technology Forum	Diesel Equipment and Technology
Tracy Rutten	League of Oregon Cities	Oregon Cities
Nate McCoy	National Association of Minority Contractors	Minority Contractors
Mary Peveto	Neighbors for Clean Air	Clean Air Community-Based Organization
Chris Kroeker	Northwest Natural Gas	CNG/RNG Vehicles
Rich Angstrom	Oregon Concrete & Aggregate Producers Association	Concrete & Aggregate Business
Morgan Gratz-Weiser	Oregon Environmental Council	Environmental Community-Based Organization
Curtis Cude	Oregon Health Authority	Public Health
Jana Jarvis	Oregon Trucking Association	Private Heavy-Duty Fleets
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

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
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
John Wasiutynski	Multnomah County	County Regulated by HB 2007

Kelly Campbell	Physicians for Social Responsibility	Public Health
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Staff Present

Staff Member	Affiliation
Gerik Kransky	DEQ
Morgan Schafer	DEQ
Eric Feeley	DEQ
Michael Orman	DEQ
Emil Hnidey	DEQ
Angela Parker	DEQ
Lynda Viray	DEQ
Rick Reznic	DEQ
Cory-Ann Wind	DEQ
Penny Mabie	EnviroIssues
Kaiwen Lee	EnviroIssues
Max Farbman	EnviroIssues

Community Members Present

Community Member	Affiliation
Janet Baad	Alaska Airlines
Jordan Bice	Oxley and Associates
Jocelyn Blake	Association of Oregon Counties
Scott Bohl	Oregon Department of Education
Justin Brightharp	Center for Transportation and the Environment
Lana Butterfield	Not Listed
Derek Chernow	Roush Engineering
Wayne Cochrane	Diesel Emissions Service
Noelani Derrickson	Tesla
Brock Dittus	Oregon Department of Education
Sean Edgar	Clean Fleets
Spencer Ehrman	Neighbors for Clean Air
Jenna Garmon	Metro
Mark Johnson	Port of Cascade Locks
Dan Kirschner	Northwest Gas Association
John Lightner	Cummins
Lacy Robertson	Rush Enterprises
Jillian Safian	The Lion Electric Company
Alex Schay	Northwest Alliance for Clean Transportation
Bob Short	Not Listed
Selina Tan	Ernst & Young
Paul Vickers	Skookum Environmental Advisors
Brian Worley	Association of Oregon Counties

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 stated that he would walk committee members through DEQ's initial plans to administer the new Diesel Emissions Mitigation Grant Program based on draft rules. He noted that the program is funded by the Volkswagen Environmental Mitigation Settlement Agreement and will reduce diesel emissions from older medium- and heavy-duty diesel trucks as well as a variety of diesel equipment currently operating in Oregon. He stated that DEQ's goal is to establish a transparent and accessible program that measurably reduces diesel emissions in Oregon in the places where it's needed most. He told committee members that there are approximately six months remaining to establish DEQ's approach before the grant program opens in early 2021. His goal for the meeting was to collect committee members' feedback on DEQ's early thoughts regarding implementation of the new program.

Kransky 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

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

- Meeting Commencement
- Implementation Discussion
 - Outreach
 - Technical Assistance
 - Grant Application
 - Review Process
 - Grant Administration
 - Program Review
- Public Comment

Kransky noted that the agenda is organized chronologically from the perspective of grant applicants. He pointed out topics that were not in the presentation but will be a part of program implementation including:

- Amending Oregon's VW Mitigation Plan to respond to the new rules and expanded program.
- Requesting and receiving advance disbursements of funding from the VW Trust based on that plan.
- Providing quarterly reports to the US Environmental Protection Agency (EPA) in response to the Diesel Emissions Reductions Act (DERA) program requirements.
- Providing semi-annual reports to the VW Trust in response to VW Settlement requirements.
- Conducting ongoing emissions quantification for the program.

He highlighted that each of these elements will add time and complexity to DEQ's administration of the program, but the agency thinks it is most important to focus the committee conversation on the grant applicant's perspective and experience.

Implementation

Implementation and Guidance Summary

Kransky stated that he would like to focus on collecting feedback from committee members regarding DEQ's early implementation plans for the grant program. He noted that he would not have answers to all the questions committee members might ask but it is still important for them to ask their questions and get them on the record. Kransky stated that committee members' questions and guidance will inform DEQ's approach during the upcoming months as the agency finalizes its plans. He pointed out that each topic for the meeting was oriented around the grant application process for diesel equipment owners. His goal was to hear from committee members so that DEQ can respond with a well-crafted program that meets as many community needs as possible.

Implementation and Guidance Step 1: Outreach

Kransky explained that the first step of the grant program will be to reach out to equipment owners across the state to inform them of the availability of the funds. Kransky showed the following list with a selection of the organizations that DEQ plans to reach out to.

- Oregon Trucking Association
- National Association of Minority Contractors
- Association of Oregon Counties
- Association of General Contractors
- Oregon Association of Minority Entrepreneurs
- League of Oregon Cities
- Oregon Concrete and Aggregate Producers Association
- Professional Business Development Group
- Oregon Public Ports Association
- Oregon Building Trades
- Oregon's federally recognized Tribes
- Special Districts of Oregon
- Chambers of Commerce
- Business Oregon Affiliates

Kransky also provided the following list of outreach methods the agency would use to notify potential applicants about funding availability and provide support to applicants.

- Direct emails
- Webinars
- In-person presentations (as appropriate)
- Emails to subscribers
- Information on a website
- A users' guide publication

Kransky asked committee members if there were other stakeholder groups DEQ should engage with.

Committee members suggested adding the following organizations to the list:

- Oregon Refuse and Recycling Association
- Oregon Farm Bureau
- Oregon Association of Nurseries
- Oregon Transportation Forum
- Friends of Family Farmers
- Latino Built
- Portland Freight Committee
- Associated Oregon Loggers
- National Tribal Air Association
- West Coast Collaborative
- EPA Regions 9 and 10

A committee member also asked if committee members could send additional recommendations of organizations to DEQ over the next two to three weeks

- Kransky confirmed that they could

Kransky asked committee members if there were other outreach methods DEQ should employ.

- A committee member suggested that DEQ could go to meetings of some of the associations listed previously.
- Another committee member suggested that while doing this outreach, DEQ should make sure that people understand that they might not be able to stay in business if they do not convert their fleets and this grant program will help them convert their fleets. This would make them realize there are more reasons to apply for the grant than just to help the environment.
 - Kransky responded that DEQ would make sure to stay in communications with the Clean Air Construction Collaborative in the Portland area and communicate the coming regulation and the funding available through the grant program.

Implementation and Guidance Step 2: Technical Assistance

Kransky gave an overview of the types of technical assistance that DEQ expects applicants might need. He noted that DEQ staff will provide direct technical assistance and the agency will also provide for internal or third-party technical assistance for Certification Office for Business Inclusion and Diversity (COBID) certified firms (as the committee discussed at previous meetings). He stated that the goal of providing technical assistance is to ensure that the grant program is accessible to diesel equipment owners. Kransky explained that the agency expects technical assistance to include support for:

- Pre-application work
- Grant administration
- Grant closeout activities

Kransky also listed the following specific examples of technical assistance that applicants might need:

- Developing a fleet inventory
- Recording diesel engine family names off equipment
- Tracking program requirements

Kransky then asked committee members the following questions:

- What types of technical assistance do you think will benefit diesel equipment owners?
- How long should DEQ staff plan to provide pre-application assistance prior to the grant deadline?
- What types of resources should DEQ consider developing to assist applicants?
- How can DEQ staff ensure that we provide technical assistance without providing an unfair advantage among applicants?
- DEQ staff are considering a cutoff date for technical assistance beyond which DEQ would not provide pre-application support. If we go this route, requests after a certain date will get funneled into a FAQ-type resource for everyone. How do you feel about this idea?

Kransky asked committee members to specifically focus on the question of how DEQ staff can provide technical assistance without providing unfair assistance.

Committee members shared the following feedback:

- A committee member suggested including questions that DEQ does answer directly before a cutoff date in a public FAQ document.
- A committee member suggested that DEQ provide a list of retrofit providers and systems and direct people with questions to these providers. He noted that there are many myths about retrofits not working, when it is just that operators need tailored support on any given system.
- A committee member did not like the idea of having a cutoff date for support. He said that the final months is when most of the questions will come in, especially from smaller businesses that need help the most. He thought that having a cutoff date would hurt a lot of applicants and that if the agency were going to have a cutoff date, they might as well just provide FAQs in advance and not provide direct technical support.
 - Kransky asked if an appropriate response would be to have a later cutoff date. He suggested two weeks before the deadline. He noted that the agency wants to help applicants as much as it can while avoiding the appearance of an unfair advantage.
 - The committee member said that a later cutoff date would be better, but noted that he thought most questions would come in a day or two before the applications are due. He suggested going back to the agency's legal counsel and seeing if providing technical assistance until the application deadline is really an unfair advantage given that DEQ would answer questions from anyone.
 - Kransky noted that the current suggestion is designed after how DEQ understands EPA's DERA program and how they funnel questions into an FAQ.
- Another committee member agreed that it would be better not to have a cutoff date for technical assistance. She said that she understood the rationale of not wanting to provide more support to one entity over another but suggested that the agency instead provide a specific number of hours of assistance per entity rather than having a deadline. She also agreed with the suggestion of providing a public FAQ document for all questions.
- A committee member asked if technical assistance has to be tied to a specific project and beneficiary or if an entity like a business association could apply for technical assistance funding to then provide broader assistance to identify potential projects.
 - Kransky responded that the VW Settlement limits the agency to using 15% of available funds per eligible mitigation action. This means the agency needs to tie technical assistance to specific mitigation actions and that the agency's administrative costs cannot exceed 15% of the VW Settlement funds that have been expended.
- A committee member suggested that DEQ could reduce the amount of questions it receives by providing available resources that will preempt questions applicants might have.
 - Kransky responded that he heard the need for a comprehensive users' guide that will make the process as simple as possible and will reduce the number of questions applicants need to ask the agency. He noted that DEQ is striving to create an application process that balances the statutory requirements of HB 2007 while remaining simple.
- Another committee member agreed that providing available resources would preempt questions applicants might have. He also suggested developing a survey that asks potential applicants where they expect to need technical assistance so DEQ can be prepared to provide that. He also echoed the need for a simple application, noting that small businesses do not have the time to gather the information and data needed to apply for complex grant programs like the DERA program.
 - Kransky asked if the committee member was suggesting that DEQ use a survey to ask diesel fleet managers and owners what types of support they anticipate needing or to ensure they have clear directions on how to apply.

- The committee member responded that he thinks both of those elements are important. He suggested developing a short tutorial survey that allows DEQ to see who is interested in the program and what support they might need.
- A committee member suggested that DEQ provide easily accessible information about vulnerable populations if this is something the agency will ask applicants to include in their applications.
 - Kransky responded that DEQ plans to communicate vulnerable population scores for different parts of the state.
- A committee member asked if DEQ will accept paper applications.
 - Kransky responded that DEQ wants to provide both a paper and online application option.

Implementation and Guidance Step 3: Grant Application

Kransky explained that he wanted to provide a sense of the type and amount of information DEQ will require from all applicants. He showed a partial list of this information which included:

- **Business and individual information** including basic contact information and Oregon business registration information (including ownership).
- **Federal grant requirements** including W-9, Dun and Bradstreet Numbers (DUNS), and registration with the System for Award Management.
- **Project description** including old diesel equipment to be addressed, desired exhaust control technology (retrofit, repower, or replacement), equipment model year, engine model year, engine family name, annual usage in Oregon, fuel type of replacement vehicle as applicable, attestation of remaining useful life of old diesel equipment, project cost, and diesel equipment vocation.
- **Vehicle location information** including primary address of operation for non-road diesel equipment, primary route map for on-road diesel equipment, additional location information as necessary, proof of regulation by HB 2007, and/or contract specifications related to emissions standards.

Kransky noted that this partial list includes some of the information and documentation DEQ will need to evaluate applications, understand the emissions profile of projects, and begin to work with grantees. He explained that this is modeled on DEQ's existing VW grant program for school buses and EPA's DERA grant application materials. He also noted that DEQ intends to establish a web-based application for this process and to publish a user guide in advance to support applicants. Kransky explained that the above list includes basic information about the applicant, fleet, and emissions reduction project that are standards DEQ uses today. DEQ also anticipates needing additional information about business ownership, fleet size, diesel equipment registration and operation locations, and regulatory impact to satisfy requirements from HB 2007.

Kransky highlighted key issues that DEQ wants to address. These were:

- Simplify the application as much as possible.
- Ensure DEQ receives adequate information to evaluate projects.
- Develop a process to ensure that non-road equipment funded by the grant program is currently operating in Oregon. (Kransky noted that DEQ can use vehicle registrations to ensure on-road equipment operates in Oregon.)

Committee members shared the following feedback on ensuring the operating location of non-road equipment:

- A committee member suggested that DEQ accept fuel records from a period of time prior to the application as a way to ensure that non-road equipment is operating in Oregon.

- A committee member suggested that the scoring of applications be weighted so that an applicant will receive more points if they can prove that their non-road equipment is used in Oregon. She said this would put the onus on the applicant to provide that assurance rather than on DEQ.
 - Kransky noted that this suggestion is potentially feasible along with another option of requesting and verifying location information for non-road equipment during the application.
 - The committee member noted that she sees the worst-case scenario as creating an incentive for a company to buy old equipment, bring it into Oregon, and then get a grant to retrofit or replace it.
 - Another committee member did not think this was likely to happen because she does not think the grant funding provides a high enough incentive.
 - Kransky noted that a more relevant example might be a business that operates in Oregon and other states and moves a piece of equipment into Oregon to get funding. He noted that the agency wants to avoid this without creating an overly burdensome process to do so.
 - A third committee member pointed out that this was a real concern a few years ago and it did happen but in very few cases, so it did not become an issue. He also highlighted that adjacent states have similar programs, so it probably is not worth it for equipment operators to move equipment into Oregon for this grant program.
- A committee member suggested that DEQ could simplify its process for ensuring non-road equipment is operating in Oregon by only requiring proof that the new equipment funded by the grant will be used in Oregon, and not that the old equipment was used in Oregon.
 - Kransky disagreed. He noted that Settlement dollars exist to reduce excess nitrogen oxides (NOx) emissions due to Volkswagen's violations. Success of the program will be measured by the remaining useful life of equipment in Oregon. He said that DEQ must receive verification that old equipment that was used in Oregon has been destroyed, thus achieving emissions benefits.
 - The committee member clarified that if DEQ can prove that the new equipment will be used in Oregon and that the old equipment was destroyed, the agency can be reasonably certain that the old equipment was used in Oregon.
- A committee member noted that non-road equipment is taxed by local governments based on where it is located on January 1 of any given year. He suggested that DEQ use these tax records to verify the location of non-road equipment. He agreed with previous committee members that it was unlikely that people would move equipment to get grant dollars because there is not enough money at stake.
- A committee member noted the goal that remaining VW Settlement funds be prioritized for equipment that will be regulated by HB 2007. She stated that only on-road equipment will be regulated so DEQ should prioritize that equipment.
 - Another committee member noted that there is non-road equipment that will have to meet requirements set by HB 2007 based on what the Port of Portland, City of Portland, and Multnomah County require for their clean diesel contracting program.
 - Kransky also noted that there will be related state contracting agreements that will roll out statewide because of HB 2007 that will regulate non-road equipment.

Committee members also shared the following feedback related to the simplicity of the application:

- A committee member suggested that the application be written in plain language.
- A committee member noted that the federal grant requirements that DEQ is suggesting that grant applicants must submit (W-9 form, Dun and Bradstreet Number (DUNS), registration with System for Award Management (SAM)) aren't required by EPA for businesses receiving aid through the DERA program, only for third parties of DERA projects. He was concerned that including these requirements would make this challenging for many businesses. He suggested that DEQ ask for as

little information as possible in the application and then only require more detailed information if a business is awarded a grant.

- Kransky noted that DEQ has been able to get DUNS numbers and SAM registration for all school districts for DEQ's school bus program.
- The committee member responded that many businesses do not have DUNS numbers and getting one is difficult.
- Another committee member agreed, noting that many members of his association do not have DUNS numbers.

Implementation and Guidance Step 4: Draft Review Process

Kransky stated that he would like to describe DEQ's draft plans for reviewing applications based on HB 2007, the VW Settlement Decree, air quality priorities, and rule language. He reminded Committee members that the legislative direction and priorities included in the "Application Review Process" section of rule language (OAR 340-255-0060) will be weighted equally. DEQ will apply the requirements from HB 2007 when reviewing applications and award grant dollars accordingly. He noted that DEQ will review projects based on project type and cost, air quality benefit, project location, and applicant and fleet profile.

Kransky highlighted that DEQ staff intend to conduct the review after the grant application deadline and they are proposing this approach to expedite the review and awards process to accrue air quality benefits sooner during each grant cycle. He noted that this approach emulates best practices from other states and the EPA's DERA program.

Kransky explained that if applications receive the same scores and funds expire in the middle of the score, DEQ will break the tie by calculating detailed cost effectiveness amounts. He noted that, upon request, DEQ will provide applicants with their scores after award decisions are made. He also noted that DEQ hopes to develop a single-page resource that shares the grant awards (without any detailed business information) and their scores to help unsuccessful applicants improve their applications in future rounds.

Kransky also shared the following list of the review criteria:

- Project Eligibility, Cost, and Type
 - Equipment owner, equipment type, remaining useful life, and project type eligible under Settlement Agreement Appendix D-2.
 - Proposed budget is complete and includes enough information to determine cost effectiveness.
 - Project replacement vehicles and equipment use fuel that is eligible to produce credits in the Clean Fuels Program.
 - Project addresses construction equipment regulations from clean diesel contracting standards.
- Air Quality Benefits
 - Project will produce a net reduction in NOx and PM 2.5 emissions in Oregon and result in a measurable, verifiable reduction in NOx and PM 2.5 per ton of total emissions.
- Project Location
 - Project location relative to elevated diesel emissions and dense, vulnerable populations.
 - Project is located in Multnomah, Washington, or Clackamas County and subject to HB 2007 vehicle phase out deadlines.
- Applicant and Fleet Profile
 - Applicant (diesel equipment owner) is a Disadvantaged, Minority, Women, or Emerging Small Business or Service-Disabled Veteran Business as certified by the State of Oregon Certification Office for Business Inclusion & Diversity.

- Applicant owns a single truck, small fleet, or concrete mixer truck and proposes diesel emissions reduction project for qualified equipment.
- Applicant fleet includes diesel equipment with at least three years of remaining useful life.

Committee members provided the following comments on the draft review process:

- A committee member noted that one of the evaluation criteria refers to single truck operators and DMWESB businesses. He asked for clarification if those are subsets of what DEQ will be looking at in evaluating applications or if those are the only applications DEQ will review.
 - Kransky clarified that those are two categories of information where DEQ expects to review applicants' projects and provide a score that will inform the final award. He noted that these will be taken on balance with all other requirements from HB 2007.
- A committee member asked if DEQ could release more funds than they are initially scheduled to release in any given grant cycle to deal with the issue of funding running out in the middle of a score. She noted that if DEQ has high-scoring projects that will help reduce diesel emissions then it would be good if the agency could fund those sooner than later.
 - Kransky explained that the agency is planning to have five annual disbursements of \$8-9 million each year for a few reasons. First, DEQ has limited administrative capacity and disbursing more than this amount in any year would be challenging. Second, DEQ wants to provide certainty for businesses who might not be ready to replace equipment that there will be available funds in later years. DEQ anticipates this will help those businesses incorporate the grant program into a longer-term capital planning process.
 - The committee member acknowledged those points and noted that DEQ's diesel program has had difficulty getting enough applications in the past. She suggested building some flexibility into the funding amounts while providing certainty to business by guaranteeing full funding for some of the years of the program, but not all of them.
 - Kransky noted another point in support of the committee member's request: that the sooner DEQ can get older diesel equipment off the road, the higher the air quality benefit. However, he also noted an additional complexity. DEQ does not have the funds on hand but needs to request them from the Trust. They can only request specific dollar amounts for specific mitigation actions. The agency thus needs to anticipate in advance the amount of funding it will disburse for an eligible mitigation action and request money for the applications that might come in.
 - The committee member suggested evaluating the grant program on a yearly basis and planning each round of funding based on previous application pools.
- A committee member suggested that high-scoring applicants who don't get funded in the first round automatically get entered into the second round.
 - Another committee member also thought there should be an easier process for high-scoring applicants who aren't funded because of a lack of funds to apply to a subsequent round. She noted that technical assistance would be helpful here to help these applicants receive funds in subsequent rounds.
 - Kransky noted that DEQ is planning to produce a score for each applicant and explain to unsuccessful applicants where they scored well and how they could improve. He also noted that DEQ is considering developing a waitlist for high scoring but unfunded projects. He noted that DEQ has heard a suggestion from another similar program in Texas to award funding to at least 18% more projects than the agency has funding for because there are consistently projects that are awarded that drop out. He noted that DEQ has had this happen in its school bus program.

- Two more committee members also agreed that qualifying but unfunded applications in a round should automatically be entered into the subsequent round.
- A committee member asked if the nine scoring criteria are all evenly weighted or whether they are weighted within their respective categories.
 - Kransky noted that all nine criteria are weighted evenly. The categories are just there to make the review process more logical for grant applicants.
 - The committee member followed up to ask if, in the case of a tie, DEQ will evaluate which categories different applications excel in or will cost effectiveness be the only tie breaker. She suggested that DEQ give higher weight to certain categories in a tie (specifically prioritizing vulnerable populations and DMWESB businesses) to reflect the priorities of the committee.
 - Kransky responded that the legislature gave clear direction to weight categories equally so the agency could not follow the committee member's suggestion. He clarified that cost-effectiveness will be the only tie breaker.
- A committee member asked if there was an annual usage requirement for on-road and non-road equipment.
- A committee member provided two suggestions to keep the application simple.
 - He suggested that DEQ could accept a video of operational equipment as a way of proving that the equipment has useful remaining life. He noted that diesel equipment is long-lasting and if it is shown to be working in a video then it can be expected to have several years left of useful life.
 - He also noted that NOx and particulate matter (PM) calculations are complicated. He suggested that DEQ base these on the engine model year (EMY) of a piece of equipment and the average PM and NOx emissions for equipment of that year. Then, once DEQ awards funding, they can do a detailed calculation of NOx and PM emissions.
 - Kransky noted that DEQ has spoken with a similar program in Texas where they rely on third party attestations from diesel mechanics to verify the years of useful life left on a piece of equipment. He also noted that this program has a contractor on staff to review larger projects. DEQ is considering these approaches.
 - Kransky also noted that DEQ will calculate the emissions benefit of each project to reduce the burden on applicants.
- A committee member noted that the selection panel must be diverse to ensure equity and inclusion in the program. He suggested centering people of color who are experts as well as agency partners who have people of color on staff like Multnomah County, Metro, and the Port of Portland.
 - Another committee member agreed.
- A committee member asked how many DEQ members will review applications.
 - Kransky noted that the agency has not yet determined this.
- A committee member asked if an applicant can ask for less than the highest reimbursable cost to score higher.
 - Kransky confirmed that they could
 - The committee member followed up to ask if DEQ would consider a cost-share with the applicant. He gave the example that an applicant could ask for a vehicle to be funded by the Trust but pay for installation of the charger or other necessary upgrades to bring it into their fleet.
 - Kransky noted that something like that would improve the cost-effectiveness of a project and help it score better
 - The committee member also asked if an applicant's intention to use grant funding as seed money to continue to reduce emissions in their fleet would benefit their score.

- Kransky clarified that DEQ defines the benefit of a project as the number of remaining years of useful life of equipment that is destroyed because of the grants. DEQ will not calculate the benefit of hypothetical equipment through a future scenario.
- A committee member noted that there is not a lot of money left for the grant program and there is a lot of ground to cover so he thought cost-effectiveness should be more than a tiebreaker.
 - Kransky noted that he doesn't disagree but that DEQ must apply HB 2007 as directed, meaning cost-effectiveness can not be given a greater role. DEQ already added the cost-effectiveness measure as a best practice.

Implementation and Guidance Step 5: Grant Administration

Kransky introduced this section noting that once grant awards are made, grant administration will start. DEQ will work with recipients to administer individual projects. This will include signing agreements, submitting reports, approving amendments as needed, certifying vehicle destruction requirements, reviewing purchase documentation, and processing reimbursement

Kransky explained that DEQ is setting an initial goal that the entire application, review, and award cycle will take approximately 6 months from start to finish. He noted that this is a stretch goal considering the amount of funding to be awarded during each year. He also stated that grant projects themselves may carry on for much longer, especially as supply chains are disrupted due to COVID-19.

He stated that DEQ plans to open an initial round of funding for approximately \$8 million at the beginning of each calendar year. If funds are oversubscribed, DEQ will award the maximum amount available in the first round. If funds are undersubscribed, DEQ will open a second round, approximately six months after the first round, in the same calendar year to award remaining annual funds. He explained that DEQ's goal is to ensure that Oregon funds the maximum number of projects possible in each year of the program.

Kransky asked committee members for their feedback on having an application period of two months and on DEQ's plan to have one or two grant cycles per year.

- A committee member thought that the application period needed to be longer than two months.
 - Another committee member agreed, especially for the first round because DEQ might need to fix problems that arise.
 - A third committee member thought it depended on how complex the application is.
- A committee member asked how long applicants are given to implement a funded project.
 - Kransky noted that it is currently undefined. He stated that DEQ is allowing up to three years for project completion in Phase 2 of its school bus program. This is three times longer than the agency has traditionally allowed, and it is directly in response to supply chain and budget issues related to COVID-19. He said DEQ thinks three years is an appropriate project timeline.
- A committee member suggested that if a grant cycle is undersubscribed, DEQ should consider having a second team run the second cycle in that year to ensure a timely process.

Implementation and Guidance Step 6: Program Review

Kransky explained that in addition to the two-year program review component that the committee discussed at its meeting on August 17, DEQ will continually evaluate the effort to ensure that grant dollars are being spent according to program guidance and achieving air quality goals. He noted that this will allow the agency to continually check in on progress towards spending Settlement dollars and achieving emissions reductions.

He highlighted the following key questions for committee members:

- What type of information do you expect your stakeholders will want to see during review?
- How will you want to be involved in any stakeholder component of program review?
- What performance measures or metrics do you recommend be included in the process?

Committee members provided the following feedback:

- A committee member noted the following information that she thought DEQ should provide as part of the program review:
 - The mix of retrofits versus repowers or replacements.
 - Who is benefitting from funding.
 - How much and what types of reductions have been achieved.
 - Where emissions reductions are occurring.
- A committee member also suggested including the following additional pieces of information:
 - A metric related to diversity of applicants and awardees.
 - Metrics related to projected benefits from awards to general and vulnerable populations.
- In response to the previous comment, Kransky explained that DEQ will be able to track COBID certified firms, but might not be able to request demographic information from all applicants
 - A committee member suggested that if the agency cannot get demographics, it should disaggregate by certification types. He noted that this is the only other way to ensure that the grant program is favorable for minority contractors.

Public Comment Period

Penny Mabie opened the floor for public comments. There were none.

Wrap Up and Next Steps

Kransky showed the following chart displaying the next steps for the grant program:

Timeline	Activity
September 2020	File Rules with Secretary of State
September 2020	Begin Public Comment Period
October 2020	Public Hearing
December 2020	DEQ Staff Report to Environmental Quality Commission
January 2021	Environmental Quality Commission Action
Quarter 1 – 2021	Outreach and Develop Program Materials
Quarter 2 – 2021	Open Grant Program
Quarter 2 – 2021	Review Applications and Award Funding
Ongoing	Program Administration and Review

A committee member then gave a brief update from the Diesel Task Force. She noted that the task force is approximately three to four months behind on its work due to COVID-19. Because of this, they have not yet gotten into a discussion on new funding sources. She explained that they are still thinking about who is impacted and what the options are for remediation.

The committee member also noted that Kransky had referred to the amount of money available for this grant program as \$40 million dollars. She said she thought it was \$50 million dollars and asked why there was less.

- Kransky explained that DEQ can only guarantee \$40 million will be available for grants because they have reserved the other \$10.9 million to fund DEQ’s administrative work and technical assistance.

There were no further comments. Kransky thanked the committee members and the meeting adjourned.

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