

**VW Settlement Project/Program Principles
from Washington's Local Clean Air Agencies**

The VW mitigation fund represents a significant opportunity to achieve substantial reductions in pollution in our state while striving to mitigate the harms caused by Volkswagen's actions. As agencies who work to protect air quality for over 85% of Washington residents, we believe the following principles should be included in determining the best use of the funds.

- Focus on the "most-NOx-exposure-reduced per dollar" projects, and try to get as much DPM exposure reduction and GHG emission reduction as possible per dollar, at the same time. Exposure means not just emissions but also proximity to people.
- For innovative, unproven technologies limit funding to projects that don't duplicate other activities in other states and that are replicable.
- Prioritize NOx exposure (and DPM exposure) reductions benefiting people that have historically borne a disproportionate share of the NOx exposure burden within a jurisdiction.
- The extent of the harm caused by the violating vehicles (as represented by the number of registered vehicles in each county) should be considered in determining where projects are located/ where their benefits accrue. That can help ensure pollution reductions occur in various parts of the state where the harms occurred and are not limited to just one or two areas.
- Prioritize projects/programs that "require" (soft definition) this kind of funding scale (in the tens of millions of dollars), rather than chop the funding into only smaller projects that one might expect could eventually be funded from other sources, such as SEPs, DERA or state MTCA funding.
- Prioritize heretofore "intractable" emissions problems (can be related to funding scale priority above).
- Leverage other transportation emission-reduction efforts, such as Zero Emission Vehicle portion of the settlement, CMAQ, or DOE.
- Maximize flexibility of any particular project/program, within the confines of the criteria (e.g., don't tie ourselves down to one type of vehicle replacement program given the multi-year aspect and what we may learn).

**Preliminary Cost-Effectiveness Considerations
for VW Settlement NO_x Mitigation Projects**

Puget Sound Clean Air Agency

12/7/2016

- Every project is different; generalizations are only so helpful.
- Projects to replace or improve the following tend to be more cost effective:
 - Bigger engines
 - Older / less-controlled engines
 - Off-road engines
 - Engines that operate more hours per year
 - Engines that remain in service for many years
 - Engines that operate closer to people more of the time
 - Engines that operate closer to people that have historically borne a disproportionate NO_x exposure burden
- The cost of the “solution” is also very important. A cheaper fix is more cost-effective than an expensive fix.
- The cost share makes a difference to the funder. A 25% cost share is four times as cost-effective to the funder as full reimbursement. [Suggest deferring this consideration until later in project brainstorming and development.]