Volkswagen Mitigation Plan Public Meeting held on September 10, 2018, before Cynthia Martinez, Certified Shorthand Reporter, in and for the State of Texas, reported by computerized stenotype machine at the Tracy Gee Community Center, 3600 Westcenter Drive, Houston, Texas 77042.
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MR. DAYTON: Okay. Let's get started.

My name is Stephen Dayton with the TCEQ, the Texas Commission on Environmental Quality. With me is Ms. Jessica Fleming. She will be helping.

If you have not signed in, please make sure you sign in before you leave. If you'd like to speak, when we have the public-comment part, please make sure you've marked on there that you would like to speak and that's what we will be going off of.

First, I'd like to express our appreciation to the community center and Tracy Gee and Commissioner Radack. We have been using this facility for the last 12 years I think. 13 years. And they've always been very accommodating.

So, I really want to express our appreciation to them and the Commissioner. It's been great to be able to use the facility, and I know they're playing bridge across the hall. So, the parking lot was full as I pulled up. I didn't realize they would be doing that but I should because I have played bridge tournaments quite a bit. But, hopefully, y'all found parking.

Before we get started, Councilman, would you like to say anything at this point besides the public comments? I can give you an opportunity if would like.

PUBLIC-COMMENT SPEAKER: This will not flood your cars out. It's raining, but don't worry. You're all right.

MR. DAYTON: Okay. Again, I was going to give a brief presentation on the Plan, but if you have a copy of it, I can walk
through some things real quick and just highlight it.

All I'm planning on doing with you is just highlighting a few of the key points in the plan, and then we will have a public-comment process where we have a court reporter.

I'm not going to set a time limit, per se, but if you get past five minutes or so, we may need to wave at you. We've got quite a bit of time here. So, I think we're not going to have a problem with that.

I would also say, if you've got written comments, please turn those into Jessica and we will take those in and log them in. All comments that are submitted, whatever way you submit them, will be posted on our website, and I will speak to the website here in a minute. And there's information on the website and the information that I have on the table, too.

And, if you would like to speak and submit comments later once you've looked at the Plan further, please do that, too.

We will put all of it up. We will have a transcript of the comments up, too. The comment period, I will talk about several times, it will extend through October 8th. So, get those to our -- we encourage you to use the e-mail at vwsettle@tecq.texas.gov. And, again, it's in all the information that I have there if you don't have want to write it down.

The background of this program -- I expect most of you have already read most of this or at least understand generally what this is at least. But VW was found out to have been putting defeat
devices, so to speak, or programming their emission controls on their
light-duty 3 liter and 2-liter diesel vehicles to essentially pass the
federal emission test for nitrogen oxide emissions when you went in
and did the testing for compliance and meeting the federal
requirements for the EPA.

But then when it went down the road, it kicked it up into more
efficient -- from their standpoint, a more efficient mode, and they
emitted anywhere from two to five times the -- I don't know how much
it was, but quite a bit more emissions.

They were found out through some testing that I believe
California was doing and West Virginia. University of West Virginia I
believe had done some testing. But, in any case, the EPA in
California filed suit in the district court in California. The EPA --
or VW and its related entities, the other car manufacturers that are a
part of VW agreed and they admitted to it.

And, so, they admitted to a Settlement Agreement. In those
agreements they were required to essentially commit to $14 billion to
do mitigation of the problems that they caused with those vehicles.

10 billion is their buy-back program. That's where they're
required to buy back the vehicles and actually give more money than
the market value, or fix the vehicles. Although, I'm not aware of
exactly where they're at with the fixes. Seems most people, if
they're looking at it, will be looking to get the buy-back.

That information, if you're interested is on
volkswagensettlement.org I believe. You can look it up under "VW
Settlement" and you can find it there, and that talks about the Buy-Back Program.

They're also putting $2 billion into an electrification program -- Zero Emission Vehicle Supply Equipment Program -- or an investment plan where they're nationally -- and they've set up an LLC of a company called "Electrify America."

And, if you want to find that, it's electrifyamerica.com. And they are supposed to use that money to create a Zero Emission Vehicle Electrification and Hydrogen Fuel Cell Investment Plan for the -- nationally. And put that money into charging stations and education and some demonstration projects for I guess making people aware of electric vehicles, whether it's for ride shares and things like that.

California -- I mean, the first phase they did like 17 communities. I think Houston was one in Texas where they're supposed to be -- they're investing in community work place, multi-family unit charging systems. They are a little bit closed vest in terms of the information on what they've been doing other than you can find information about the sites they've funded so far on their website.

Their next phase, they're looking at trying to expand that out into highway charging stations. Things like that. So, this is on top of what money we're getting for the State of Texas. And, of course, that $2 billion, when you put it out over the whole country, it's not going to cover all the areas that folks want.

But that is one component of what VW is required to do. What we're talking about here is the Trust Agreement. The Environmental
Mitigation Trust Agreement for the state beneficiary is about $2.9 billion. They've divided it up into actually two trusts. One, for Indian reservations or -- yeah, "Indian tribes" is the term they're using now.

That's I believe a little under a million -- yeah. Under a million dollars or so for the tribes. And then the rest of it is around 2.7 something or 2.8 billion goes out to the states and the District of Columbia.

They've divided that money up according to generally the number of vehicles that were registered in those states with a minimum of like $7 million.

And, so, our state is due to get 2.9 million plus. We had to -- the Governor had to sign some certifications and ask to become a beneficiary for this money.

The money is actually being put into a Trust so that it's not federal money. It's not state money. It's settlement money in a Trust.

Once they put it in that Trust, the EPA has no control over it. The federal government has no control over it. The only people that have control over it is the trustee, who is Wilmington Trust, M.A. in Delaware and then the court and the state. So, our relationship, now, is with that trustee.

EPA is an advisory, but they don't have control over saying you're doing it right or wrong or any of that. So, it's not federal money. It's not state money, which goes into the importance when
you're looking at how this fits into any other money you may have. You may be getting either from the state or the feds. The Governor signed the certification forms for us to become a beneficiary. We were designated as a beneficiary. So, then we are able to access this money. The next step is for us to develop thisBeneficiary Mitigation Plan. All states are asking for the money, which all states have asked for, by the way. So, everybody is looking for the money. The Beneficiary Mitigation Plan must be developed and submitted to the trustee within no earlier -- no later than 30 days before we start asking for the money. So, the steps right now is what we have to go through now is getting this Beneficiary Mitigation Plan developed, approved at the state level and then submitted to the trustee. And, at that point, then we will be looking at making the money available for the things that we're going to fund. The Plan elements that are required under the Trust would include four elements:

Over all goals for the use of the funds. The categories of what they call "mitigation action," which is essentially the projects and the types of things you're going to fund. The percentage of those funds that will be allocated to certain things. A description of how we will consider beneficial impact of -- on air quality in areas of that bear a disproportionate share of air
pollution burden within the jurisdictions.

You will find in this Plan that we are looking at those areas that are nonattainment or close to nonattainment as one of the things that meet that. And, also, looking at types of vehicles that may travel in the communities. Like school buses, refuse vehicles and things like that.

So, we're required to address those issues and the range of emission reductions we think will be achieved by the Plan.

In the Plan that we've developed as a draft -- and I will point to you that this is a draft. We want your comments. This can change. Your comments can make those changes, if you wish. And we will listen.

And let me point out, first -- also, again, I'm going to go off the top of my head since I don't have a presentation, but Commissioner Niermann, who is now our chairman, is a lead commissioner in our agency for this program. So, he's the person that's telling the staff what to do with it, as well as our management.

Those of you who don't know, Toby Baker is now our executive director, by the way. People have shifted positions around in our agency. But Commissioner -- Chairman Niermann is the lead commissioner for directing this. So, he's the one that's making decisions on this.

Our goals for the Plan, what we put in there, if you want to follow along, it's on page 3 of the plan, is reduce emissions. That's the primary purpose of all of this. That's why they're doing the
We're looking at our NAAQ emissions in nonattainment areas and other areas that are near nonattainment, so to speak. We are looking at reducing the potential exposure of the public pollutants, also. This will get into types of vehicles and equipment that are operated in the communities or at concentrated sites, like, ports -- sea ports, rail yards. Things like that. School buses and refuse vehicles. So, it's reducing the potential for pollutants, exposure to those pollutants. The diesel exhaust, essentially. We are looking, also, to increase the -- prepare for the increase and sustained use of zero-emission vehicles. The state can use 15 percent of the money we have for these zero-emission vehicle charging stations and things like that. So, we are looking at -- right now the Plan proposes to allocate that 15 percent to this program, which would be similar to what's being done on a national level. It is -- to complement that is to do things in Texas.

We also didn't want to compliment the other incentive-funding programs, whether that be Electrify America or TERP, Texas Emissions Reduction Plan or CMAC or some of the other national programs, too. There is an opportunity in some of these cases for this funding to be combined with other federal funding. We aren't saying you cannot combine it with the Texas Emissions Reduction Plan. The money -- because the TERP money is for SIP, State Implementation Plan,
reduction -- for future reductions.

We don't feel that this money can be applied to the State Implementation Plan as a direct strategy because it's mitigating things that happened that should not have happened. It's help making the inventory whole.

But are looking at complementing the other funding programs. There is a range of mitigation actions that the Trust Agreement allows. What we're proposing in the Draft Plan, besides the state-wide zero emissions supply equipment funding, which would include electric charging stations or hydrogen filling stations for fuel cells, and allocating some of the funds to our administrative work. And I will talk about the allocation formula in a second.

We are looking at all of the categories that the Trust Agreement allows, which is the replacement and repower of our freight trucks, Class 4 through 7 and Class 8, port drayage trucks. Refuse trucks we've identified in a separate category. School buses, transit and shuttle buses, electric forklifts and port cargo-handling equipment, which you can only use electrification for those and there is a replacement or repower projects. So, you can replace it or put in a new engine. Airport ground support equipment has to be electric and then ocean-going shore power.

The three categories we're not proposing to fund, at least in the Draft Plan, are:

Locomotives, marine vessels and tugs.

And then there is an option to use some of the Diesel
Emissions Reduction Act's money from the EPA to combine with this money, too. If you did that, then you can fund some of the additional type of projects that the EPA allows under that program, the DERA Program.

Although, it does have somewhat less percentage of funding for some of the projects, we have chosen not to do that for this year. We could do it in the future.

TxDOT actually is going to take the dealer allocation this year that we get from the feds, which I think is 3- or $400,000, and use it for some of the Texas Department of Transportation money.

And if y'all can't hear me over there, please, I can yell louder, if I need to do so.

So, that's what we're proposing, and I will talk about the percentages here in a minute. But we're also proposing the allocation of funds by area.

So, let's talk to the administrative funding. We are proposing no more than 4 percent of the money. We can take up to 15 percent to pay ourselves, essentially, for running the program. We are saying 4 percent. We're actually -- which will be about $8 million. We're actually looking at a lot less than that, even.

Part of the goal -- the direction from our commissioner is to try and limit how much money we are using for administration. We are going to do that partly because we already have the infrastructure with our Texas Emissions Reduction Plan Grant Program.

We already have the forms and the infrastructure to do this,
but it's also we're going to try to make this as simple as we can for you as long as it still meets the criteria that we need. If anything governmental is simple, it's a relative term. But, hopefully, we will be able to that.

We're doing the full 15 percent of the money going to light-duties ZEV supply equipment. That being the electric charging and hydrogen fueling. That's 31.4 million.

And then we are proposing the remaining 81 percent of the money, about 169 million, to go to these priority areas that we've outlined in the Plan starting on page 12. Then, there's a map in the appendix.

We're proposing that 35 percent of the funds total around $73.5 million going to the San Antonio area. Bexar County just went into nonattainment for the new 2015 EPA NAAQS, National Ambient Air Quality Standards, for ozone.

This money is allocated. A large amount going to them to see if it could help kick start and bring things back into attainment.

We are also proposing the money going to Dallas, Forth Worth, Houston, Galveston, Brazoria, which is the two other nonattainment areas. That will be 13 -- about 14 percent and 13 percent.

Then El Paso County and Beaumont, Port Arthur are allocated some of the funds.

So, the way this was split up two-third's of the money allocated to these to Bexar County and these two nonattainment areas, El Paso County and Beaumont/Port Arthur.
Beaumont/Port Arthur is in maintenance. And El Paso County is also near the new max levels. I would note that El Paso County has not participated that much in our TERP Grants Program. Trying to make this a simpler process, allows us to try and get them to do more.

While Dallas, Fort Worth, Houston and these other areas have participated in our TERP Programs for a long time.

Houston has gotten -- received close to 40 percent of the money. I think 30 or 40 percent of the money from TERP. So, part of just looking at these categories and trying to use this money to try and do something that really can be effective in a real short time period while still funding Dallas, Fort Worth, Houston and some of the -- again, with the TERP money, also continuing to help and try and bring them -- those areas, your areas and the other areas back in attainment.

So, that's the application of the funds we're proposing. Some of the other things I wanted to point out is the -- some of key criteria that we're looking at for these projects. I think it's important thing that folks will be interested in for these different types of repower and replacement programs:

The Trust Agreement -- the agreement we have to abide by, which are the rules up at -- instead of federal rules, this is the Trust rules, we have to fund -- we can fund governmental projects at 100 percent and electrification projects where you're replacing diesel with electric or fuel with electric, whatever it is.

And then there are limited required percentages for private
companies. So, private electric can go 75 percent. And then, if they are replacing with alternative fuel or diesel as opposed to electric, they can only get 25 percent for replacements and 40 percent for repowers. Unless it's a drayage truck, then they can get 50 percent for the replacements.

What we're proposing in the Plan is 60 percent for electrification and for government -- or electric whether governmental/nongovernmental and then 60 percent for governmental. So, we're proposing a lessor percentage amount. And, of course, we encourage folks to give their comments on that. And then we are proposing the limits of the -- for diesel and alternative fuels for nongovernmental at 25 percent and 40 percent. Those are limited by the Trust Agreement. We can't change those, but the key is the 60 percent that we are proposing for the cap on the percentage of funds.

We're encouraging government agencies, in particular, to combine this with other federal funds or other funds you have if it's another grant program that's not using the funds for the state Implementation Plan purposes. And that's the key because it can be something that's being put in as a strategy. But other than that, particularly transit agencies and school districts they would get grant money for some of the purchases.

And then shore power is -- I don't have the exact percentage of the shore power. I think up to 60 percent, also.

Those are the percentages that we're looking at funding on
this. The key things I've spent a lot of comments on are those allocation of funds among these areas. I encourage you to look at the Plan, read what we say about it, and what purpose is behind it, and give us your comments. Tell us whatever you would like about the percentage of costs that we will fund.

We will be doing these similar to our Texas Emission Reduction Plan Grants. We will be doing -- we are going to try and do many of these on a first-come-first-served.

We will probably roll out these programs on a phase basis where we may fund certain types of projects first. So, we're probably not going to just open it up to everything where all of the money would just go to one thing.

We're going to try to phase this. We will probably phase the charging station grants, also. But what the phasing will be, we will still be working on. I am not sure how many of that we will be putting in the Plan. All that is not required to be in the Plan.

There are other criteria that we have in the Plan that are similar to the TERP Program. You have to be destroying the old vehicle, the piece of equipment. You cannot transfer it out of state like you can with some of our TERP Grant Programs.

You have to have owned and operated it for the last two years. We are saying that you have to have operated it at least 51 percent in the eligible area that you are choosing of where you are operating it at. Our TERP's Grant Program is 75 percent.

So, hopefully, that will be a lot easier particularly for
folks in El Paso that you're traveling -- folks are traveling different areas.

If you're governmental, school districts, that won't apply anyway. So, you won't have to worry about that anyway.

That's some of the key changes -- the criteria changes. I encourage you to look at some of the other stuff, too.

What has happened with our timeframe here, I know we're giving this. We're accepting public comments through October 8th. You can submit written comments to us either by e-mail or vwsettle.tceq.texas.gov.

And, again, there is a sheet over here with all that information on it. So, you don't necessarily have to write it down if you don't hear what I'm saying. But you can send us a letter on our website. Texasvwwfund.org. It has our -- the information on how to submit written comments, also, and how to download and get a copy of the Plan.

It, also, has the other stuff I have over here, which is the public notice on submitting comments. And it's, also, a question-and-answer sheet that tries to answer some of these key things I just talked about.

So, get those to us by close of business on October 8th. What we will do is take all comments. We are posting them all on the website. At that time we will also be trying to summarize some of them, and we will be then presenting those to our management and our commissioner and make some decisions on the Final Plan.
That Final Plan that will be posted on our website, submitted to the trustee. As long as the trustee doesn't have any questions about the Plan, we hope to be able to open up the grant programs or at least some of them, to phase it in.

The grant programs, we are hoping they will open it up before the end of the year. I can't promise that because there are a lot of unknowns about how long it's going to take to talk about your comments and how long it's going to take to discuss what we put in our Plan.

We are working to try to develop all of the forms and materials. So, that's our goal is to try to open something up so that we have some grant programs open even before the end of the year. So, you can, hopefully, look for that.

When we do that, we will announce it on that website. There is an e-mail list service that you can sign up for on the front page of that TexasVWFund.org that will send out notices in terms of the status and when we're going to open it up.

We would certainly conduct workshops like we do with our regular TERP Grants, the Texas Emission Reduction Plan Grants. We will probably have some workshops right here. We will be going through the same types of processes on helping people apply for grants.

If folks have questions, we have a phone number, which is (833)215-8989 I think -- it's on that sheet -- and you can call. It's toll free or you can call me directly, too. If you want to get my card, I can do that.
Jessica, have I missed anything? Again I apologize for not having this up on the PowerPoint.

Any quick questions before we open up the public-comment period?

UNIDENTIFIED SPEAKER: How fast do you expect to actually give money out?

MR. DAYTON: Yes. Let me speak to that because there is a little bit of a timeframe.

We're going to look at trying to do this first-come-first-served as much as this program as we can within some limits. So, within those cross percentages, we may set some caps on the amount of money so we don't go overboard on how much people can get to take all the money on a particular project.

Once we get those, we are going to review those in a couple of weeks, we will put the stuff together and then submit it to the Trust. We will hopefully do a contract with you. And then, either we will submit that to the trustee and get the money that we can put into a pot that way we can pay you when you are ready to get paid; if not, if our comptroller does not allow that, we will still try to work that out with the comptroller.

Then what would happen is you will have a contract. You will submit your reimbursement request to us when you are done with your purchases, and then we will have to send it up to the trustee.

If we're able to get the money upfront and hold it until you are ready to get paid, then we can pay you within 30 days or so once
we get the reimbursement request. Hopefully, sooner than that. If we
have to wait -- if we have to send it up to the trustee, then they
will be sending you the check directly.

And, so -- and this is after you make the purchase. So, this
is reimbursement. So, it may be two years before you -- the purchase
is done you will have a contract. But, once you make the purchase,
the trustee has 60 days to review it and 15 days to send the money.

We are hoping that we can send -- once you get a contract,
that we can send it up and get advanced payments that we can set in an
account outside the treasury. And then we would have it available to
pay once you are ready to get paid. But we still have to work with
the trustee to get that.

UNIDENTIFIED SPEAKER: Has the ten-year clock started ticking
on the state?

MR. DAYTON: Yes. So, we have ten years to spend the money as
of October 2nd of last year. And then if we spend -- if we allocate I
think put under contract 80 percent of it, then we can get an
additional five years or get additional funds if other states don't
meet that timeframe.

We're looking at doing these contracts at anywhere from --
having giving you 18 months like a regular TERP Grant. We know
electric vehicles, for instance, take longer to purchase. So, we will
have to work with you on how long your contract is that you have to
purchase it. But we don't want these too long. We want y'all to
figure out what you're going to do, do it and get paid and go on.
UNIDENTIFIED SPEAKER: Steve, is there a reporting period for the applicant? Like TERP is four years; is it similar?

MR. DAYTON: Yeah. We will be saying you have to keep this for five years. We probably won't require regular reports, but we may make it subject to us and coming and looking at it.

We are trying to make it easy, but we still have to count emission reductions for a certain period of time. So, we're asking you to commit to keeping it for five years. We're not necessarily going to require reports, but we may come out and ask you questions.

So, let me say, what I would like to do now is go through our public-comment process, and this will be kind of regulatory. This won't be questions. Come up, enter whatever you would like to enter into the record. That's what will be put in the transcript.

I'm not going to set a timeframe unless you start going a little bit too long. What I would like to do is to have you state your name and who you represent. And I know there's folks with the City of Houston. If you can say what department, so we can distinguish between the different folks and if there are any other folks there.

If you haven't signed up to speak yet, please do so. And I will ask at the end if there is anybody else that would wish to. After that, we can go through a lot more informal question and answer. We don't have to do it transcribed.

So, you can say whatever you like within reason and ask questions as long as we can. You know, we can be here till 5:00
o'clock or longer, if we need to.

With that, Commissioner, I would offer, if you would like to come up and speak first? And then I will go through the sheet and see if we can go through.

PUBLIC-COMMENT SPEAKER: Jack Christie, Houston City Council.

I'm At-Large. So, I am throughout the whole region. I want to direct these records to my new best friends, Jon Niermann and Emily Lindley. I'll buy you a hamburger any time you're in town.

I think I also would speak for Harris County. I didn't get that officially. I think I would speak to the Mayor. I think I would speak for the Houston-Galveston Area Council.

We need cleaner air. It's as simple as that. I think my passion on diesel started at Fort Polk, Louisiana in boot camp. I turned in two suggestions, and you get 2 percent of what it saves the Army if they accept your recommendation.

First suggestion was health related. It passed the Battalion Brigade Division. It went to Fort Sam Houston, the Medical Center and passed that. Got to the Surgeon General's desk. This was in the '70's. It would have given me almost $30,000.

They said: "Not at this time."

So, I missed out on that. That was a lot of money back then.

Other suggestion:

It was after a 7-mile run to the firing range with a helmet and backpack behind a diesel truck. I said what -- you know, everybody's coughing, and people passing out in the ditch. Why
doesn't the military phase out diesel trucks?

And, so, that didn't get anywhere. So, I don't know if it was politics or economics or anything like that.

So, I was elected to City Council At-Large maybe almost seven years ago, and I had concern goals:

Get the City and the County working together.

Have a healthcare system for employees instead of a disease-care system.

Make this the friendliest city in the country.

And solve the pension problem.

Then get cleaner-burning fuel.

Those were my goals for almost seven years ago. So, six years ago some of you in this room I think were there, I brought in Harris County, Port of Houston, the City of Houston, the Houston Independent School District, the Houston-Galveston Area Council, private enterprise for natural gas, brought Budweiser, I brought Solid Waste, Best -- one of the major haulers of trucks, I had METRO there at the airport, everybody in the room, and said it doesn't make sense with west Texas flaring up so much natural gas that they light up the sky to start buying alternative-fuel vehicles.

At that time the price of natural gas -- compressed natural gas was just so low. They almost gave it away. And you've got pipelines running under City Council -- or at least down the street -- that you can tap into because we had 20 -- almost 2100 diesel trucks.

The meeting was great. Everybody was on board. That makes
sense. I almost brought in T. Boone Pickens in to say that -- you
know, it would be economical, better gas mileage, 60 to 90 percent
cleaner air.

Why didn't it sell six years ago? New York City, their major
tucks have been on natural gas for four or five years. I ran into
bureaucracy that doesn't like to move.

It had started -- this was before the Diesel Settlement. Then
we got the Diesel Settlement. I said, all right, coming up here,
what, two years ago, 8-million dollar contract to buy more diesel
trucks.

Is there a time -- some point that we go alternative fuels?
Three years ago, 16 egos on City Council voted 100 percent in the
budget amendment to go alternative fuels. Two years ago 100 percent
of 16 egos voted 100 percent to go 25 percent alternative fuels. Last
year the only amendment to the budget was the same thing. We should
be at 75 percent CNG instead of diesel trucks.

I ran into bureaucracy. And, again, everybody wanted it.

But, when it came to that eight-million dollar vote, I lost by two
votes. First time I criticized my fellow council members. I said,
"You know, get a spine."

So, something blocked that. I hate to say it, but I think
with this distribution of funds -- remember, TCEQ are my new best
friends. I think there is some power politics there, too.

City of Houston ranks 11th in the nation for pollution ozone
days because we haven't done anything. We couldn't even do what New
York City did.

Solid Waste and the commercial industry, Budweiser, UPS, for economic reasons they went CNG. Don't give me this bull of that it costs double. It doesn't. You get Houston-Galveston Area Council subsidies, you get the State of Texas, you get federal even, and you clean the air 60 to 90 percent.

Tell me where the frustration is. So, I am asking TCEQ use some common sense. We have one-fourth of the population of this state, and we're getting half of what we expected to. I think, if I had the money and I wish we could have had an advanced loan or commercial paper, I could have had the $8 million the first time totally go alternative fuels.

Remember, City Council had passed 75 should be alternative fuels? Zero. So, politics plays in this City of Houston. And the County Judge, the Mayor, Commissioners, they would all be laughing and smiling with me. They know it is right. But this judgment -- this settlement to clean up diesel, dirty, heavy fuel, this may be the thing that turns this around. But be fair with us, please. Be fair with us. We've got one-fourth of the population. 11th in the nation on ozone days. We need some help.

That's my only request.

MR. DAYTON: Thank you, Councilman. I apologize I called you "commissioner."

PUBLIC-COMMENT SPEAKER: He can get used to that.

PUBLIC-COMMENT SPEAKER: That would be a step down.
MR. DAYTON: Please don't hold that against us.

PUBLIC-COMMENT SPEAKER: If you don't do what I say, I'm going to send this Commissioner after you, and he can be a junk-yard dog.
You don't want him.

MR. DAYTON: Thank you.

PUBLIC-COMMENT SPEAKER: I appreciate it. I do.

MR. DAYTON: Okay. We have several folks from the City of Houston that I think wanted to try and speak together one after another.

So, I will go through the City of Houston folks, and then we will go on to the rest of the people in line.

Chris, if you would like to speak next? And, again, I would appreciate it if you would let us know what department you are in and if you're with the City or County.

PUBLIC-COMMENT SPEAKER: My name is Chris Banks. I'm with the Mayor's office. I will be reading comments today prepared by our Director of Fleet Management Victor Ayres, who had planned to testify today but could not make due it to an emergency.

The Draft Plan currently only covers up to 60 percent of the costs for eligible projects requiring governmental entities and to provide 40 percent match for each vehicle replacement.

The Trust Agreement, which is the governing document on the settlement, allows for funds to be used to cover up to 100 percent for governmental entities.

The City of Houston, like many governmental entities along the
Gulf Coast, has stretched it's budget to the limit in an effort to recover from Hurricane Harvey and still has not received federal dollars appropriated for disaster relief.

It is simply not feasible for the City to cover 40 percent of the costs of eligible projects with the existing burden on our capital to replace equipment damaged due to Hurricane Harvey and address other Harvey-related costs.

Furthermore, to keep in line with the existing state precedent, TCEQ Grant Programs have been known to cover a maximum of 80 percent of eligible projects. Requiring only a 20 percent local match from participating governmental agencies.

We recommend that the TCEQ lower or eliminate the local match allowing access to more settlement funds by Harvey-stricken local government like the City of Houston.

Thank you.

MR. DAYTON: Next person with the City of Houston listed is Loren Rain.

PUBLIC-COMMENT SPEAKER: My name is Dr. Loren Rain. I'm Chief Environmental Officer for the City of Houston Health Department. I'm, also, a professor in the practice of statistics at Rice where I conduct research on air pollution and health in Houston.

I'm here to today to comment upon the Draft Mitigation Plan for Texas to be submitted to the Volkswagen Mitigation Trust. Our oral testimony today is in supplement to written comments that will be submitted for Mayor Turner to TCEQ in the near future.
The mission of the Health Department is to work in partnership with the community to promote and protect the health and wellbeing of Houstonians. Likewise, the mission of the TCEQ is to protect our state's public health.

The topic today is allocation of funds to mitigate degradation of air quality. As you know, the overwhelming concern about poor air quality, the impact it has on the health and the community and the environment. The health of the community and the environment.

Therefore, we, the City of Houston and the TCEQ, have a shared goal given our mission:

To utilize the funds in a way that most effectively protects the public from adverse health affects associated with poor air quality.

I appreciate this opportunity to explain why the Draft Plan will not achieve this goal.

It will not effectively protect the public health of the state as it should. I will explain that the dollars are not optimized. That shifting the allocation to the most impacted regions would provide significantly more public health benefits per dollar.

The purpose of the Trust Agreement is to provide funds to be used for environmental mitigation of projects that reduce emissions of nitrogen oxide, NOx, in areas where subject vehicles with illegal defeat devices were, are or will be operated.

In this Draft Plan the funding allocations are not apportioned correctly. Nearly a quarter of subject vehicles with illegal defeat
devices in Texas were registered in the Houston region. Therefore, Houston should receive a quarter of the funds. Not the 13 percent of the draft -- with that the draft allocates.

Not only were 25 percent of the vehicles registered here, but Houston has documented adverse health effects from nitrogen oxide that were illegally emitted and significant costs.

The intent of the signatories of the Trust Agreement is for the funds in the Trust to be used in areas where harm has occurred, is occurring or will occur from these vehicles.

Harm has, is and will continue to occur in Houston due to these vehicles. And, although mitigation of NOx in other areas not as high as Houston will reduce NOx, mitigation in those, these or other areas will not reduce the health effect and the associated costs of health effects as the same rate as it would in Houston.

Funds in Houston would go further to meeting the goal. This is because the risk of adverse health effects increases as:

One, the number of days of unhealthy air pollution increases.

Two, the concentration increases.

And, three, the population exposed to those elevated cumulative unhealthy air pollution days increases.

The rate of effectiveness is dependent upon the number of days of unhealthy air pollution increasing because, if a region does not have many days of unhealthy air, reducing NOx will not effectively reduce adverse health affects for the state compared with reducing an impacted area.
Reducing the number of EPA air quality index days with warnings from fair air quality to good air quality does not have the same impact as reducing from the unhealthy level to the fair level. The rate of effectiveness is dependent on how high concentrations are. At the upper end, in high concentrations, the dose response relationship between air pollution and health effect is not linear.

Reducing the high-end concentration has a bigger impact than reducing from moderate to low. If a region does not experience the highest level, reducing in that region will not be as effective as reducing in regions that have high concentration levels. Finally, the rate of effectiveness is dependent upon how large the population is which is exposed to those elevated, cumulative, unhealthy air-pollution days.

No other city in the state is as large as Houston. In fact, Houston's the fourth largest city in the United States. Reduction of air pollution here will benefit the most people. The Houston region has nearly 7 million residents who face the public health consequences of poor air quality. Regarding air pollution health effects: Houston has significant health consequences tied directly back nitrogen oxide. Nitrogen dioxide has been linked to an increase risk of an asthma attack requiring ambulance treatment in Houston. There were 18,000 -- over 18,000 ambulance-treated asthma attacks since 2004.
That's about 1500 per year.

15 percent of the year in Houston NO2 poses a 30-percent-increased risk of an asthma attack. Nitrogen dioxide is a component of the formation of ozone. Ozone has been linked directly to an increased risk of asthma attacks in Houston.

5 percent of year cumulative exposure over three days of ozone poses at 15 percent increased risk of an asthma attack.

Houston is burdened with pollution-trigger costs of asthma, ambulance fees, hospital costs, missed work and school time. And, when an ambulance is treating an asthma attack, it's not available for acute events putting other Houstonians at risk.

There are school zones in Houston where children are six times more likely to need an ambulance for an asthma attack than the rest of the Houston. These children are from disadvantaged, socioeconomically challenged areas. Reducing pollution would reduce this burden on children.

Ozone's also been linked to cardiac arrest in Houston.

Finally, formaldehyde formation is a function of nitrogen oxide. Formaldehyde is a cancer-causing hazardous air pollutant. EPA's National Air Traffic Assessment indicates formaldehyde is posing a significant increase in cancer risks in some Houston neighborhoods.

Houston continues to be a nonattainment of the ozone standards. The current ozone design value in Houston is 78 parts per billion. This is the highest in the state. And in the past five
years EPA's Air Quality Index data indicates Houston has had 238 days
when air pollution conditions were unhealthy.

EPA's data on the Air Quality Index indicates Houston had
approximately four times as many days with unhealthy conditions
compared with San Antonio, the region allocated the most funds.
The costs associated with adverse health effects in Houston
are estimated to be four times higher than the region allocated the
most funds.

There is a significant disproportion of allocation of dollars
per bad air-quality day. San Antonio is receiving 10.47 times more
dollars for bad air quality days than Houston. $1.2 million per day
in San Antonio compared with 115 per day in Houston.

According to the EPA's Air Quality Index data for the regions
allocated funds in the draft plan, the region with the best air
quality will receive the most money and the region with the worst air
quality will receive the least.

Again, reducing NOx anywhere does not have the same result.
Benefits are not linear. Reducing where air quality's hardest hit and
many people are at risk will provide significantly larger benefits to
the public health of the state making each mitigation dollar go
farther.

The City of Houston requests the TCEQ reallocate the funds to
those areas most impacted so that mitigation of NOx provides the
greatest health benefit possible for Texas in line with the sentiment
of the Trust.
MR. COSTEA: Thank you.

Okay. Susan Shifflett.

PUBLIC-COMMENT SPEAKER: Good afternoon. I am Susan Shifflett. I'm with the Texas Natural Gas Vehicle Alliance.

First of all, we would like to commend TCEQ and Commissioner Niermann on this Draft Plan, but we do have a few comments.

First of all, it does have to do with the funding allocation. We would encourage greater levels of funding to H-GAC than DFW. There are a greater number of vehicles that are eligible for these moneys in these areas.

El Paso we would like to see reduced because they have had access to TERP throughout all these years. It's not -- the reason they are not using, we shouldn't give them more money because they're not going to use the money previously having access to.

Third, 19 counties of Houston-Galveston Area Council -- I mean, Houston-Galveston area and DFW versus four counties of San Antonio. Or, if you add El Paso, only five counties for 48 percent of the funding as that is not good use.

We would like to see the use of the reduced funds amount be given to Corpus, Austin, East Texas. The other areas. We would like to have seen this gone statewide, but we know what's being recommended. So, we do feel like all the other nonattainment, near nonattainment should be given an opportunity as well.

Finally, we do encourage TCEQ to use the highway -- designate highways. We do like that because that will capture more of the
intrastate trucking that is running through all these counties and communities.

We do commend TCEQ for keeping the administrative costs down. As we have stated previously, we would like to see a majority of moneys go to Class 4 to 7 local freight trucks, Class 8 local freight trucks and port drayage, Class 7-8 refuse vehicles, school buses and transit and shuttle buses.

We are glad to see that the local governments do have to have some skin in the game. It's only fair. We would like to see a greater amount alternative fuels and not to clean diesel. Clean diesel is why we are here today.

We would like to see fuel parity, but we know the decree does not allow that. So, we would like to see a cost per ton cap for the fuels to allow that fuel parity.

We would like the TCEQ to utilize AFLEET in addition to their estimate. We feel like AFLEET is a better way to capture emission reductions. And, finally, we would like to see an easy application process. Not a 10- to 20-page version like most TERP programs.

So, having said that, thank you.

MR. DAYTON: Thank you. The next person is -- and, if I don't do well on these names, please excuse me and make sure you state it correctly.

Arjumand Mubaarak. Was I close?

PUBLIC-COMMENT SPEAKER: Yes. You were close.

Hi. I am Arjumand Mubaarak. I'm a Political Action Chairman
for the Sierra Club here in Houston -- the Houston area. And I was
down a kind of assigned to this. So, if I mess up, please -- first of all,
we support spending the maximum 15 percent on electric- and
hydrogen-powered-vehicle infrastructure.

Second, the categories that TCEQ has selected additional
funding for like freight trucks, garbage trucks, school buses and so
on, which is good for us as far as we're concerned, seems like it will
help with our pollution reduction.

However, TCEQ is only allowing five areas access to these
moneys and is letting what gets funded to be on a case-by-case basis.
Meaning, that all the money could be spent on natural gas or even
diesel freight trucks.

Here is some ideas from the Sierra Club:

25 percent of the VW Settlement charging fund is 15 percent of
the total should be set aside for a multi-family and public facilities
and low-income communities that tend to be most affected.

Make a specific minimum commitment to electric school buses
and transit buses by setting aside at least $30 million of the total
for all electric buses so that those most impacted by air pollution
will receive the greater benefit.

In addition, the TCEQ would consider raising the 60-percent
reimbursement of these types public vehicles up to the maximum of 80
percent.

Lastly, redistribution of the funds should be more
attributable. Houston is among the five metropolitan areas and it is
one of the larger ones -- one of the largest one. An example, Houston
is only proposed to receive 13 percent of the total funds even though
it had higher levels of pollution and population than areas like San
Antonio, which received the most.

That's it. Thank you.

MR. DAYTON: Thank you. Eddie --

PUBLIC-COMMENT SPEAKER: Murray.

MR. DAYTON: -- Murry. Sorry.

PUBLIC-COMMENT SPEAKER: Good afternoon. My name is Eddie
Murray. I'm with Freedom Fuels and, also, a board member of the Texas
Natural Gas Vehicle Alliance.

What I wanted to do is just talk, first of all, the number-one
objective of this program is cleaning up of air. And the faster we do
it, the healthier we will be.

You know, we just heard from our -- you know, somebody that's
well knowledged and versed on air quality and the diseases and
everything that we get from these things.

And, so, not to take the eye off the ball, what will get us
there the fastest and the use the money most effectively is what we're
supposed to be doing with this money, in my opinion.

You know, the City of Houston, Harris County, Port of Houston,
you know, I can see why you guys have slapped them a little with the
funding allocation because they haven't done anything yet, you know.
And I understand that.

Where, with San Antonio, they did a thing and they got a
little momentum over there. But what we're saying over here is we've been impacted. We have the most -- we are the 11th worst air quality in the country in Houston.

We are, also, the number one worst air quality in Texas. So, if our objective is to clean up the air, why are the allocations of the funds the way they are?

We feel that they should reshuffled and reallocated appropriately, first.

Second, we've talked about clean diesel being part of this program. There is no such thing. I've been working in Houston for years. You know, years doing this. And, now, what we have is the first generation of clean-diesel trucks that are for sale to the next owner.

And has anybody seen a clean-diesel truck out there after it has been purchased by a second owner/operator in the market? What's going on is that system is being taken off the truck.

So, all the funding that the TCEQ has put towards clean diesel, in 10 or 15 years those systems will be taken off trucks. They will be driving around the city dirtying up the air worst.

Diesel got us here. This should be an Alternative Fuels Program. Period. That is my opinion.

We have technology out there that we can deploy today in alternative fuels. Let's get on board with alternative fuels and cut the nonsense out with the diesel.

There's 3,000 owner/operators in the port region. You know,
we talk about the low-income areas. The port region of Houston, these people don't get one dollar from TCEQ because they don't know about our programs.

I have to hand it to H-GAC. You guys have stepped it up. Thank you very much. But TERP Programs means a new truck. There are second-generation trucks. If you are going to go and see an owner/operator down in the port region, he is not going to buy a new truck. I am sorry. Because, no matter what you fund that guy, he doesn't have enough money for that truck.

They are the dirtiest. They're 20 to 30 years old. Those engines have been rebuilt two times. Those are the trucks that we've got to get out of here. And until we get that done, you can go to all your UPS's in the world. Their oldest truck is seven to ten years old. They don't have a 30-year-old truck.

We've got them in Houston. Let's go down and clean that up. Something's got to be done for those guys. And it's going to be in the secondary truck market when UPS gets ready to sell their trucks or when Central Fleet gets to ready to sell their trucks, instead of having a hard time selling their clean-burning natural gas trucks or, eventually, their electric trucks, these -- we have to have a program for those fellas.

And then, you know, at the end of the day we only have nine years to get this thing done, you know. And, you know, it's actionable. We have to get on it, you know. Like I said, H-GAC has
been very good.

The TCEQ programs, by the time we send everything in, the box goes in and it takes for -- a long time to get back. And what we're asking for is something very simple that maybe a small company can fill out. Not just the large company that has grant writers.

So, you know, overall, No. 1, we've got the worst air quality. No. 2, we have the technology out there that we can use today and clean up the air today by taking all the trucks off. It's time to deploy that. And then, lastly, you know, there is no such thing as clean diesel. Diesel is what got us here. So, that's all I got.

Thank you very much.

MR. DAYTON: Thank you, sir.

Okay. Next person is Charles --

PUBLIC-COMMENT SPEAKER: Airiohuodion.

MR. DAYTON: Airiohuodion.

PUBLIC-COMMENT SPEAKER: Good afternoon, fellow citizens. I did not expect to be saying anything, but I just heard a bunch information, which I think questions -- certainly distill for the Council.

In context, my background happens to come from the emission trading world. When I came from Switzerland in 2002, I was astonished how poor the quality of air was here in Houston, my hometown.

When I got here, 75 percent of the NOx emissions were caused by stationery sources. The arc of the TCEQ Program and NOx Reduction
Programs we have inverted that in less than ten years to 75 percent mobile sources and 23 percent stationery sources.

And all I have ever heard are excuses on why that can't be fixed. H-GAC has done a great job. They've done the best with the limited authority and sort of the inputs in a politically-fractious world. As Councilman Christie said, you know, we don't have any focus on the cost.

Fort Bend County has converted to CNG. We can't get HISD to do it. All I hear are excuses from the City in terms of their waste fuel because they want to use diesel for whatever reason, which doesn't make a lot of sense considering that CNG is, A, cheaper, cleaner -- and, by the way, it's one of the reasons why we got our trucks on the road for clean up after Harvey because they didn't have user stations.

And the last point, which is not really pointing the finger in anyone's eye, but, as a citizen, I am worried about the quality of air for our kids. I'm worried about the diesel.

I think people forget the 60 percent of transit in town comes through north-south-east-west traffic that people seem to forget about, and we don't seem want to take care of it.

The TERP Program, as effective as it has been, doesn't have the grit for the 60 percent or 80 percent of the small-truck owners who actually need to get reappraisement.

So, I don't know whether the VW Settlement needs to be applicable to helping the City getting started, first, matching up
some of these funds or some allocation. But the reality is the City of Houston is a mess. And it's not going to get any better if we keep on allocating to other people who have less problems than we do.

What I don't see is the political will, and I don't know how you get that done. And it doesn't seem to happen even when you have Harvey.

After Harvey, we had an ozone event that -- or at least there wasn't a stationary source in site. It was done from mobile sources when the trucks came into town and the offshore ships, which were coming back in.

So, I think people need to get back to reality about how we fix this. One thing that we can fix:

The City, the TERP Programs and then we can perhaps move on.
And the VW Settlement would be a great lubricant to do that.
It would increase the velocity of the change relatively quickly.

Batteries are great. We are ten years away from getting heavy-duty batteries. That is nonsense. It's not going to happen, and it's certainly not going to happen in Houston.

We can't keep a regular battery good for two years, for goodness gracious, with the heat we have. So, imagine trying to do so with these trucks.

So, those are my two cents. And I apologize for stepping up, but I think it's worth mentioning. Thank you.

MR. DAYTON: Thank you. Alan Clark.

PUBLIC-COMMENT SPEAKER: Thank you. My name is Alan Clark.
I'm the Director of Transportation of Planning at the Houston-Galveston Area Council.

We appreciate TCEQ's been a wonderful partner in all of our environmental areas for extending the opportunity to comment on their proposed program for implementing the VW Settlement Fund.

I'm probably going to say some things that summarizes what you've heard from others, but I wanted to just state how strongly we believe that TCEQ look at the distribution of the offending Volkswagen vehicles from making decisions on how to allocate these funds.

We think there's several reasons for doing that that you've already heard:

One, the severity of air pollution in our region, and it's affect on public health.

There was an excellent summary of the health effects, and I won't repeat all those comments. But this, particularly, is effecting our elderly residents, our youngest residents and anyone with any type of respiratory issues.

Our region's economic competitiveness is challenged by air quality nonattainment status, and I know that that's a great concern in the San Antonio area. But even though we've been dealing with it effectively I think for several years, I hear almost every month, every week from one of our local governments who, as a business opportunity, that they're likely to lose because of our nonattainment status.

There is an urgent need for significant emissions reduction
from our area not only because of the health effects, it's impact on
our region's economy, but we are, also, effecting other areas of the
state.

I can't remember many comments from my counterparts from San
Antonio, you know, from Dallas, Fort Worth, from Austin who are eager
to see emissions reduction in our area because of some this gets
transported to their parts of the state as well.

And then I believe that, if TCEQ were to use the distribution
of vehicles for its allocation, you would still have about 20 percent
if you continue to invest in priority areas identified.

You would have 20 percent of these funds coming to the State
of Texas to allocate to statewide efforts or to increase the share
that's going to San Antonio, El Paso, the Beaumont-Port Arthur area.

For government recipients, you've already heard the impact of
Harvey. I can't say more about that, but it's quite impactful. And
increasing that allocation, even from 60 to 80 percent, I think would
make a huge difference in the ability of local government to quickly
take advantage of the VW Settlement funds available to them.

And then we think that TCEQ is a great partner that doing all
of this from Austin is asking a lot of TCEQ and dealing with each
grant application individually will require a lot of additional effort
and administrative costs.

We believe that, quite frankly, H-GAC has done a great in
working with our local governments, identifying where our priorities
are and working with the private sector in a way that gets the funds
to them as quickly as we're able to do so.

So, we suggest that you consider implementing this program with our help, our partnership. We will do all we can not only to do this effectively and quickly, but to maximize the impact here by combining it with other fund sources that we have available.

So, even if we can't raise the share of the local governments to 100 percent, we hope that we can take advantage of every funding opportunity to provide a program that will deliver, we hope, vehicles to them at 100 percent.

If it can't, by making up that difference with other funding sources that might be available to us or this money to administer through G-GAC. We are going to try to make this program as effective as possible, and do whatever we can to be value, valid partners of the state.

So, thank you very much for you allowing me to make my brief comments.

MR. DAYTON: Thank you, sir.

Okay. Emily Wier.

PUBLIC-COMMENT SPEAKER: Good afternoon. My name is Emily Wier. I'm with Green Lots. We're an EV charging company. We're based in Los Angeles, but we are one of the companies that's helping Electrify America in it's implemented ZEV Infrastructure Program.

So, as the -- you know, as they were talking about earlier with the DC fast charging stations that are going to be coming through the state, we're going to be helping provide the software and
networking behind that and allowing EV drivers have ease of access across the state.

We do have a lot of other Texas programs in utilities and municipalities, but I just wanted to focus my attention on kind of the ZEV component of the plan. And, you know, then we will be submitting more details on that through the time period.

So, one of the key aspects of this program would be with 15 percent, you know, 30 million is a lot to really jump start the EV adoption in the state.

You know, Texas has overall EV adaption. I think they're, like, number six. But, per capita growth, it's still pretty small. But we've seen, like, in Austin there's been utility-sponsored programs there that have really helped kick start the market.

So, I think this 30 million offers a really wonderful opportunity for increasing EV growth across the state as well as addressing the mobile-source-pollution problems.

So, one of the kind of key things that we've seen from our work with, you know, municipalities, utilities, Electrify America, is the importance of having kind of a state-wide coordinating entity to ensure that, as these funds are rolled out, they go to site hosts that is are well suited for longterm operation and maintenance of the infrastructure because there are a lot of, you know, kind of associated costs with warranty, maintenance, keeping the software up-to-date that kind of need to be provided for over the life time of the equipment to ensure it's operable and reliable. Because,
ultimately, this is about creating a program that, you know, makes electric-vehicle drivers excited about driving their cars across the state. Or, you know, being able to commute to work and everything. So, the other kind of component to that, in addition to having like some kind of state-wide entity -- and in certain states we have seen part of the Department of Transportation or the, you know, corroboration of utilities or some kind of other type of public, private partnership. And there's some really interesting programs that are coming up in other states underneath the VW Settlement Program to look at.

And, so, the other kind of components of this is looking at the kind of the cautionary requirements. As I was alluding to earlier, some of the long-term costs associated with the maintaining an infrastructure can be pretty significant.

So, I think one of the, you know, important things to consider, as we have talked about earlier regarding -- earlier is making sure that the maximum amount of cautionary is allowed for electric-vehicle charging equipment just because the costs are -- can be prohibitive for what would, otherwise, be liquid site hosts. And as well as kind of the long-term operations and maintenance making sure those are covered.

You know, kind of future growth is within the transportation electrification here and, you know, we're seeing what can happen in Austin, you know, thinking that happen in Houston and across the state.
So, we would love, you know, to see this program as being a way to really kick start that part of Texas and continuing the growth towards transportation electrification.

Thank you.

MR. DAYTON: Thank you.

Okay. Stephanie Thomas with Public Citizen.

PUBLIC-COMMENT SPEAKER: Good afternoon, everyone. My name is Stephanie Thomas. I work with Public Citizen. We are a national, nonprofit public interest group. In Texas we focus on energy, environmental and ethical issues.

So, today -- we will plan to submit more extensive comments by the end of the comment period, but I do want to mention a few points today. Some of them have been mentioned by some of the other speakers, and some of them haven't.

One of the things that I want to bring up, first, is some of projects that are being omitted in the Draft Plan:

Freight switchers, tug ferries and drayage projects.

I want to bring these up because these can be among some of the most cost-effective options available in terms of cost per tons of nitrogen oxide reduced.

So, we would like TCEQ to reconsider that omission.

One of the other things that we do want to celebrate is the allocation of funds towards electric-vehicle infrastructure, and one of my comments on that is to ensure that charging infrastructure is equitably distributed so that low-income communities are not left out
of the process.

Refuse trucks I think are a great project to support given that refuse trucks line our streets, go up and down and have really a direct impact on community members.

And to echo what Dr. Rain said, we are really concerned about air quality issues, in Houston in particular. And given the amount of issues that we have here in terms of our air quality, that the funding allocation ought to be reconsidered.

One point that I do, also, want to make that some of the other speakers have said is, in terms of the 60/40 match, that we do believe that that number could be reduced for the burden on the government given the City and other governmental entities' concerns about funding.

That is it. Thank you so much.

MR. DAYTON: Thank you.

Next is Tom "Smitty" Smith.

PUBLIC-COMMENT SPEAKER: Good afternoon. My name is Tom Smith. I'm better known as "Smitty." And I am now the Executive Director of a new group called the Texas Electric Transportation Resources Alliance, and we are the voice of EV owners in Texas in policy making and are trying to bring together the various stakeholders to figure out the big questions about how to accelerate EV growth in Texas.

And we're bringing together utilities and manufacturers and charging companies and vehicle owners and trying to figure out a bunch
of the big questions that are facing the state as we face the questions of how about best to spend the VW Settlement money. And I want to spend a few minutes today talking about the 15 percent set aside. We will submit more additional and formal comments as we get closer to the comment date.

But one of the things I want to say to the TCEQ staff is, on the whole, you've got a lot of really good stuff in here. I think we are all concerned about the allocation and the fairness of the allocation and wish it was done based on where the VWs were that had caused the pollution and this is mitigation and coming up with ways to reduce the harm where it has occurred.

Let me suggest the following kinds of things:

We would like to see the first priority for that charging pod of 31 million go to building out the interstate corridors and the inter-urban corridors across the State of Texas.

And we would like to suggest that we set a goal of every 50 miles having a place where you can charge. And we would like, of course, coordinated and, as the rules require of the settlement, with the Electrify America folks. They're coming in in phases, and their basic first step is about every 77 miles with one about every 120 miles of maximum.

We think that there's a way to use these moneys along with their maps and figure out where to cover where they're not, and including the highway back and forth to Austin and Houston, please, as soon as possible.
We also think that in the inner-urban areas we have to focus on two things:

Where are the EV owners now in term of clusters. I mean, they are often in certain ZIP Codes or whatever. But, also, as others have said, we think we ought to set aside at least 25 percent of the money for charging stations in low-income and low-moderate income family housing complexes or apartment complexes so that the money all doesn't go to trammel codes or other builders of extremely rich housing for yuppies. Not only because it's the right thing to do, but because, as an EV owner, as many of you are, what we now know is owning an EV costs about a third of what it costs to own a conventional vehicle.

The fuel is about a dollar a day. I drive my pick-up truck. It's about $3.50 a day to go back and forth to my home to downtown.

Ownership costs are minimal.

Consumer reports has certainly said it costs about -- the EV's are about 25 percent less expensive when you buy a car off of a lease than a traditional internal-combustion engine car because the technology has aged and people who are going to buy one will have to go out and buy a new EV because it has longer range, but they are then much more affordable for folks in low-income housing or in that community.

Another big location thing is where the power lines are adequate. We learned some mistakes when we developed wind. We put a lot of wind plants in places where we had tiny, little power lines. And what we're suggesting is that we don't make that mistake again.
In your allocations and your criteria it would be our hope that you get some sort of demonstration that there are adequate power-line capacity.

And one of things that TXETRA has committed to, Chairman Niermann and others, is to take the map of the fat power lines and put them over the interstates and say it's really a good idea to put it here at La Grange but not -- or Columbus but not at Smithville but, you know, on that highway because that's where you got the fat power lines and you don't have to build up the capacity and you're not going to overload the grid.

And another big thing that's important is to make them in locations that are attractive to a wide variety of consumers. Tesla, you can find a Tesla charging station in front of a Coach store or the other high-dollar retailers or the high-dollar restaurants. We're talking about the McDonald's and the Buc-ee's. Let's get them out there where people who are like us stop for food and gas.

And we, also, think that they ought to be assessable to all apps and to all various kinds of charging companies. In addition, one of things that is -- and are not in my written comments and for those of you who would want them, there's some extra copies over there, you can pick up afterwards -- is that these things ought to be releasable.

So, although, we have a lot of well-funded charging companies, there will be a lot of fly-by-nighter's who come in and say I want to put a charger here. And, if you don't have that provision in your criteria and in your contracts to be able to take that site over and
release it back to a charging company whose actually got some money
and can operate it and the right to come back in and take it over and
make sure it's all interconnected, you're going to lose that money.

And there also ought to be what they call "smart chargers"
that enable the utilities to get the data and to be able to push the,
oh-my-goodness-we're-going-to-melt-down-here-really-hot-day button to
shut those chargers off or to be able to get data about how many
people are there so it's accessible to people who are driving down the
highway looking for a recharge and are looking for an open space and
if it's in -- and, so, that we have that data available on the app.

And, also, to make sure that the owner's signable when their
charge is complete. And I think that basically gets us to the end of
my comments.

Again, this is the opportunity where Texas can do what it has
done so often in terms of development of wind power because we got --
set big goals and then the infrastructure came in to fill those goals
and to be able to put them in places where we're not going to overload
the grid.

It's also a critical moment for the state to stand up and say
this is just -- EV's are not rich people's toys. These are ways to
drag to reduce the costs of -- to an average family of transportation
and it's the right thing to do.

And there's also language in the Trust that basically gives
some indication that that is something that we ought to be considering
as well. We hope that you write that in your criteria.
Thank y'all for being here, and thanks very much for all the hard work the staff has put together.

MR. DAYTON: Thank you.

Samuel Southard.

PUBLIC-COMMENT SPEAKER: How's it going?

MR. DAYTON: Like I said, if I mess up your name, please state it for her so that she gets it.


So, as I stated, my name is Samuel Southard. I probably should have dressed a little bit for this occasion, but thank for being here and showing that you care about our future.

As a young person who's in college and studying for an environmental science degree -- a Bachelor's in Environmental Science -- it is important to point out that I may still be here when a lot of y'all are gone.

PUBLIC-COMMENT SPEAKER: Thank you very much.

PUBLIC-COMMENT SPEAKER: I take that back.

PUBLIC-COMMENT SPEAKER: But with that comic relief aside, I'm a very concerned citizen. I've been born and raised in Houston my whole life. I've seen firsthand how some neighborhoods are treated better than others, and I've seen firsthand the socioeconomic divide, pollution. All these things.

I think that, if I weren't to be born in Houston, from somewhere else, I wouldn't have be as passionate about the
environment.

So, that's just a little bit about me. I wanted to definitely echo some of the comments that I've heard. I really appreciate that people are seeing the damage that was done during Harvey being a very compelling reason why we would have more allocation of funds for this the budget.

I actually briefly worked for an organization called "Texas Campaign for the Environment." We were more so specifically concerned with the toxic sites over 70 percent of which were flooded during Harvey, and these toxic sites many of them have not been remediated. So, they have all sorts of crazy, super-toxic chemicals still there. And what's staggering is the TCEQ has not done enough to remediate these sites. And what we would deem for residential use isn't even like what Louisiana or Mississippi would do for industrial use.

So, that just kind of puts it into perspective. And to make it brief, I think that, you know, touching on my comment earlier about future generations, I think it is important that we think about not only air pollution and that kind of stuff, but thinking about the production of plastics and other petroleum byproducts as these cause lots of problems because the carelessness of humanity prevails and people throw things out the window. And I find often times that, even in neighborhoods I've lived, I can't with good conscious just let myself pass by this trash again and again.

So, I pick it up. And I've probably picked up more trash that
myself and the few of you have weighed combined.

And I guess, in just closing, that I truly just want to let y'all know that, with getting my degree in environmental science, I'm going to do my best I can to help this planet and I hope that y'all would wish the same.

Thank you so much.

MR. DAYTON: Thank you. Jim Tucker?

PUBLIC-COMMENT SPEAKER: My name is Jim Tucker spelled in all the usual ways.

Good afternoon. I'm appreciative that we have this public meeting to exchange ideas.

I am a resident of Houston, and I breathe. So, that's the dog that I have in this discussion. I am familiar with the urban and suburban municipal vehicle issues, but not rural issues of this sort.

The City of Houston refuse and recycling vehicles are out all day. I know in my neighborhood they go 50 feet, stop, 50 feet, stop 50 feet, stop, which has, you know, the sort of effect on air quality you might imagine as well as the maintenance issue. Similarly, for the school and METRO and other public conveyance fleet.

I recommend the acquisition and evaluation of electric fleet vehicles for several of these municipal service groups that they currently have gasoline or diesel vehicles. This will improve the air quality, and it will allow the maintenance records to be established for these sorts of vehicles if compared so that that full cycle economics can be run in addition to the benefits on air quality.
Continuing with the economics, a lot of these larger fleet vehicles may not require the lithium and exotic batteries just because the vehicle size there's room for conventional lead-acid battery. So, that can help the economics as well and can be evaluated.

Over time, there will be a reduced need for diesel mechanics because of the maintenance is going to vary from that. And, so, attrition will happen there which helps the economics of those public groups.

For the City of Houston, we already have a prepurchase of a bundle of electric -- PV Electric from West Texas and may continue with more.

So, there's, for Houston's specifically, there is those economics for the municipal vehicles. As a side note, my daughter had one of the Audis that was part of the program, but I don't have any onus towards VW or Audi for that. I think their efforts for accommodation are admirable for a corporation.

Finally, this is an opportunity for creativity. We've heard about the different allotments. That the 60, the 80 percent, whatever for the fleet additions. Maybe a ladder of changes might ought to be considered because of the effect of a given vehicle moving from diesel or gasoline to electric is greater than moving from gasoline or diesel to CNG, as the councilman described.

So, perhaps some sort of sliding scale of the benefits of the individual proposals that these groups will bring would be worth considering.
Also, the effects of retrofitting because many of these fleet
vehicles the vehicle lasts longer than the power train.
Particularly, if it's diesel or gasoline. So, perhaps some benefits
along those lines. And if that is included in the write-ups, I have
only had a chance to briefly look over those today.

Finally, air is a shared resource. Perhaps some incentive for
the proposals that are brought by the different groups in terms of the
air quality improvements that they will provide.

I grew up in Corpus Christi where you benefit from a
continual, strong on-shore wind which blows your problems to some one
else in Alice or Freer or Robstown.

But, you know, the effect of moving a diesel-refuse truck
from -- to a CNG or to electric is just as great in McAllan as it is
in Houston or Dallas on San Antonio. And, given that this is a
statewide program, that could provide incentives within the portfolio
of the solutions that are suggested and then funded that will benefit
us all and propagate the benefits of some of these evolutionarily
changes more widely.

Thank you for your attention.

MR. DAYTON: Thank you. Theresa Valin.
PUBLIC-COMMENT SPEAKER: Thank you for this opportunity to
speak with you.

I just want mention two things:

In 2011 the Texas Senate cut the education budget. And I'm
just thinking today about when they cut -- I think they wanted to cut
it 5.4 billion and they put 3.5 back in. So, we lost I think the net loss of $900,000. 13,000 people lost their jobs.

And as a result, when I pass by some elementary and middle schools, sometimes I see 50 people parked there waiting for their children to come out of school idling.

And, so, we're all interconnected. So, I hope you will give higher priority to just trying to convey to the public that, you know, this is a real issue. And that everybody has a responsibility to think about what emissions they are generating.

The other thing is that I live in Spring, and I live in a middle-class neighborhood. And my husband is a landscaper as well as a retired drug and alcohol counselor.

And I had a neighbor, and this couple had three children and they had an 11-year-old son and he had asthma. And she worked. She worked for one of the major insurance companies, but she didn't have health insurance. They didn't offer it to her. And he went out on a leave of absence to have I think a knee surgery and they dropped him.

So, they didn't have health insurance. And their son probably realized what stress it caused his parents when he had an asthma attack. So, he didn't tell his parents, and this is what happens when you have children making adult decisions:

Brain dead. He died.

Air pollution is -- you know, poor people, middle-class people, we put it on the back burner. We don't think about it. I think we should all do whatever we can to be leaders doing something
about this issue.
So, thank you very much for your time.
MR. DAYTON: Thank you.
Okay. That's all the folks that I have that desired to speak.
Is there anybody else that would like to come up and talk?
Anybody else?
Okay. Well, I'm going to stop the record now of the public
comment part of this.

(End of record)
STATE OF TEXAS
COUNTY OF HARRIS

I, Cynthia Martinez Montalvo, Court Reporter in and for the State of Texas, do hereby certify that the above and foregoing contains a true and correct transcription of the proceedings requested in writing by the parties to be included in this volume of the Reporter's Record in the above-styled matter, all of which occurred in an open meeting and were reported by me.

I further certify that this Reporter's Record of the proceedings truly and correctly reflects the exhibits, if any, offered by the respective parties.

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/s/Cynthia Martinez______
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Texas Commission on Environmental Quality
Air Quality Division
Implementation Grants Section, MC-204
P.O. Box 13087
Austin, TX 78711-3087
ATTN: VW Settlement

RE: Comments Pertaining to the Use of Volkswagen Mitigation Trust Funds in Texas and the Development of a Final State Beneficiary Mitigation Plan

Dear Sir or Madam:

The Houston-Galveston Area Council (H-GAC) is the voluntary association of local governments for the thirteen-county Houston metropolitan region and serves as the Metropolitan Planning Organization (MPO) for the eight-county Houston-Galveston-Brazoria (HGB) ozone non-attainment area. These recommendations were developed in consultation with regional stakeholders. Additional comments may be forthcoming prior to the October 8th comment deadline.

- H-GAC strongly recommends that TCEQ disperse the state Settlement allocation based on the percentage of affected vehicles found within the “priority regions.” This would increase funding to the H-GAC area from $27 to $50 million. The severity of air pollution in our area is one of the greatest health risks to residents of our region, particularly the elderly, very young and those with impaired respiratory health. The region’s non-attainment status is also a challenge to our continued economic competitiveness. There is, therefore, an urgent need for the significant emissions reductions which could result from the projects deployed with the Volkswagen Settlement funds. Other areas of the state impacted by the transport of emissions from our area will see air quality improvement as well.

- For governmental recipients, H-GAC recommends an increase in the proposed maximum funding percentage from 60 percent to at least 80 percent. Many local governments in the Houston-Galveston region have delayed routine capital budget items such as the replacement of equipment damaged by Hurricane Harvey as other urgent Harvey related costs are being addressed. Increasing the Settlement share to 80 percent will accerate and expand local government participation in Settlement funded activities and assist in local government recovery from Harvey.

- H-GAC recommends that Settlement funds be dispersed in our region through the Houston-Galveston Area Council which has staff with significant experience in similar programs. Doing so will insure local priorities for effective emissions reductions are achieved without significant start up time or an undue increase in administrative costs by TCEQ or local governments. H-GAC will also seek to leverage VW settlement projects with clean air
funding from other sources to increase program effectiveness and accelerate deployment of available funds.

H-GAC believes that TCEQ’s leadership along with the above recommendations will enhance our region’s ability to mitigate the damage caused by Volkswagen’s fraudulent activities and leverage ongoing efforts to improve air quality and public health.

Thank you for the opportunity to comment on this initiative.

Regards,

[Signature]

Alan C. Clark  
Director of Transportation Planning and Air Quality

AC/ajd

cc: Chairman Jon Niermann, MC-100  
Mr. Toby Baker, Executive Director, MC 109  
Ms. Stephanie Bergeron Perdue, Deputy Executive Director, MC 109  
Ms. Dana Evans, Acting Director Environmental Assistance Division, MC 108  
Ms. Donna Huff, Air Quality Division Director, MC 206  
Implementation Grants Section via email to VWsettle@tceq.texas.gov
TCEQ Accepting Comments on Volkswagen Funding

The Texas Commission on Environmental Quality is working to determine how to spend $209 million within the state of Texas on air quality improvement projects over the next decade. This funding amount, originating from the Volkswagen State Environmental Mitigation Trust, was based on the number of vehicles with fraudulent emissions controls in Texas and is intended to repair the damage inflicted on the state’s air quality.

TCEQ has released a draft version of a mitigation plan indicating how and where the $209 million Texas allocation should be distributed within Texas. In this plan, TCEQ indicated that the agency will expend $8 million in funding to directly administer projects, $31.4 million throughout the state for electric vehicle charging equipment, and $169.6 million to replace vehicles in five regions:

<table>
<thead>
<tr>
<th>Region</th>
<th>Funding Amount</th>
<th>Percentage of Total Funds</th>
<th>Percentage of VW Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Antonio</td>
<td>$73,554,754</td>
<td>35.1%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Dallas-Fort Worth</td>
<td>$29,116,296</td>
<td>13.9%</td>
<td>25.5%</td>
</tr>
<tr>
<td>Houston-Galveston</td>
<td>$27,399,879</td>
<td>13.1%</td>
<td>23.9%</td>
</tr>
<tr>
<td>El Paso</td>
<td>$26,771,921</td>
<td>12.8%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Beaumont-Port Arthur</td>
<td>$12,705,673</td>
<td>6.1%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Other Uses / Areas</td>
<td>$39,400,000</td>
<td>19.0%</td>
<td>36.2%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$208,948,523</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

H-GAC has serious concerns the proposed distribution of Settlement dollars is substantially less than the percentage of affected Volkswagen vehicles in our region; that required local matching shares (40%) will greatly reduce their near-term use in our region and centralized administration and project funding decisions at TCEQ will be costly and reduce local input on program priorities. For example, if funding to our region were based on the number of faulty vehicles located here, available funding would almost double to approximately $50 million.

TCEQ will be accepting public comments on this draft plan TCEQ until October 8, 2018 and will be hosting a public meeting to receive feedback on the plan on Sept. 10, 2018, 2:30 p.m. Tracy Gee Community Center, 3600 Westcenter Drive Houston, TX 77042 (see attached Map).

Comments can be sent to VWsettle@tceq.texas.gov. More information about the Trust, including the full Draft Mitigation Plan as developed by TCEQ, can be found at the Trust website: www.tceq.texas.gov/agency/trust.
MAP TO THE TRACY GEE COMMUNITY CENTER