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**Intermodal Development**  
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*Agency of Transportation*

January 31, 2022

House Committee on Transportation  
Senate Committee on Transportation  
House Committee on Energy and Technology  
Senate Committee on Finance

Vermont State House  
115 State Street  
Montpelier, VT 05633-5301

Re: Report on Vermont's Statewide Vehicle Incentive Programs for CY2021

Members of the Committees,

The Vermont Agency of Transportation (VTrans) respectfully submits the attached program evaluation summaries for the Incentive Program for New PEVs and the MileageSmart program. For reference, also attached is the inaugural report submitted by VTrans for calendar year 2020.

In 2021, despite the challenges of an ongoing pandemic, both the Incentive Program for New PEVs and MileageSmart Programs continued to demonstrate their effectiveness in supporting more Vermonters to lease or purchase new and used plug-in electric vehicles. The attached memoranda from VEIC and Capstone Community Action dive into more detail, but I share some highlights here:

#### Incentive Program for New PEVs

- In 2021, nearly \$2 million was issued in incentives, a 69% Year-over-year increase
- 45% of the incentives and 60% of the incentive funding went to the lower-income bracket of eligible individuals or households
- 60% of the incentives and 70% of incentive funding went toward all-electric vehicles (vs. plug-in hybrids)

By these simple measures, the Incentive Program for New PEVs is working as intended, in benefitting those Vermonters who need it most and encouraging the lease or purchase of vehicles where the climate impacts are greatest.

As part of the scope of work for its Multi-pronged Vehicle Electrification Strategy ("MUVES") agreement with the Vermont Energy Investment Corporation (VEIC), VTrans has included funding to evaluate its Incentive Program for New PEVs. Accordingly VEIC's Drive Electric Vermont has designed and released a survey to past

recipients of the PEV incentives in order to gain insights about how the state incentives have impacted leases/purchases across demographic groups. The results of this survey work should become available later in February or March of this year. It is expected that future research will build upon this initial effort to understand what the optimal incentive amounts and guidelines will be to reach the state's vehicle electrification, carbon reduction, and transportation equity goals.

#### MileageSmart:

- CY2021 represented the first full year of operation, and resulted in a nearly ten-fold increase in incentives issued (171 incentives worth just over \$700k)
- Roughly a third (1/3) of participants purchased a plug-in electric vehicle
- The two-thirds (2/3) of participants purchasing a conventional hybrid doubled their vehicle's fuel efficiency on average

Capstone continues to document (but not invoice the State for) administrative expenses in excess of the legislatively authorized ten percent (10%) for the program, due to challenges with the used vehicle market and the level of support necessary for the population being served.

#### Looking Ahead:

Beyond these challenges, both incentive programs will face difficulties with the new and used vehicle market, constrained supply of vehicles due to microchip shortages, the Chevy Bolt recall and paused production, and higher prices as demand also grows. For potential participants in the Incentive Program for New PEVs, this may result in fewer models available for lease/purchase, particularly absent any changes to vehicle eligibility in the program guidelines. For potential participants in the MileageSmart Program, the combination of a scarce supply of new and used vehicles and higher demand for highly fuel-efficient vehicles with increases in the gas prices has driven used vehicle prices beyond the reach of many. It remains to be seen how these issues can be resolved, and also whether Congress can pass climate legislation modifying the current EV tax credit program and establishing a used EV tax credit, which would certainly mitigate these adverse impacts.

In the fall of 2021, VTrans issued a Notice of Funding Opportunity (NOFO) to select a third-party administrator to streamline the management of three programs—the Incentive Program for New PEVs, the Replace Your Ride and Electric Bicycle Incentive Programs (newly authorized in Act 55)—and was pleased to select the Center for Sustainable Development, a non-profit organization based in California with experience implementing similar programs across the country. The transition from the current framework in which the state distribution utilities manage the issuance of incentives through a no-cost contract with the State and support from VEIC will take place in early 2022. We look forward to providing more updates on this work and progress towards the launch of new programs in the coming months.

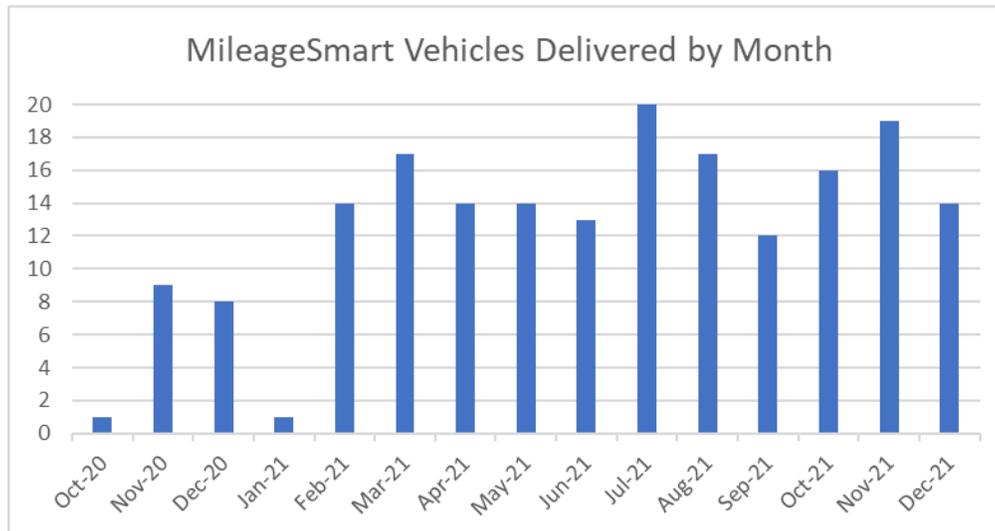
Please feel free to reach out with any questions.

Yours sincerely,

Patrick Murphy  
Sustainability and Innovations Project Manager  
[Patrick.murphy@vermont.gov](mailto:Patrick.murphy@vermont.gov)

## 2020-2021 Recap

- 189 Vermonters purchased high-efficient vehicles through MileageSmart. Nearly \$780,000 has been invested with an average incentive of \$4,109.
- One in three MileageSmart participants purchased a plug-in hybrid or all-electric vehicle, such as a Chevrolet Bolt or a Nissan Leaf, and are now fueling some or all of their driving with electricity, with fuel savings between 50-70%.<sup>1</sup>
- Two out of three participants purchased a gas-hybrid, such as a Toyota Prius or a Honda Insight. On average, the MileageSmart incentive helped them double their fuel efficiency (from 25 MPG to 50 MPG) and save \$580 per year. Collectively, an annualized fuel savings of over \$100,000.<sup>2</sup>



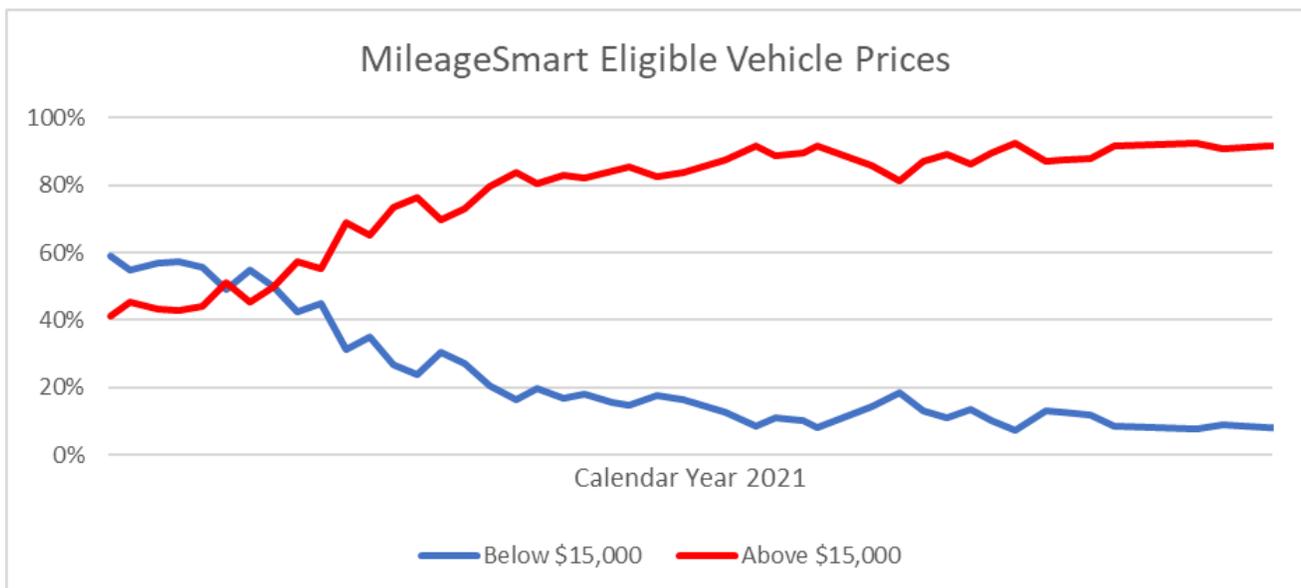
- Since January 2021, we have connected with 55 dealerships, sharing information with management and sales teams via webinars and VADA outreach.
- MileageSmart maintains a steady presence on social media through ads, leveraged exposure from CAPs, auto dealers, non-profits, and other related organizations.
- MileageSmart takes advantage of external outreach opportunities such as broadcasted interviews, presenting in webinars, and attending community meetings of energy and climate groups.
- MileageSmart engages with our active applicants, supporting their car search with weekly email updates of eligible vehicles on the market.

<sup>1</sup> Assuming gas is \$3.30/gal compared to a \$1/gal equivalence for electricity.

<sup>2</sup> We calculated these metrics by extrapolating data from 58 MileageSmart participants on their trade-in vehicles. The model assumed an average of \$3.30/gallon of gas and an average loan term of 4 years.

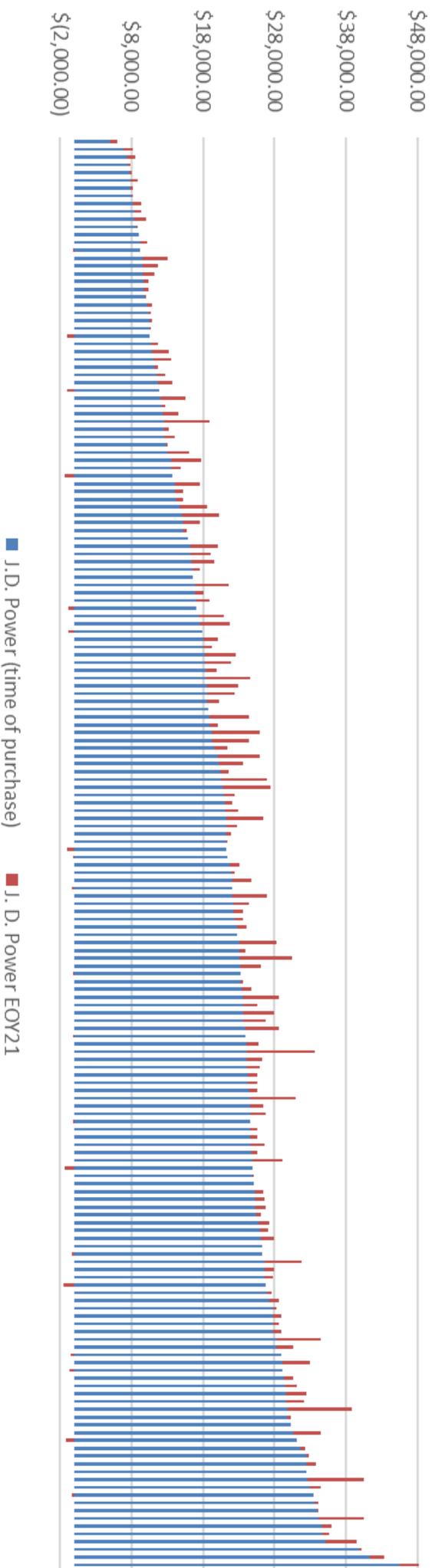
## Inventory

At the end of January 2021, we started tracking MileageSmart eligible vehicles to circulate with all applicants on a weekly basis. This direct support also offers insights into the changes in the Vermont used efficient car market. One year ago, our low-income participants had the inventory they needed to make an affordable investment in a newer, more reliable and more efficient vehicle. Today, not only is overall inventory low, but our lowest-income participants are being priced out of the high efficiency used car market almost entirely.



In addition to tracking listed prices, we also collect J. D. Power Clean Retail Values for all of the vehicles that are purchased using an incentive. J. D. Power (formerly NADA) professionally accumulates and analyzes market data to provide verifiable and unbiased market intelligence. The trend over the past year clearly shows how used car prices have surged. Nearly every vehicle delivered through MileageSmart would be more expensive today than at the time of purchase.

## J. D. Power Clean Retail Value Differences



On top of the problems we're facing within the market, gas prices have increased by 60% over the past year. At an average \$2.14/gallon in December '20, prices were up to \$3.42/gallon in December '21.

<https://publicservice.vermont.gov/content/retail-prices-heating-fuels>

## Recommendations

### 1. Provide greater support for lowest-income applicants.

The inflation of used car prices has exacerbated the challenge of providing the greatest support to the lowest income Vermonters that qualify for the program. Capstone would like to explore the opportunity to provide the maximum incentive of \$5,000 to LIHEAP eligible (means tested) applicants, and lower the maximum incentive for households above the LIHEAP threshold of 185% FPL to 25% of the vehicle sale price up to \$4,000 maximum incentive. Permission to verify eligibility in the DCF LIHEAP database would be required.

### 2. Increase the program support allowance to 15% of incentives issued.

Capstone has subsidized the start-up and program delivery of MileageSmart from the start, long before VTrans issued a contract. Now that the program is in steady state operations, Capstone contributes nearly \$3,000 per month to carry the operations. The 10% cap on program delivery costs is not a number based on current reality. In more normal circumstances one might invest more in marketing to increase the amount of incentives issued whereby increasing the allowance when most other costs are relatively fixed (1.2 FTE in labor and fairly static overheads), but limited inventory of eligible vehicles suggests that approach may not provide a return and could potentially deepen the deficit Capstone must fund-raise to overcome.

MileageSmart			
estimated 12/31/21			
	Start up thru June 2021	FY22 July-Dec 2021	Total
<b>Incentives Issued</b>	\$345,070	\$431,607	\$776,677
		10%	
<b>Administrative allowance</b>	<b>\$200,000</b>	<b>\$43,161</b>	<b>\$243,161</b>
<b>Program Expenses</b>			
Wages & Fringe	\$141,422	\$38,191	\$179,613
Overheads, Department and Agency	\$84,060	\$14,625	\$98,684
Marketing and Outreach	\$5,668	\$6,615	\$12,283
Total Program Delivery Cost	\$231,150	\$59,430	\$290,580
<b>Capstone Contribution</b>	<b>\$31,150</b>	<b>\$16,269</b>	<b>\$47,420</b>
		3.8%	
		<i>of incentives</i>	



## MEMORANDUM

To: Patrick Murphy, VTrans  
From: David Roberts, VEIC  
Date: December 23, 2021  
Subject: Report on State of Vermont Incentives for New Plug-in Electric Vehicles

VEIC is supporting VTrans in implementing the State of Vermont incentive program for new plug-in electric vehicles (“new PEV incentives”). Our work includes educating auto dealers and consumers on available incentives, supporting electric distribution utilities in processing the incentives and tracking spending to ensure the program does not exceed the funding appropriated by the State.

More information on current incentive program structure and offers is available on the Drive Electric Vermont website maintained by VEIC:

<https://www.driveelectricvt.com/why-go-electric/purchase-incentives>

The program was authorized by the 2019 Transportation Bill (Act 59, sec. 34) and was launched December 16, 2019. The initial incentive funds of \$1,100,000 were exhausted on October 1, 2020, and the program was suspended. The 2020 Transportation Bill (Act 121, sec. 14) made an additional appropriation of \$950,000 toward incentives, effective October 2, 2020, when the Governor signed the Appropriations Bill (Act 154). The program relaunched November 5, 2020, once VTrans was able to enter into new agreements with VEIC and the State’s electric distribution utilities to continue operating the program. Additional funding of \$2.7 million towards incentives was included in the 2021 Transportation Bill (Act 55, sec. 17) making a total of \$4.75 million in appropriations for incentives to-date.

The program has awarded a total of \$3,459,500 in incentives as of December 23, 2021, including \$173,500 set aside for pending “pre-approved” incentives. This leaves current funding available at \$1,293,000. The funds-remaining value also includes an additional \$2,500 available to the program due to an audit finding by VTrans which resulted in the repayment of a \$2,500 incentive to the State of Vermont.

Table 1 on the following page summarizes the number and value of incentives by quarter from the launch, with breakouts of the two delivery methods – at the dealership point-of-sale and customer direct incentives following a purchase. Approximately two-thirds of incentives distributed to date have been through participating dealerships at the point-of-sale.

Table 1. State of Vermont Quarterly PEV Incentive Spending by Type of Incentive

	Dealer Point-of-Sale Incentive		Customer Direct Incentive		TOTAL Incentive	
	Count	Funds	Count	Funds	Count	Funds
<b>2019</b>	<b>12</b>	<b>\$ 34,500</b>	<b>7</b>	<b>\$ 18,500</b>	<b>19</b>	<b>\$ 53,000</b>
Qtr4	12	\$ 34,500	7	\$ 18,500	19	\$ 53,000
<b>2020</b>	<b>277</b>	<b>\$ 909,500</b>	<b>140</b>	<b>\$ 393,000</b>	<b>417</b>	<b>\$ 1,302,500</b>
Qtr1	111	\$ 412,000	23	\$ 83,500	134	\$ 495,500
Qtr2	43	\$ 136,500	18	\$ 55,000	61	\$ 191,500
Qtr3	48	\$ 139,500	67	\$ 175,500	115	\$ 315,000
Qtr4	75	\$ 221,500	32	\$ 79,000	107	\$ 300,500
<b>2021</b>	<b>494</b>	<b>\$ 1,412,500</b>	<b>210</b>	<b>\$ 518,000</b>	<b>704</b>	<b>\$ 1,930,500</b>
Qtr1	123	\$ 363,500	50	\$ 115,000	173	\$ 478,500
Qtr2	166	\$ 481,500	97	\$ 244,500	263	\$ 726,000
Qtr3	117	\$ 301,500	41	\$ 101,000	158	\$ 402,500
Qtr4 to date	88	\$ 266,000	22	\$ 57,500	110	\$ 323,500
<b>Pending Preapprovals</b>			<b>63</b>	<b>\$ 173,500</b>	<b>63</b>	<b>\$ 173,500</b>
<b>Grand Total</b>	<b>783</b>	<b>\$ 2,356,500</b>	<b>420</b>	<b>\$ 585,000</b>	<b>1,203</b>	<b>\$ 3,459,500</b>

Economic issues associated with the COVID-19 pandemic continued to impact new PEV incentive activity over the past year. The new vehicle market continues experiencing supply chain challenges with very limited new vehicle inventory availability due to an industry-wide microchip shortage. In addition, one of the most popular models eligible for State incentives, the Chevrolet Bolt, is currently not available due to an ongoing battery recall.

Figure 1 below shows monthly spending for the new PEV incentive program from the start of the program in December 2019 through November 2021. Activity dropped precipitously at the start of COVID 19 shutdowns in March 2020, slowly recovering until program funding lapsed in October 2020. Once additional funding was made available in November 2020 incentive spending continued to grow until June 2021 when supply chain shortages began to severely impact new PEV availability, with recent months seeing incentive spending cut in half compared to May and June 2021.

Figure 1. Monthly Incentive Spending for the New PEV Program

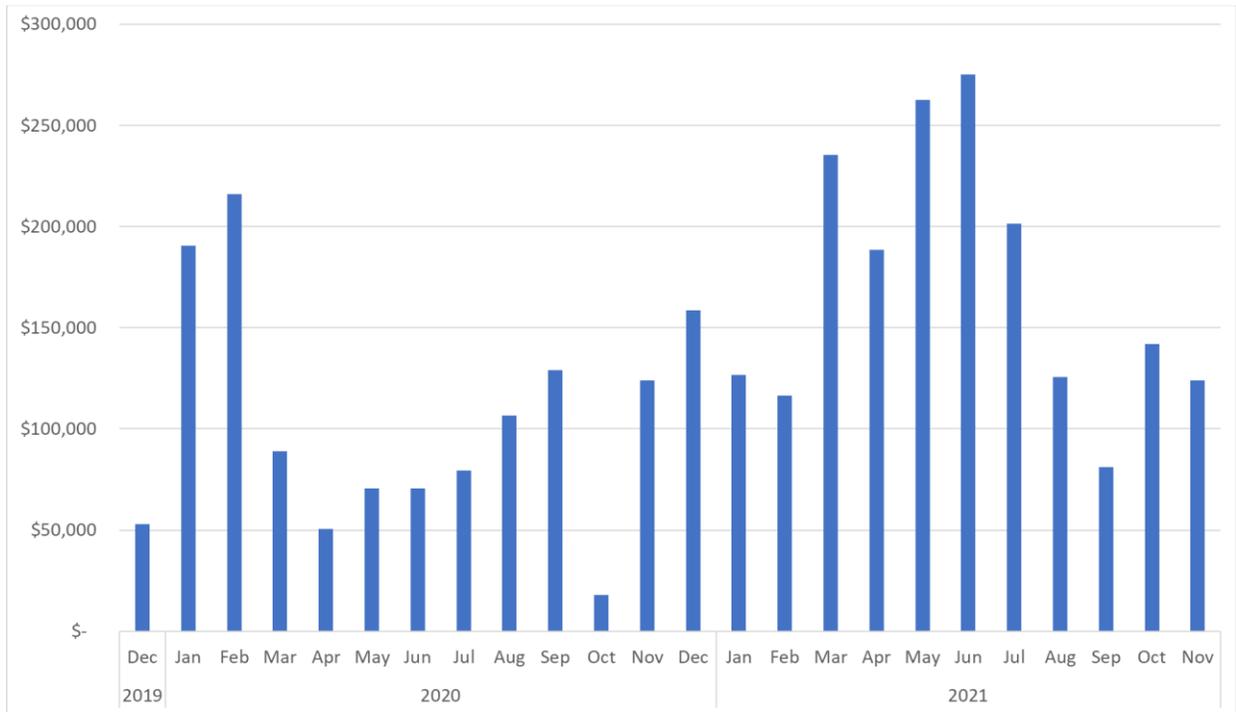


Table 2 below includes reporting on the number and value of incentives by income classification and PEV type. The State has offered higher incentives for low-income Vermonters since the start of the program. Initially the low-income eligibility was determined by whether a household’s total income was at or below the qualification for weatherization assistance programs (a common benchmark used in energy efficiency programs). This approach shifted following passage of Act 121 in 2020 to base low-income eligibility on having an adjusted gross income (AGI) of \$50,000 or less reported on the purchaser’s tax return<sup>1</sup>. Act 121 also shifted the standard for moderate-income eligibility from total household income to tax filing AGI. The Drive Electric Vermont website linked above has details on current income eligibility requirements. Basically, purchasers with \$50,000 or less adjusted gross income (AGI) qualify for the higher incentives while standard incentive eligibility is capped at \$100,000 for individuals or \$125,000 for joint filers.

As of this report, low-income new PEV incentives comprise about 45% of the total quantity of incentives and 60% of spending.

<sup>1</sup> Act 121 - <https://legislature.vermont.gov/bill/status/2020/H.942>

Table 2. State of Vermont PEV Incentive Spending by Income Classification and Type of Vehicle

Income Classification	Vehicle Type					
	All-Electric		Plug-in Hybrid		Total	
	Count	Funds	Count	Funds	Count	Funds
<b>Low Income</b>	<b>335</b>	<b>\$ 1,413,000</b>	<b>205</b>	<b>\$ 650,000</b>	<b>540</b>	<b>\$ 2,063,000</b>
Weatherization-eligible	74	\$ 370,000	35	\$ 140,000	109	\$ 510,000
AGI \$50k or less	261	\$ 1,043,000	170	\$ 510,000	431	\$ 1,553,000
<b>Moderate Income</b>	<b>402</b>	<b>\$ 1,005,000</b>	<b>261</b>	<b>\$ 391,500</b>	<b>663</b>	<b>\$ 1,396,500</b>
<b>Grand Total</b>	<b>737</b>	<b>\$ 2,418,000</b>	<b>466</b>	<b>\$ 1,041,500</b>	<b>1,203</b>	<b>\$ 3,459,500</b>

Table 3 below includes reporting on the number and value of incentives by model. For a model to meet the current program eligibility requirements the base manufacturer's suggested retail price (MSRP) must be \$40,000 or less. The table is sorted in descending order of total incentives per model. Columns breaking out the lower income incentives as well as standard incentives for moderate income households are included.

Table 3. State of Vermont EV Incentives by Eligible Model and Income Level

Model	Vehicle Type	Low Income		Moderate Income		TOTAL	
		Count	Funds	Count	Funds	Count	Funds
Nissan LEAF	All-Electric	155	\$ 649,000	124	\$ 310,000	279	\$ 959,000
Chevrolet Bolt	All-Electric	80	\$ 330,000	151	\$ 377,500	231	\$ 707,500
Toyota Prius Prime	Plug-in Hybrid	82	\$ 259,000	92	\$ 138,000	174	\$ 397,000
Toyota RAV4 Prime	Plug-in Hybrid	43	\$ 129,000	92	\$ 138,000	135	\$ 267,000
Tesla Model 3	All-Electric	24	\$ 105,000	28	\$ 70,000	52	\$ 175,000
Hyundai Kona EV	All-Electric	19	\$ 79,000	32	\$ 80,000	51	\$ 159,000
Hyundai Ioniq PHEV	Plug-in Hybrid	24	\$ 82,000	14	\$ 21,000	38	\$ 103,000
Volkswagen ID4	All-Electric	9	\$ 36,000	26	\$ 65,000	35	\$ 101,000
Volkswagen e-Golf	All-Electric	24	\$ 118,000	2	\$ 5,000	26	\$ 123,000
Subaru Crosstrek Hybrid	Plug-in Hybrid	8	\$ 29,000	16	\$ 24,000	24	\$ 53,000
Kia Niro Electric	All-Electric	4	\$ 16,000	18	\$ 45,000	22	\$ 61,000
Ford Fusion Energi	Plug-in Hybrid	11	\$ 39,000	10	\$ 15,000	21	\$ 54,000
Mitsubishi Outlander PHEV	Plug-in Hybrid	8	\$ 24,000	6	\$ 9,000	14	\$ 33,000
Kia Niro PHEV	Plug-in Hybrid	4	\$ 12,000	6	\$ 9,000	10	\$ 21,000
Hyundai Ioniq EV	All-Electric	4	\$ 16,000	3	\$ 7,500	7	\$ 23,500
Chrysler Pacifica Hybrid	Plug-in Hybrid			4	\$ 6,000	4	\$ 6,000
Ford Escape PHEV	Plug-in Hybrid	3	\$ 9,000	1	\$ 1,500	4	\$ 10,500
Hyundai Sonata PHEV	Plug-in Hybrid	2	\$ 6,000	1	\$ 1,500	3	\$ 7,500
Mini Cooper SE all-electric	All-Electric			3	\$ 7,500	3	\$ 7,500
Honda Clarity PHEV	Plug-in Hybrid	2	\$ 6,000			2	\$ 6,000
Hyundai Santa Fe PHEV	Plug-in Hybrid	1	\$ 3,000	1	\$ 1,500	2	\$ 4,500
Chevrolet Volt	Plug-in Hybrid	1	\$ 4,000			1	\$ 4,000
Hyundai Tucson PHEV	Plug-in Hybrid			1	\$ 1,500	1	\$ 1,500
Mini Countryman SE All4	Plug-in Hybrid			1	\$ 1,500	1	\$ 1,500
<i>Pending Preapprovals</i>		32	\$ 112,000	31	\$ 61,500	63	\$ 173,500
<b>Grand Total</b>		<b>540</b>	<b>\$ 2,063,000</b>	<b>663</b>	<b>\$ 1,396,500</b>	<b>1,203</b>	<b>\$ 3,459,500</b>

Figure 2. Incentives Distributed by Model and Income

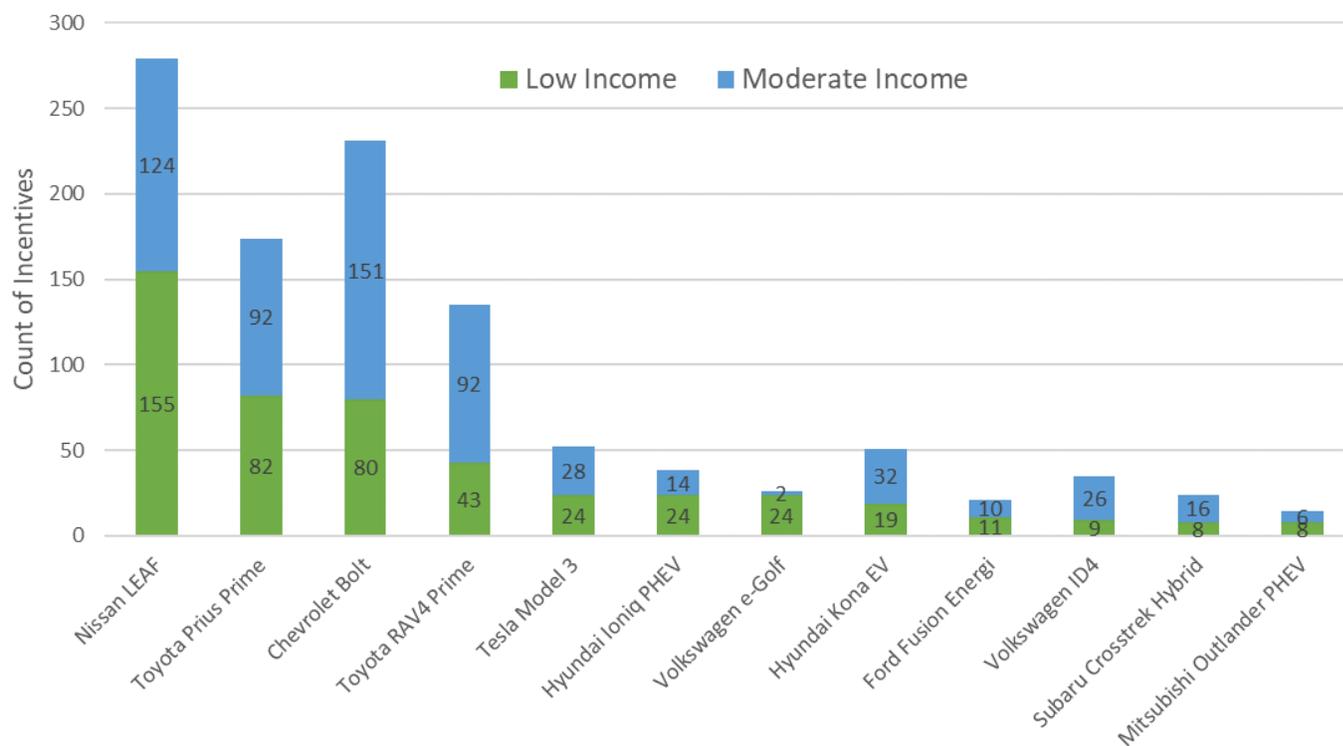


Figure 2 above shows the most incentivized eligible models sorted from left to right in order of those models receiving the greatest number of low-income buyers. The Nissan LEAF, Toyota Prius Prime and Chevrolet Bolt have the greatest number of low-income incentives, which is consistent with their more affordable purchase and lease pricing compared to other widely available PEV models.

The State PEV incentive program application process has not collected data on socio-economic characteristics of program beneficiaries to-date as the limited funding has been directed to maximize funds available for incentives rather than program evaluation activities. However, in response to interest on these issues, VEIC has calculated age and gender information for applicants based on information reported on driver’s licenses. A summary of the quantity of incentives provided by age group and gender is included in Table 4 and Figure 3 below. Note that age and/or gender information is missing from 162 incentive applications. Many of those “unknown” individuals have pending preapprovals and so have not provided the full package of information required for State PEV incentive applications.

VEIC is planning to undertake a survey of new PEV program beneficiaries in the first quarter of 2022 to provide more complete information on demographics and purchase considerations associated with program activity to-date.

Table 4. State of Vermont EV Incentives by Age Group and Gender

Age Range	Gender		Total
	Female	Male	
16-19	1	2	3
20-29	33	45	78
30-39	64	115	179
40-49	74	98	172
50-59	86	95	181
60-69	103	134	237
70-79	67	91	158
80-89	11	21	32
90-99		1	1
Unknown			162
<b>Grand Total</b>	<b>439</b>	<b>602</b>	<b>1,203</b>

Figure 3. Incentives by Age Group and Gender

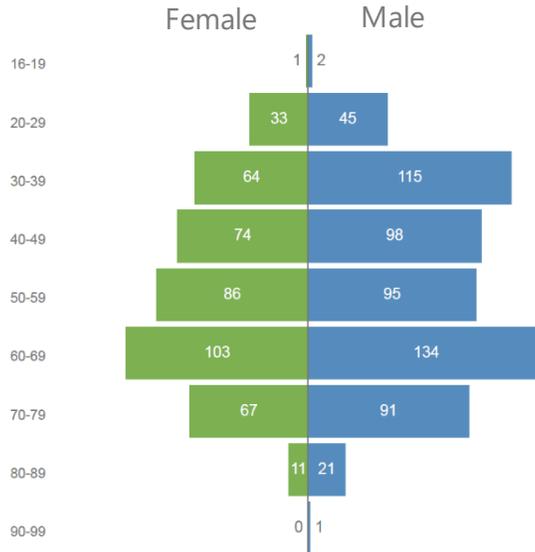


Table 5. State of Vermont EV Incentives by County<sup>2</sup>

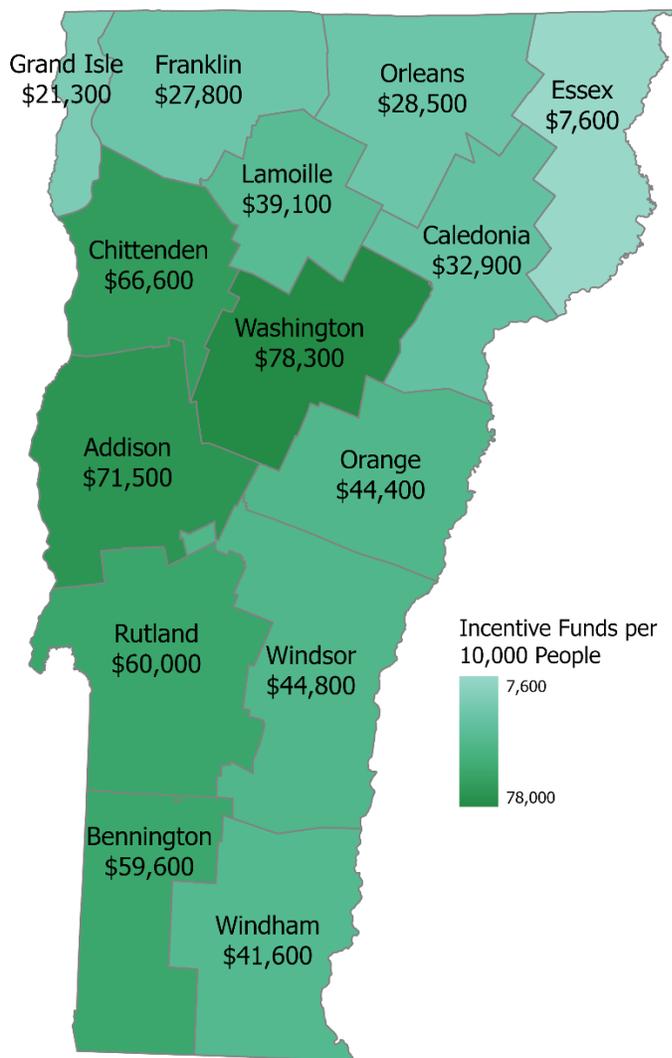
County	Count	Funds	Incentives		
			Population	per 10k	Incentive Funds per 10k
Addison	92	\$ 267,000	37,363	24.6	\$ 71,500
Bennington	69	\$ 222,500	37,347	18.5	\$ 59,600
Caledonia	35	\$ 99,500	30,233	11.6	\$ 32,900
Chittenden	394	\$ 1,120,500	168,323	23.4	\$ 66,600
Essex	3	\$ 4,500	5,920	5.1	\$ 7,600
Franklin	49	\$ 139,000	49,946	9.8	\$ 27,800
Grand Isle	6	\$ 15,500	7,293	8.2	\$ 21,300
Lamoille	36	\$ 101,500	25,945	13.9	\$ 39,100
Orange	45	\$ 130,000	29,277	15.4	\$ 44,400
Orleans	31	\$ 78,000	27,393	11.3	\$ 28,500
Rutland	119	\$ 363,500	60,572	19.6	\$ 60,000
Washington	153	\$ 468,000	59,807	25.6	\$ 78,300
Windham	69	\$ 191,000	45,905	15.0	\$ 41,600
Windsor	102	\$ 259,000	57,753	17.7	\$ 44,800
<b>State Total</b>	<b>1203</b>	<b>\$ 3,459,500</b>	<b>643,077</b>	<b>18.7</b>	<b>\$ 53,800</b>

<sup>2</sup> Incentive funds per 10,000 people are rounded to the closest hundred dollars. Population is from 2020 Census.

Table 5 above and Figure 4 below include information on the distribution of new PEV incentives by county. Chittenden County residents have received the largest quantity of incentives (394) and funding (\$1,120,500). Washington County has received the highest per capita distribution of incentives and funding at 25.6 incentives and \$78,300 in funding per 10,000 people. Essex County had the fewest number of incentives and the lowest funding per capita.

Factors contributing to geographic differences across the state likely include personal income, local awareness of EVs, availability of EV models for vehicle types preferred by residents (e.g. few options for PEV pick-up trucks to-date), and EV sales and service availability in the region.

Figure 4. Per Capita New PEV Incentive Spending by County



## Observations

The program is working as intended to increase EV adoption in the State, due in large part to the efforts of electric utility partners who are processing the incentives and reimbursing dealers and consumers.

The following observations summarize key issues and feedback received over the past year based on VEIC's coordination and customer support activities:

1. **COVID-19** - supply chain issues continue to impact auto sales in Vermont, including new PEV inventory availability. PEV incentive spending slowed to about 50% of prior rates from August – December 2021.
2. **Incentive Delivery** - The dealership point-of-sale incentives are generally smoother and less labor intensive to process, but the consumer direct option allows Vermonters who purchase from out-of-state dealers or directly from the manufacturer to take advantage of the incentive program. There are also Vermont EV dealers who elected not to participate in offering point-of-sale incentives, requiring their customers to go the consumer direct route if they are eligible to claim an incentive.
3. **Dealer Participation** - The Vermont Vehicle and Automotive Distributors Association (VADA) has assisted in outreach to the dealer community to increase their awareness of PEV incentive offerings and encourage participation in the State program. 43 dealers have signed agreements to participate in the program, including many of the highest volume PEV dealers. Point-of-sale incentives are currently only available to dealers located in Vermont. Additional Vermont dealers have expressed interest, but many of them are not able to offer eligible models due to pricing of automaker offerings (e.g. all Volvo PEVs currently cost more than \$40,000).
4. **Funding Continuity** - The State was able to prevent a funding lapse over the past 12 month period, avoiding challenging issues that came up when the program was suspended in October 2020. At that point in time several PEV purchasers were deemed ineligible for a State incentive since they purchased when funding was not available and did not secure a preapproval to reserve funds in advance.
5. **Income Eligibility** - Many consumers continue to express confusion over the income eligibility requirements, including the requirement they use their most recent tax filing to determine AGI. This is necessary to allow VTrans the ability to audit recipient income, but means that if someone has had an income reduction compared to their last tax filing they may not be eligible for a State incentive for many months (until their next tax filing occurs).

Several inquiries have come through from individuals who are just above the income eligibility caps and dismayed they are ineligible for any State support, even if they are purchasing an eligible model.

6. **Vehicle Price Eligibility** - The most frequent complaints on the new PEV program relate to the vehicle model base price eligibility cap of \$40,000 or less. Many automakers have increased pricing in response to inflationary pressures and several models that were eligible for a new PEV incentive are no longer able to receive incentives. Table 6 below lists all models eligible for new PEV incentives since the program start. Models that are no longer eligible have a strike-through.

Table 6. Models Eligible for New PEV Incentives (\$40,000 or less base price)

	Make / Model	Electric Range (miles)	Total Range (miles)	Current Base MSRP	Eligible Model Year(s)	Eligibility Notes
<b>Plug-in Hybrid Vehicles (Gasoline + Electric)</b>						
1	Chrysler Pacifica Hybrid	32	520	\$ 44,920	2017-2020	Model year 2021 Pacifica ineligible
2	Ford Escape PHEV	47	340	\$ 33,400	2021	
3	Honda Clarity PHEV	47	340	\$ 33,400	2018-2021	Production ended Aug 2021
4	Hyundai Ioniq PHEV	29	630	\$ 26,700	2018-2021	
5	Hyundai Santa Fe PHEV	30	440	\$ 39,350	2022	
6	Hyundai Tucson PHEV	33	420	\$ 34,750	2022	
7	Kia Niro PHEV	26	560	\$ 29,590	2018-2022	
8	Mini Countryman SE All4	12	270	\$ 41,500	2018-2020	Model year 2021+ Countryman ineligible
9	Mitsubishi Outlander PHEV	24	310	\$ 36,995	2018-2022	
10	Subaru Crosstrek Hybrid	17	480	\$ 35,645	2019-2022	
11	Toyota Prius Prime	25	640	\$ 28,220	2017-2022	
12	Toyota RAV4 Prime	42	600	\$ 39,800	2021-2022	
<b>All-Electric Vehicles</b>						
13	Chevrolet Bolt	259	259	\$ 31,000	2017-2022	
14	Chevrolet Bolt EUV	247	247	\$ 33,000	2022	
15	Hyundai Ioniq EV	170	170	\$ 33,245	2017-2021	
16	Hyundai Ioniq 5	220-303	220-303	\$ 39,700	2022	
17	Hyundai Kona EV	258	258	\$ 34,000	2019-2022	
18	Kia Niro Electric	239	239	\$ 39,990	2019-2022	
19	Mini Cooper SE	110	110	\$ 29,900	2018-2022	
20	Nissan LEAF / LEAF Plus	149-226	149-226	\$ 27,400	2011-2022	
21	Tesla Model 3	263-353	263-353	\$ 44,990	n/a	Must have ordered on or before October 5, 2021 to be eligible. Tesla increased the price above the \$40,000 eligibility cap on October 6, 2021
22	Volkswagen ID.4	260	260	\$ 40,760	2021	Model year 2022+ ID.4 ineligible

There is currently only one all-electric, all-wheel drive (AWD) model eligible for a new PEV incentive, the Hyundai Ioniq 5. This offers standard rear wheel drive at the base price, but has an optional dual motor configuration. Similar to several other popular PEV models, the Ioniq 5 is expected to be in short supply over the next year.

All-wheel drive capability is strongly favored by Vermont vehicle purchasers so the current base price eligibility requirement is likely dampening PEV purchase consideration among some Vermont buyers.

7. **Electric Utility Support** - The electric distribution utilities are responsible for verifying incentive applications contain all the required documentation and they are paying out incentives to dealers and consumers. They are doing an excellent job supporting the program at no cost to the State. Some utility partners have expressed concerns over resource availability and their internal costs in providing this support and are anticipating phasing out of this role in 2022 as VTTrans brings on an administrative contractor for the new PEV program.

VEIC appreciates the opportunity to support the State of Vermont in transportation electrification programs. We look forward to continued partnership as the new PEV program continues in support of State transportation decarbonization and renewable energy goals.

# **Report on Vermont's Statewide Vehicle Incentive Programs**

**Prepared by VTrans Pursuant to the 2019 and 2020 Transportation Bills  
Submitted January 31, 2021 for Calendar Year 2020**

Submitted to:  
House Committee on Transportation  
Senate Committee on Transportation  
House Committee on Energy and Technology  
Senate Committee on Finance

## **I. Reporting Requirement**

VTrans submits this report pursuant to section 34(a)(5) of the 2019 Transportation Bill (Act 59), as amended by section 14 of the 2020 Transportation Bill (Act 121). Section 34(a)(5), as amended, reads in full as follows:

The Agency shall annually evaluate the programs to gauge effectiveness and submit a written report on the effectiveness of the programs to the House and Senate Committees on Transportation, the House Committee on Energy and Technology, and the Senate Committee on Finance on or before the 31st day of January in each year following a year that an incentive or repair voucher was provided through one of the programs. Notwithstanding 2 V.S.A. § 20(d), the annual report required under this section shall continue to be required if an incentive or repair voucher is provided through one of the programs unless the General Assembly takes specific action to repeal the report requirement.

## **II. Summary of Incentive Programs**

This report covers the three statewide vehicle incentive programs established by the 2019 Transportation Bill, as amended by the 2020 Transportation Bill: 1) a new plug-in electric vehicle (PEV) incentive program, 2) a used fuel-efficient vehicle incentive program, and 3) a vehicle emissions-repair incentive program. This is the first report VTrans has submitted on these programs.

### **A. New PEV Incentive Program**

The 2019 Transportation Bill limited the new PEV incentive program to Vermont households with low and moderate incomes at or below 160 percent of the State's prior five-year average median household income. Based on U.S. Census data, program eligibility was capped at \$96,122 until July 1, 2020, when the 2020 Transportation Bill changed the program's income eligibility requirements. The 2019 Transportation Bill required incentives to be structured by income, to apply to purchases and leases of new PEVs, to emphasize battery electric vehicles

(BEVs, also known as all-electric vehicles) over plug-in hybrid electric vehicles (PHEVs), and to apply to PEVs with a base MSRP of \$40,000 or less.

VTrans established a program incentive structure that defined lower-income applicants according to the State's weatherization household income eligibility criteria, which varied by county of residence and the number of people in the household and which ranged from about \$44,500 for a one-person household in most counties to about \$96,700 for a household with eight or more people in certain other counties. Low-income applicants could receive incentives of \$4,000 for a PHEV or \$5,000 for a BEV. Moderate-income applicants could receive \$1,500 for a PHEV or \$2,500 for a BEV.

To be able to run the program with the funding made available, and as explained in more detail below, VTrans engaged in a cooperative management effort involving VTrans; Vermont's electric distribution utilities (DUs); participating Vermont automobile dealers, organized through VADA (Vermont Vehicle and Automotive Distributors Association); and the Vermont Energy Efficiency Corporation (VEIC), through its Drive Electric Vermont (DEV) program. The program provided eligible consumers with two options for receiving an incentive. Under one option, applicants could receive the incentive directly from the dealer in the form of a reduction of the down payment on the vehicle (dealer point-of-sale or -lease incentive). The dealer would invoice the DU serving the applicant's place of residence, and the DU would then invoice VTrans for reimbursement. Under the second option, applicants could purchase the vehicle without an incentive and then receive the incentive by providing proof of purchase to the DU serving their place of residence (consumer-direct incentive). The DU would then invoice VTrans for reimbursement. DEV helped prepare program guidelines, application forms, and dealer agreements, maintained a detailed website for interested consumers, fielded consumer questions, tracked spending to ensure funds were not overdrawn, and maintained and organized program metrics.

The 2020 Transportation Bill, effective July 1, 2020, replaced the income-eligibility requirements based on total household income with income caps based on the applicant's adjusted gross income (AGI). In essence, applicants with AGIs between \$50,000 and \$100,000 are considered moderate income, and applicants with AGIs at or below \$50,000 are considered low income. (These numbers vary somewhat depending on tax filing status, as specified in the bill.) The bill provides that moderate-income applicants may receive no more than one incentive of \$1,500 for a PHEV or \$2,500 for a BEV, whereas low-income applicants may receive no more than one incentive of \$3,000 for a PHEV or \$4,000 for a BEV.

DEV prepared a detailed program report on the New PEV Incentive Program pursuant to its grant agreement with VTrans, and that report is attached hereto. Detailed information on this program can also be found in the 2019 and 2020 Transportation Bills, in the amended VTrans-VEIC grant agreement attached hereto, in the program guidelines implementing the 2019 and 2020 Transportation Bills attached hereto, and on DEV's state incentive program webpage (<https://www.driveelectricvt.com/why-go-electric/purchase-incentives>).

## **B. Used Fuel-Efficient Vehicle and Emissions-Repair Incentive Programs**

As detailed below, VTrans entered a grant agreement with Capstone Community Action to run the used fuel-efficient vehicle incentive and emissions-repair programs. The 2019 and 2020 Transportation Bills state that the used fuel-efficient vehicle incentive program must limit purchase incentive payments to used pleasure cars with EPA fuel efficiency ratings of at least 40 miles per gallon when these vehicles were new. Point-of-sale incentives must be provided through the State's network of community action agencies and must be limited to applicants with incomes that would qualify them for services through the State's Weatherization Program. The bills establish a maximum incentive of \$5,000 under this program.

Capstone stood up a used fuel-efficient vehicle incentive program, which it calls MileageSmart, and began paying incentives under this program in September 2020. Under the 2019 and 2020 Transportation Bills, Capstone may require as a condition of the incentive that the owner of a vehicle that failed emissions-system testing or that is at least 15 years old with a fuel efficiency rating of less than 25 miles per gallon must remove that vehicle from operation. To avoid making the program more complicated than it already is, Capstone chose not to include this requirement in MileageSmart.

Under the 2019 and 2020 Transportation Bills, the emissions-repair program applies to vehicles that failed emissions testing, that require repairs to pass testing that are not covered by warranty, and that will be able to pass inspection once repairs are made under the program. Incentives must be commensurate to the vehicle's fair market value and may not exceed \$2,500. \$2,500 incentives are available only for vehicles with fair market values of at least \$5,000. Income-eligibility is measured by the same criteria as the State's Low Income Home Energy Assistance Program (LIHEAP). As explained below, Capstone has not been able to launch an emissions-repair program due to lack of expertise in the development and implementation of emissions repair programs and insufficient resources.

Capstone prepared a detailed report on the used fuel-efficient vehicle incentive program and the emissions-repair incentive program pursuant to its grant agreements with VTrans, and that report is attached hereto. Detailed information on these programs can be found in the 2019 and 2020 Transportation Bills, in the original and amended VTrans-Capstone grant agreements attached hereto, and on Capstone's MileageSmart webpage (<https://www.mileagesmartvt.org/>).

## **III. Budgeting and Contracting**

The 2019 Transportation Bill authorized VTrans to spend up to \$2M on all three statewide vehicle incentive programs. The Bill required VTrans to allocate at least \$1.1M of that sum to the new PEV incentive program. Further, the Bill authorized VTrans to retain one or more contractors to assist with program administration and to set aside up to \$150,000 of the total program funding for the administration of all three programs. VTrans decided to allocate \$1.1M of incentives to the new PEV incentive program, \$750,000 of incentives to the used fuel-efficient vehicle and emissions-repair incentive programs, and \$150,000 to program administration.

After enactment of the 2019 Transportation Bill, VTrans initiated a simplified bid process to locate a contractor to run the new PEV incentive program. VTrans received one responsive bid, from the Center for Sustainable Energy (CSE), which runs PEV incentive programs in other states (CA, CT, MA, NY, NJ, and OR). CSE identified VEIC as a subcontractor and proposed designing and operating the new PEV incentive program in Vermont for \$250,000. Even assuming that VTrans may have been able to whittle down CSE's initial asking price somewhat, the \$150,000 available for administering all three incentive programs was insufficient to pay a contractor to run the new PEV incentive program, much less all three statewide vehicle incentive programs.

VEIC was not able to bid on running the new PEV incentive program itself and instead came in as a sub to CSE because VEIC's accounting rules would have required retaining a percentage of incentives paid in addition to its time-and-materials expenses. These rules would have driven VEIC's administrative fees well over budget. (VEIC applies a 9.3% indirect expense rate to all direct costs inclusive of incentive funds and labor incurred in connection with the programs it operates in accordance with its annual approved, Negotiated Indirect Cost Rate Agreement (NICRA) with the U.S. Department of Energy.)

Around the same time, VTrans also undertook negotiations with Capstone Community action to run the used fuel-efficient vehicle and emissions-repair incentive programs. VTrans and Capstone agreed that the entire \$150,000 allocated for the administration of all three programs would be needed for Capstone to design and launch these two programs. Both programs are complex and needed to be designed from scratch.

With insufficient funds to contract at market value for the administration of all three incentive programs, and with insufficient capacity at VTrans and other state agencies to manage any of these programs in-house, VTrans reached out to the State's seven DUs to discuss the possibility of no-cost contracts to assist with the administration of the new PEV incentive program. (Green Mountain Power raised the idea at a DEV stakeholder meeting when VTrans explained the administrative challenges the statewide vehicle incentive programs were presenting.) The DUs agreed to pay dealers for point-of-sale or -lease incentives and to pay consumers for consumer-direct incentives and to invoice VTrans for reimbursement of incentives paid without charging VTrans administrative fees. Using \$50,000 of air-quality settlement money transferred from the Department of Environmental Conservation (DEC), VTrans retained VEIC to assist with program guidelines, record keeping, and consumer outreach through its DEV program.

VTrans entered into a grant agreement with VEIC and seven identical no-cost contracts with the DUs and launched the new PEV incentive program on December 16, 2019. The participation of all seven of the State's DUs (including VPPSA, which represents numerous municipal utilities) allowed the new PEV incentive program to be available to all Vermonters, regardless of which utility service territory they lived in. The no-cost contracts with the DUs to assist with the new PEV incentive program and the use of air-quality settlement funds for DEV's services in support of that program freed up the \$150,000 of program administration funds for the used fuel-efficient vehicle and emissions-repair programs to be run by Capstone. VTrans and Capstone entered into a grant agreement for this purpose on November 27, 2019.

The 2020 Transportation Bill, which took effect July 1, 2020, made certain changes to the eligibility requirements for the new PEV incentive program, and VTrans instructed DEV to change the program guidelines accordingly. The \$1.1M of incentive funding for the new PEV incentive program was fully drawn down on October 1, 2020, and VTrans suspended the program at that time. The 2020 Appropriations Bill (Act 154), which allocated an additional \$1M for the new PEV incentive program, including up to \$100,000 for additional administrative support from DEV, was not enacted until October 2, 2020. The 2020 Transportation Bill required VTrans to continue using no-cost contracts with the DUs to administer incentive payments. Apparently, the DUs were not consulted with respect to this expectation. Although the DUs did agree to sign amended no-cost contracts with VTrans, the Legislature will need to consult with the DUs about whether they may not be willing to renew these contracts.

VTrans executed an amended grant agreement with VEIC for \$50,000 and amended no-cost contracts with the DUs, leaving \$950,000 of new incentive money for the new PEV incentive program. VTrans relaunched the program on November 5, 2020. Copies of the amended grant agreement with VEIC and the amended no-cost contract with the DUs are attached.

Prior to the execution of an amended VTrans-VEIC grant agreement, VEIC informed VTrans that it was close to exhausting the \$50,000 of DEC air quality settlement money that funded the original grant agreement. VTrans authorized VEIC to charge additional expenses over and above its original grant of \$50,000 to an annual VEIC-Public Service Department (PSD) grant agreement that multiple agencies fund to support DEV's broader work supporting the State's vehicle electrification policies. The other signatory agencies, including PSD and DEC, concurred with this arrangement. VEIC ultimately invoiced PSD approximately \$13,500 under the VEIC-PSD grant agreement for continued administration of the new PEV incentive program between time VEIC exhausted its original \$50,000 grant and the time VTrans and VEIC executed an amended grant agreement to provide VEIC with an additional \$50,000 of funding.

VTrans and Capstone entered into a grant agreement on November 27, 2019. The agreement tasked Capstone with developing and operationalizing the used fuel-efficient vehicle and emissions-repair incentive programs on a time-and-materials basis. After several meetings with VTrans, DEC's Air Quality and Climate Division, and the Department of Motor Vehicles, Capstone launched the used fuel-efficient vehicle incentive program (MileageSmart) in mid-March 2020. However, Capstone determined that it was not able to stand up both the used fuel-efficient vehicle incentive program and the emissions-repair incentive program. Although VTrans and the other agencies worked with Capstone to try to overcome obstacles to standing up the emissions-repair program, the parties were not able to agree on a path forward within the \$150,000 budget available for both Capstone programs.

The pandemic lockdown and associated economic fallout arrived in Vermont just after Capstone launched the used fuel-efficient vehicle incentive program. Capstone diverted its attention to responding to the pandemic, meaning that it did not pay out any incentives under this program in the ensuing months. Capstone also abandoned the emissions-repair program.

In anticipation of the expiration of the original grant agreement between VTrans and Capstone on June 30, 2020, VTrans and Capstone entered into an amended grant agreement on June 25, 2020. The amended grant agreement between VTrans and Capstone, which is attached, also anticipated the enactment of the 2020 Transportation Bill on June 30, 2020. The 2020 Transportation Bill required Capstone to operationalize the emissions-repair program by July 1, 2021. It also authorized VTrans to allocate up to \$50,000 of additional administrative funding to Capstone to run both the used fuel-efficient vehicle and emissions-repair incentive programs. However, the \$50,000 of additional administrative funding for Capstone was not appropriated until the enactment of the Appropriations Bill (Act 154) on October 2, 2020.

The June 25, 2020 amended grant agreement required Capstone to operationalize the used fuel-efficient vehicle incentive program no later than September 1, 2020 and to complete building the emissions-repair program and begin operationalizing it no later than July 1, 2021. VTrans did not seek to enter into a second amended grant agreement with Capstone after the Appropriations Bill passed because the Legislature was clear that these additional \$50,000 of administrative funds were to be used for both the used fuel-efficient vehicle and emissions-repair programs, and Capstone was firm that it would not be able to stand up and operationalize an emissions-repair program. Capstone relaunched its used fuel-efficient vehicle incentive program (MileageSmart) in September 2020.

Later in the fall, VTrans and DEC met with Capstone to better understand the obstacles to establishing and running the emissions-repair program. VTrans and DEC then communicated with agency staff in a few jurisdictions with emissions-repair programs (California, Oregon, and Salt Lake County in Utah) to try to get a realistic picture of the resources that would be needed to run an emissions-repair program in Vermont. A summary evaluation of the effectiveness of all three of Vermont's vehicle incentive programs, including some basic financial metrics, follows.

#### **IV. Program Evaluations**

##### **A. New PEV Incentive Program**

The initial incentive funding of \$1.2M for the new PEV incentive program was exhausted between program launch on December 16, 2019 and October 1, 2020. This rapid utilization of incentive funds took place despite the dampening effect of the global pandemic on vehicle sales, especially in the second quarter of 2020. The program was suspended on October 1, when initial incentive funding was exhausted, pending VTrans' execution of a new grant agreement with DEV and renewed no-cost contracts with the DUs. VTrans relaunched the program when this process was completed on November 5, 2020. Since that time, the new incentive pool of \$950,000 has already been drawn down to under \$650,000.

The New PEV Incentive Program is an important tool for accelerating PEV consumer uptake in Vermont. Program funding has not enabled VTrans to conduct follow-up research to determine the level of free ridership or to fully understand the demographics of incentive recipients and non-recipients. However, DEV's report (attached) shows that close to half the incentives have gone to low-income consumers, with the remaining going to the moderate-income category.

Prior to July 1, 2020, program eligibility was based on household income, with higher incentives available to individuals with low household incomes and to those who purchased or leased all-electric vehicles rather than plug-in hybrids. Organizing eligibility by household income raised some questions about what exactly constitutes a household. Further, the program application form required incentive recipients to cooperate in program audits, including providing the State with access to their tax returns upon request. However, VTrans had no practical way to determine whether an applicant's household income was greater than the individual applicant's income because only the applicant who signed the application form was required to release tax returns or otherwise cooperate in an audit. The 2020 Transportation Bill eliminated these issues by basing program eligibility on the applicant's AGI.

To date, VTrans has conducted two program audits of incentive recipients who purchased or leased their PEVs prior to July 1, 2020, when the 2020 Transportation Bill changed the program's eligibility requirements. Each audit selected a random sample of ten incentive recipients. Upon receipt of the tax-return release form, VTrans forwarded the form to the Tax Department, which then told VTrans whether the incentive recipient's income exceeded the household income threshold for the level of the incentive received. All ten audited applicants cooperated and passed the first audit. In the second audit, all ten applicants eventually cooperated (one took some prompting), and nine of the ten passed. The applicant who failed the audit returned his incentive promptly and explained that he had not yet filed his taxes at the time he received his incentive and therefore did not realize that he was not income-eligible when he purchased his vehicle. VTrans added the returned incentive to the incentive funding pool.

VTrans has not yet conducted any audits of incentive recipients since the eligibility requirements changed on July 1, 2020. However, VTrans became aware of an individual who received two incentives for two different PEVs and is in the process of seeking the return of the second incentive. This individual received one incentive prior to July 1, 2020 and one after that date. The application form prior to July 1, 2020 specified that incentives were limited to one per household, and the form after that date limited incentives to one per individual or married couple filing jointly.

VTrans has denied consumer-direct incentives to individuals who violated program rules by failing to obtain preapproval and who purchased or leased their PEVs when the program was suspended and funding was not available. On the other hand, VTrans has agreed to provide consumer-direct incentives to individuals who failed to obtain preapproval while the program was funded. The preapproval requirement is important to ensure that the incentive budget is not overdrawn and to protect PEV purchasers from seeking consumer-direct incentives, only to be denied because funding has been depleted. Steady, dedicated program funding would help avoid confusion and disappointment by consumers who fail to obtain preapproval when funding is depleted.

The New PEV Incentive Program has experienced relatively low overhead compared to incentive payments. DEV managed this program for about \$63,500 between about November 2019 and November 2020. Since that first year included program design, DEV will likely be able to keep

within its \$50,000 grant award this year. The DUs have been doing significant work for the program free of charge. Negotiating, writing, and managing the grants and contracts supporting the New PEV Incentive Program has placed a considerable burden on VTrans. However, considering just the direct payments to VEIC for DEV's services compared to the incentives paid out, the program is cost-effective, with administrative costs amounting to about 5.8% of incentives paid in the first year. ( $\$63,500/\$1,100,000 \times 100 = 5.8\%$ .) By comparison, hiring a contractor to run the entire program could have pushed administrative costs over 20%. ( $\$250,000/\$1,100,000 \times 100 = 22.7\%$ .)

It should not be assumed that the DUs will continue to support this program through no-cost contracts, and the Legislature is advised to consult with the DUs on this point and to provide funding for alternative arrangements if the DUs cannot continue to be available. As noted above, hiring a contractor to run this program could have cost as much as \$250,000. To provide one example of program costs from a nearby state, Connecticut's CHEAPER incentive program has a \$3M budget with administrative overhead of 12.5% (\$375,000). Budgets tend to be higher in early years because of the front-loaded costs of program setup. Larger states can achieve economies of scale that may not be available in Vermont for lowering the cost-benefit ratios of incentive programs.

Vermont's new PEV incentive program will remain an important tool for reaching the State's vehicle electrification goals at least until passenger combustion vehicles and electric vehicles reach cost parity, which may still be at least a few years away, and possibly until such time that the sale of new combustion vehicles can be prohibited through regulation. Consideration could be given to extending this program to medium- and heavy-duty vehicles (MHDs) until they, too, become established technology. It may be possible to combine a used-PEV incentive program with the new PEV incentive program to achieve economies of scale, and it may also be possible to combine these programs with a Replace Your Ride program of the sort the Vermont Energy Action Network has been working on.

### **B. Used Fuel-Efficient Vehicle Incentive Program (MileageSmart)**

While MileageSmart incentives are not limited to PEVs, over half the incentives Capstone has paid have supported PEVs, and most or all of the rest have been conventional hybrids. Capstone reports, "As of 12/14/2020, the MileageSmart program had issued \$52,682.75 in incentives for 14 vehicles, an average of \$3,763.05 per car." Capstone reports that its administrative expenses for MileageSmart as of that date exceeded \$131,000. This means that administrative costs were about 249% of incentives paid. ( $\$131,000/\$52,683 \times 100 = 248.7\%$ .)

As noted, the administrative costs of an incentive program are typically frontloaded because of the costs of setting up the program, so it is likely that the cost-benefit ratio of MileageSmart will improve over time. VTrans also recognizes that this program makes a real difference in the lives of the Vermonters who can benefit from it. However, some of the costs of the program stem from Capstone's provision of financial counseling to program applicants and its efforts to ensure

that as few applicants as possible drop out of the application process. These high labor costs may not change much as the program matures.

From a climate and air-quality perspective, it could be more cost-effective to add a used PEV incentive program to the State's new PEV incentive program. The State could fund a separate Capstone program to provide counseling to program participants who seek it. Otherwise, applicants for used-PEV incentives would be responsible for making their own deals and securing their own loans, in the same manner as low- and moderate-income applicants under the new PEV incentive program.

Used-PEV incentives do not directly accelerate PEV market share because used vehicles are already in the market. However, successfully electrifying the transportation sector requires not only technological change, but also cultural change. A used-PEV incentive program may introduce electric motoring to a broader demographic quicker than a new PEV incentive program alone. In addition, used PEV incentives serve the interests of equity and environmental justice by helping all Vermonters benefit from electric vehicles. VTrans suggests that the Legislature consider the costs of running the used fuel-efficient vehicle program compared to its benefits, both environmental and social, and decide whether this program should be modified or replaced. A used PEV incentive program of some kind, with additional incentives for low-income Vermonters, is important for meeting the Vermont's transportation electrification targets.

### **C. Emissions-Repair Program**

The VTrans-Capstone grant agreements require Capstone to set up not only a used fuel-efficient vehicle incentive program, but also the emissions-repair program authorized by the 2019 and 2020 Transportation Bills. VTrans and Capstone, along with DEC and DMV, met on several occasions to map out the elements of an emissions-repair program. However, after investing about \$10,000 in this effort, Capstone determined that it did not have the appropriate expertise and resources to run both a used fuel-efficient vehicle incentive program and an emissions-repair incentive program.

In its attached report, Capstone describes the major obstacles encountered. The obstacles Capstone identified and communicated to VTrans and DEC included determination of warranty coverage and lack of technical expertise regarding emissions repairs. DEC offered to provide Capstone with specific program knowledge to alleviate the concerns listed above.

VTrans and DEC met with government officials from a few other jurisdictions that offer emissions-repair incentives and determined that the costs of program administration far exceed the funding currently available in Vermont. In other jurisdictions, these programs are run by government agencies with dedicated staffing (sometimes including professional mechanics) and durable budgets. Salt Lake County, Utah, with a population of about 1.2M people, has run an emissions-repair program over the past six years, and although their administrative cost for the emissions repair component was not tracked separately, as it came from their overall vehicle inspection and maintenance budget, their Bureau Manager estimated staff time to run the emissions repair component of their program equivalent to one fulltime employee (FTE). Other

jurisdictions utilize readily available vehicle information such as age and odometer reading to decrease the amount effort in determining warranty applicability as well as the automotive industry's part and labor guide to easily verify repair costs are appropriate.

DEC views an emissions-repair program in Vermont as critical towards helping people repair cars with significant remaining useful life when they cannot afford a new car, even with incentives, and protecting public health and air quality. A vehicle that fails an emissions inspection is considered an excessive polluting vehicle and is often polluting at least 50% more than when its emissions systems are maintained and in good repair. An emissions repair program would also help to avoid issuance of emissions inspection waivers authorized by DMV and therefore cause fewer instances of deferred maintenance of vehicles. Vermont agencies do not have the capacity to run this kind of program; however, contracting with a private administrator with adequate technical resources and knowledge of emissions repair programs could be a viable and cost-effective path forward.

## **V. Conclusions**

The 2019 and 2020 Transportation Bills authorized three statewide vehicle incentive programs. Unfortunately, the funding made available to VTrans for these programs fell far short of program costs. To save money, VTrans executed no-cost contracts with the State's DUs to assist with the administration of the new PEV incentive program. VTrans also retained VEIC to assist with program management through DEV. This program has been cost-effective and successful. Survey research would assist with understanding the program's impacts. The DUs may not agree to continue assisting with program administration once their grant agreements with VTrans terminate this fall. VTrans recommends that the Legislature consult with the DUs on this point and make alternative arrangements, with appropriate funding, if the DUs are longer available.

VTrans executed grant agreements with Capstone to run the used fuel-efficient vehicle incentive program (now known as MileageSmart) and the emissions-repair incentive program. Capstone began paying incentives under MileageSmart in September 2020. Although MileageSmart may still be experiencing high administrative costs compared to incentives granted due to the front-loaded costs of running the program, the financial counseling Capstone provides to applicants also contribute to the program's high administrative costs. MileageSmart is helping people in need, and because most of the fuel-efficient vehicles incentivized through MileageSmart have been PEVs, the program has been advancing the State's goal of electrifying the transportation sector. It is possible that the benefits of MileageSmart could be achieved more affordably through a used PEV incentive program combined with the new PEV incentive program, along with separate funding for Capstone to provide financial counseling to program applicants who seek it.

Capstone was not able to stand up the emissions-repair incentive program. However, standing up an emissions-repair program in Vermont by contracting with a private administrator with adequate technical resources and knowledge of emissions repair programs could be a viable and cost-effective path forward. An emissions-repair program would assist people who need emissions repairs to a vehicle that passes the safety inspection but are not in a position financially to purchase a vehicle, even with the incentive funds available. Repairing a vehicle

that has significant remaining useful life can make more sense than purchasing a vehicle. The program would also advance the State's goals of protecting air quality by ensuring that vehicles are able to operate as designed to reduce emissions and protecting public health.

## **ATTACHMENTS**

- A. Amended Grant Agreement between VTrans and VEIC.
- B. Amended No-Cost Contract between VTrans and Vermont's Electric Distribution Utilities.
- C. New PEV Incentive Program Guidelines (2019 Transportation Bill)
- D. New PEV Incentive Program Guidelines (2020 Transportation Bill)
- E. Grant Agreement between VTrans and Capstone.
- F. Amended Grant Agreement between VTrans and Capstone.
- G. VEIC (DEV) State of Vermont Electric Vehicle Incentive Program Reporting.
- H. Capstone VTrans Program Status Update: MileageSmart and the Emissions Repair Programs.

**STATE OF VERMONT  
STANDARD GRANT AGREEMENT**

**Agreement#** GR1438  
**Amendment #** 1

**Part 2 – Grant Agreement**

Parties: This is a Grant Amendment (hereinafter called “Amendment”) between the State of Vermont, Agency of Transportation (hereinafter called “State”), and the **Vermont Energy Investment Corporation d/b/a VEIC**, (hereinafter called “Subrecipient”). The Agreement dated **January 2, 2020** shall be modified as follows:

1. **Subject Matter (Item #2)**: The Subject Matter is hereby deleted in its entirety and replaced with the Subject Matter listed below:

The subject matter of this Grant is for the administration of the Statewide New PEV Incentive Program. A detailed description of the project and the services to be provided by the Subrecipient are described in Attachment A.

2. **Award Details (Item #3)**: Grant Agreement Part 1 – Grant Award Detail is hereby deleted and replaced in its entirety with the revised Grant Agreement Part 1 – Grant Award Detail attached and made a part hereof.
3. **Attachments**: Attachment A – Scope of Work, is hereby deleted in its entirety and replaced with the Attachment A – Scope of work, which is attached hereto and made a part hereof.
4. **Attachments**: Attachment B – Payment Provisions, is hereby deleted in its entirety and replaced with the Attachment B – Payment Provisions, which is attached hereto and made a part hereof.

Except as modified by this or any existing Amendments, all other provisions of the original Agreement dated **January 2, 2020**, shall remain unchanged and in full force and effect.

WE, THE UNDERSIGNED PARTIES, AGREE TO BE BOUND BY THIS GRANT AGREEMENT.

STATE OF VERMONT  
AGENCY OF TRANSPORTATION

SUBRECIPIENT:  
**Vermont Energy Investment Corporation,  
d/b/a VEIC**

Signature: E-SIGNED by Joe Flynn  
on 2020-10-22 16:06:48 EST  
Name: Joe Flynn  
Title: Secretary of Transportation  
Date: October 22, 2020

Signature: DocuSigned by:  
**Matt Dooley**  
AE6112ZZE96E43A...  
Name: Matt Dooley  
Title: Director, Energy Services  
Date: 10/22/2020

APPROVED AS TO FORM:

DATE: October 15, 2020

E-SIGNED by Leslie Welts  
on 2020-10-15 16:39:31 EST  
ASSISTANT ATTORNEY GENERAL

## STATE OF VERMONT GRANT AGREEMENT

## Part 1-Grant Award Detail

## SECTION I - GENERAL GRANT INFORMATION

<sup>1</sup> Grant #: GR1438		<sup>2</sup> Original <input type="checkbox"/> Amendment # 01	
<sup>3</sup> Grant Title: Statewide Electric Vehicle Incentive Program			
<sup>4</sup> Amount Previously Awarded: \$ 50,000.00		<sup>5</sup> Amount Awarded This Action: \$ 50,000.00	<sup>6</sup> Total Award Amount: \$ 100,000.00
<sup>7</sup> Award Start Date: 11/01/2019		<sup>8</sup> Award End Date: 12/31/2021	<sup>9</sup> Subrecipient Award: YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
<sup>10</sup> Vendor #: 0000001502		<sup>11</sup> Grantee Name: Vermont Energy Investment Corporation d/b/a VEIC	
<sup>12</sup> Grantee Address: 128 Lakeside Avenue, Suite 401			
<sup>13</sup> City: Burlington		<sup>14</sup> State: VT	<sup>15</sup> Zip Code: 05401
<sup>16</sup> State Granting Agency: Vermont Agency of Transportation			<sup>17</sup> Business Unit: 08100
<sup>18</sup> Performance Measures: YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		<sup>19</sup> Match/In-Kind: \$ 0.00 Description:	
<sup>20</sup> If this action is an amendment, the following is amended: Amount: <input checked="" type="checkbox"/> Funding Allocation: <input type="checkbox"/> Performance Period: <input type="checkbox"/> Scope of Work: <input checked="" type="checkbox"/> Other: <input type="checkbox"/>			

## SECTION II - SUBRECIPIENT AWARD INFORMATION

<sup>21</sup> Grantee DUNS #: 606011088		<sup>22</sup> Indirect Rate: n/a % (Approved rate or de minimis 10%)		<sup>23</sup> FFATA: YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	
<sup>24</sup> Grantee Fiscal Year End Month (MM format): 12				<sup>25</sup> R&D: <input type="checkbox"/>	
<sup>26</sup> DUNS Registered Name (if different than VISION Vendor Name in Box 11):					

## SECTION III - FUNDING ALLOCATION

## STATE FUNDS

Fund Type	<sup>27</sup> Awarded Previously	<sup>28</sup> Award This Action	<sup>29</sup> Cumulative Award	<sup>30</sup> Special & Other Fund Descriptions
General Fund	\$	\$	\$	
Special Fund	\$	\$	\$	
Global Commitment (non-subrecipient funds)	\$	\$	\$	
Other State Funds	\$ 50,000.00	\$ 50,000.00	\$ 100,000.00	AEP Settlement Funds (ANR)

## FEDERAL FUNDS

(includes subrecipient Global Commitment funds)

## Required Federal Award Information

<sup>31</sup> CFDA #	<sup>32</sup> Program Title	<sup>33</sup> Awarded Previously	<sup>34</sup> Award This Action	<sup>35</sup> Cumulative Award	<sup>36</sup> FAIN	<sup>37</sup> Federal Award Date	<sup>38</sup> Total Federal Award
		\$	\$	\$			\$
<sup>39</sup> Federal Awarding Agency:		<sup>40</sup> Federal Award Project Descr:					
		\$	\$	\$			\$
Federal Awarding Agency:		Federal Award Project Descr:					
		\$	\$	\$			\$
Federal Awarding Agency:		Federal Award Project Descr:					
		\$	\$	\$			\$
Federal Awarding Agency:		Federal Award Project Descr:					
		\$	\$	\$			\$
Federal Awarding Agency:		Federal Award Project Descr:					
<b>Total Awarded - All Funds</b>		\$ 50,000.00	\$ 50,000.00	\$ 100,000.00			

## SECTION IV - CONTACT INFORMATION

STATE GRANTING AGENCY	GRANTEE
NAME: Daniel Dutcher	NAME: David Roberts / Jeniffer Wallace-Brodeur
TITLE: Senior Environmental Policy Manager	TITLE: Sr. Consultant - DEV / Director Transportation Efficiency
PHONE: 802 498-4540	PHONE: 802 540-7835 / 802 540-7693
EMAIL: daniel.dutcher@vermont.gov	droberts@veic.org / jwallace-brodeur@veic.org

## **ATTACHMENT A SCOPE OF WORK TO BE PERFORMED**

### Statewide New Plug-In Electric Vehicle Incentive Program:

#### **Program Background and Objectives**

The New PEV Incentive Program (Program) was established by section 34 of the 2019 Transportation Bill (Act 59), amended by section 14 of the 2020 Transportation Bill (Act 121), and further amended by sections B.1100.1(a)(2)(C), G.101, and G.112 of the 2020 Appropriations Bill (Act 154).

The 2019 Transportation Bill authorized VTrans to spend up to \$1,100,000 on incentives. The 2020 Transportation Bill authorized VTrans to carryover unspent portions of these 2019 funds into state fiscal year 2021. Of the initial 2019 incentive funding pool of \$1,100,000, \$0 remains as of October 1, 2020.

VTrans did not allocate any of the 2019 funds to Program administration. VTrans entered no-cost contracts with the State's Electric Distribution Utilities (DUs) and deployed other funds for the original of this grant agreement with VEIC.

The 2020 Transportation Bill authorized VTrans to spend up to an additional \$1,000,000 on the New PEV Incentive Program, including up to \$100,000 of that sum on Program support from Drive Electric Vermont (DEV), operated by VEIC. VTrans has allocated \$50,000 to continuing Program support from DEV, leaving \$950,000 of the 2020 funds for incentives.

The PEV incentives will continue to be offered through the DUs who choose to participate: Green Mountain Power (GMP), Vermont Electric Cooperative (VEC), Burlington Electric Department (BED), Washington Electric Cooperative (WEC), Stowe Electric Department (SED), Hyde Park Electric (HPE), and Vermont Public Power Supply Authority (VPPSA), which represents eleven of Vermont's municipally owned utilities and which will participate in this Program as one collective. VPPSA member utilities include Barton, Enosburg, Hardwick, Jacksonville, Johnson, Ludlow, Lyndonville, Morrisville, Northfield, Orleans, and Swanton.

Under separate contracts with the State, acting through VTrans, the DUs will be responsible for providing incentives to eligible applicants for eligible vehicles through dealers at the point of sale or lease. Each participating DU shall also provide direct incentives to consumers who reside in its service territory and who have elected to receive incentives on a reimbursement basis upon proof of purchase (consumer direct incentives) rather than through a dealer at the point of sale or lease. It will not be necessary for the applicant to be a utility customer, provided the applicant otherwise qualifies for the Program under the Program Guidelines prepared and updated by VEIC pursuant to this agreement.

Through this agreement, VEIC will provide Program assistance, including marketing, applicant support, and record keeping for the Program through DEV.

The total incentive pool of any remaining 2019 Transportation Bill (SFY 2020) funds combined with the 2020 Transportation Bill (SFY 2021) funds not allocated to this Agreement (combined funds) will

be equally available to all seven DUs on a statewide, first-come, first-served basis. The goal is to fully obligate all combined funds as quickly as possible. The Program incentives will be available to Vermont residents only. The responsibilities of VEIC and the participating DUs shall not extend beyond the combined funds without a written amendment to this Agreement or a new agreement.

### **PEV Incentive Program Implementation Framework**

1. Consumer reviews eligible autos on the DEV website or at a participating dealer.
2. Consumer downloads, or otherwise obtains, a state PEV incentive Program application which will include self-certification of their income eligibility; the application will include executing an agreement to be audited by the State if chosen.
3. Consumer brings their application, which will include their eligibility self-certification, along with their Vermont driver's license and information about which DU provides their electricity, to their dealer.
4. Point-of-Sale or -Lease Incentive Option:
  - a. Consumer is sold or leased a qualified vehicle, with the price reduced by their incentive amount. Lease terms must be at least two years.
  - b. Dealer collects consumer application/eligibility verification and submits it, along with vehicle details and any required reporting, to the DU and DEV.
5. Consumer Direct-Incentive Option:  
Consumers will have an option to directly receive the incentive from participating DUs (consumer direct incentive), rather than having it pass through a dealer. This will support PEV purchases from out-of-state retailers, including Tesla. Consumers will receive preapproval for a direct incentive from VEIC after submitting a form and then will provide the incentive application and any required verification, including Vermont vehicle registration following their purchase or lease of a PEV.
6. The DUs batch monthly incentive documents relating to the point-of-sale or -lease option and the consumer direct incentive option in their service territories and sends them to VTrans with a summary report and invoice. VTrans will provide a copy of these monthly submissions to VEIC for Program monitoring.
7. VTrans reimburses the DUs for point-of-sale or -lease state incentives and consumer direct incentives.
8. The DUs remit the point-of-sale or -lease incentives the dealer and the direct incentives to the consumer.
9. DUs may request advance funds from the State to cover reimbursements to the dealers and consumers to expedite the reimbursement process; monthly documentation of distribution of funds to dealers and consumers by DUs will reflect reimbursements from advance funds

provided to DUs.

### **VEIC Program Administration**

VEIC will support the Program by providing the following services and products:

1. Development and Updating of PEV Incentive Program Guidelines and downloadable application.
  - a. PEV Incentive Program Guidelines will be developed for participating DUs, dealers, VTrans, applicants, and VEIC, will be consistent with the contract VTrans enters into with participating DUs, and will include the following:
    - i. General Overview of the Program.
    - ii. Role of DUs, dealers, VTrans, and VEIC in Program administration.
    - iii. List of eligible vehicles and participating dealers. The Program applies to PEVs with a Base Manufacturer's Suggested Retail Price (MSRP) of \$40,000 or less. Vehicle models sold for over \$40,000 are eligible for funding if the base model (lowest trimline) falls under this dollar threshold.

The Vermont Vehicle and Automotive Distributors Association (VADA) has agreed informally to provide interface and coordination with Vermont dealers. VEIC and VTrans will work with VADA for this purpose. Vehicles purchased outside the State of Vermont are not eligible for dealer point-of-sale or -lease incentives but are eligible for consumer-direct incentives if they conform to other Program requirements.

- iv. Required qualifications for dealer participation. To participate in the Program, dealers must sign a document (Dealer Agreement) provided to the dealer by VEIC pursuant to the Program Guidelines that sets forth the dealer's responsibilities under the Program and the steps the dealer must take to be reimbursed by the DU for point-of-sale or -lease incentives. The Dealer Agreement will also serve as written confirmation that dealers will be reimbursed for incentives by the DUs pursuant to the Contract the DUs enter with VTrans. The Dealer Agreement will require dealers to provide a completed IRS Form W-9 to VEIC, which will share this with participating DUs.
- v. Required qualifications for consumer-direct Program participation, including income eligibility, residency, vehicle type, and pricing. The consumer-direct incentive application form will require consumers to provide a completed IRS Form W-9 with their applications.
- vi. Information regarding linking with other incentive programs (including federal tax credits and DU incentives under Tier 3 of Vermont's renewable energy standard).

- vii. Connection with existing PEV resources on the DEV website.
- b. Program Guidelines will be updated, in consultation with VTrans, as may be necessary and appropriate in view of legislative changes, experience with the Program, or other relevant considerations to maintain the Program's integrity, fairness, efficiency, and effectiveness. VTrans or VEIC will promptly notify the DUs of any and all changes to the Program Guidelines and will consult with the DUs about changes to the Program Guidelines upon request. VEIC will assist VTrans in good faith efforts to resolve any disagreements about changes to the Program Guidelines. The most recent updated version of the Program Guidelines will be available from VEIC's DEV website for the duration of the Program.
- c. Program Application.
  - i. Development of a PDF Program application form, which will be shared on the DEV website and can be filled in electronically or by printing the document. Links to application materials on the DEV website will also be provided on the DU and VTrans websites.
  - ii. Development of a how-to guide for determining income qualifications and self-certifying to the eligibility criteria.

Incentive eligibility will be determined by the eligibility criteria in the 2020 Transportation Bill (Act 121) or future legislation. All-electric vehicles will receive greater incentives than plug-in hybrid electric vehicles as determined by statute.

- iii. Incentives will be limited to one per person from the inception of the Program in December 2019. The Program will not extend to commercial or non-profit organizations. Incentives will not apply retroactively to PEV purchases that took place before this Program launched in December 2019. Nor will incentives apply to PEV purchases that took place before 2020 funds become available in the event 2019 funds are first exhausted, unless VTrans determines otherwise in writing. In the event the Program goes dormant between the exhaustion of 2019 funds and the availability of 2020 funds (through contracting delays or any other reason), VEIC will post on the DEV website that incentive funding has been suspended. VTrans will notify VEIC of the Program re-launch date.
  - iv. Income-verification will be self-reported by Program applicants. However, VEIC will notify applicants through the application forms that VTrans will audit a subset of applications for income verification. Applicants must agree on their applications to cooperate in the event they are audited, to release their tax returns and other relevant information to the State, and to return their incentive payments with the statutory rate of interest of 12% if they do not cooperate with an audit or if an audit determines that they were not eligible for the incentive.
2. Program Data Reporting and Overpayment Prevention.

a. Monthly assembly of DU reporting and overpayment prevention.

VEIC will maintain a master database of all the applications—both point-of-sale or -lease, and the consumer-direct incentive options. Dealers will submit applications to the DU and VEIC at the time of sale or lease—this will allow VEIC to tally incentives issued on a current basis and will be a point of reference to cross verify requests for funds reimbursement which the dealers submit through the DUs. Electronic submission by email is preferred.

VEIC will implement the following plan to ensure that Program resources are not overcommitted: Once the remaining 2019 funding pool has been drawn down to \$200,000, or thereafter, once the combined 2019 and 2020 funding pool has been drawn down to \$200,000, VEIC will notify the DUs and participating dealers that dealers must obtain advance email authorization from VEIC before providing a point-of-sale or -lease incentive. VEIC will also post a notice on its DEV webpage for the statewide New PEV Incentive Program alerting applicants that remaining funding is limited. Regardless of the amount of remaining funding available, all applicants who plan to seek customer-direct incentives through reimbursement rather than at the point of sale or lease, must receive advance email authorization from VEIC to participate in this Program. In addition, applicants seeking to participate on a direct reimbursement basis must submit their proof of purchase or order to the appropriate DU, with a copy to VEIC, within 15 days of VEIC sending email authorization to participate.

The dealers and the participating DUs will not be held responsible for the payment of any incentives provided beyond the resources available, provided the DUs abide by the agreed-upon systems in this Grant Agreement and in their Contracts to prevent overpayment. VEIC will provide instructions to the dealers as the Program resources near full allocation, and VEIC will work closely with the dealers to ensure they are not issuing incentives beyond the resources available through the State.

As noted above, VEIC also will monitor monthly incentive documents supporting reimbursements for customer direct incentives and send them to VTrans with a summary report. Also as noted above, DUs may request advance funds from the State to cover point-of-sale or -lease and consumer-direct reimbursements. The DUs' monthly incentive reporting documents will include both point-of-sale or -lease and consumer-direct reimbursements from advance funds, along with requests for reimbursement. VEIC will monitor applicant addresses and vehicle identification numbers (VINs) to help ensure that no one individual receives more than one incentive and, in particular, that no one individual receives both a dealer incentive and a consumer-direct reimbursement incentive for the same or different vehicles.

b. Annual reporting of Program progress for submission to the Legislature.

Section 34(a)(5) of Act 59 of 2019, as amended by section 14 of Act 121 of 2020, requires VTrans to annually evaluate the Program to gauge its effectiveness and to submit a written report to the Legislature by January 31 of each year following a year that an incentive is provided. VEIC must prepare a draft report for VTrans no later than December 1 of each year that a report is required. The draft report shall contain detailed Program metrics, to be developed, gathered, analyzed and summarized by VEIC, in consultation with VTrans and the Vermont Department of Public Service, which collects similar data as part of its Tier 3

program requirements. Metrics may include the numbers and amounts of incentives provided; other known incentives that Program beneficiaries utilized in combination with the Program incentive; the cost and type of the vehicle incentivized; the name and location of the business where the purchase took place; the income qualifications of each incentive recipient; feedback from incentive recipients or other relevant parties; all services that VEIC and the DUs provided; and any other information that may be useful for Program evaluation. VTrans may adopt or modify VEIC's draft report in whole or in part in VTrans' report the Legislature. The DUs must provide relevant data to VEIC. Reporting for the January 31, 2021 deadline must contain different sections for the periods before and after July 1, 2020 to reflect changes to Program requirements resulting from the 2020 Transportation Bill.

3. Program Communications and Consultation.

- a. VEIC will utilize the DEV website and leverage other existing resources to promote the Program, including links to DU incentive program websites, VTrans' website, and other relevant sources.
- b. The DUs will promote this Program on their websites and through other outreach mechanisms (which may include social media, billing inserts, etc.).
- c. VEIC will recommend and assist in the development of any additional promotional resources.
- d. VEIC will provide consultative services via email and phone for questions which may arise from the DUs, dealers, VTrans, or Program participants.
- e. VEIC will use the Go! Vermont call-center to support phone and email inquiries.

4. VTrans Program Monitoring and Oversight.

- a. VEIC will provide monthly invoices to VTrans documenting labor time spent supporting incentive Program administration.
- b. VEIC will be available for periodic calls with VTrans, DUs, and/or other stakeholders to discuss Program status, any issues encountered, and potential resolutions.

**Protection of Personal Information:** VEIC agrees to comply with all applicable state and federal statutes to assure protection and security of personal information, or of any personally identifiable information (PII), including the Security Breach Notice Act, 9 V.S.A. § 2435, the Social Security Number Protection Act, 9 V.S.A. § 2440, the Document Safe Destruction Act, 9 V.S.A. § 2445 and 45 CFR 155.260. As used here, PII shall include any information, in any medium, including electronic, which can be used to distinguish or trace an individual's identity, such as his/her name, social security number, biometric records, etc., either alone or when combined with any other personal or identifiable information that is linked or linkable to a specific person, such as date and place or birth, mother's maiden name, etc."

## **Project Budget**

VTrans shall reimburse VEIC on a time-and-material basis with a not-to-exceed of \$50,000 to provide the services described in this scope of work.

VEIC's rates, hours, and total budget for each task are provided in Table 1.

***Table 1. VEIC Estimated Labor Budget.***

Staff	Transportation Director	Sr. Consultant	Marketing Manager	Marketing Designer	Incentives Specialist	Customer Service Director	Customer Service Staff	
Loaded Rate	\$150.00	\$135.00	\$125.00	\$115.00	\$100.00	\$150.00	\$95.00	
	Hours							TOTAL Hours
Task 1: Program Guidelines and Application	1	28	5	0	0	0	0	34
Task 2: Reporting and Overpayment Prevention	2	173	0	0	0	2	196	373
Task 3: Program Promotion	0	5	10	8	0	0	0	23
Total Hours	3	206	15	8	0	2	196	430
<b>Total Budget</b>								<b>\$49,975.00</b>

**Project Schedule**

VEIC will begin work October 1, 2020 with a goal to continue Program operations without interruption or to minimize the length of any interruption that cannot be practicably avoided. VEIC reporting, promotion, and customer support activities will extend to December 15, 2021 while incentive Program funds remain available and VEIC has budget remaining, as shown in Table 2.

*Table 2. VEIC Task Activity Schedule.*

Task	2020			2021											
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1. Program Guidelines and Application															
2. Reporting and Overpayment Protection															
3. Program Promotion															

**ATTACHMENT B**  
**PAYMENT PROVISIONS**

The State agrees to compensate the Subrecipient for services performed up to the total award amount stated on the Grant Agreement Part 1 – Grant Award Detail of this Grant Agreement provided such services are within the scope of the Grant and are authorized as provided for under the terms and conditions of this Grant.

**Payment of Invoices by the STATE.** The State agrees to pay the Subrecipient for all properly documented bills invoiced by the Subrecipient with information on the labor hours spent for the invoice period, the labor rate for the staff, and information on the work associated with the labor hours. Invoices must be dated, refer to the number of this grant, specify the tasks accomplished, list the amounts of prior invoices under this agreement, and provide the balance remaining of grant funds awarded in Part 1 of this agreement.

Invoices shall be sent to:

Name:           **Beth McTear, AOT Administrative Services Coordinator**  
Email            [beth.mctear@vermont.gov](mailto:beth.mctear@vermont.gov)  
Division:        Policy, Planning and Intermodal Development

or such other individual whom the State may designate by written notice to the Subrecipient.

**Payment of Amounts Found Due by Audit.** In the event an audit or inspection by a certified or registered public accountant or an authorized agent of the State reveals that monies are due and owing to the State from the Subrecipient, for whatever reasons, then the Subrecipient shall pay such sums to the State within thirty (30) days of written notification of the findings of such audit or inspection.



## Additional Named Insureds

### Other Named Insureds

DC SEU; D/B/A Commons Energy L3C	Doing Business As
Efficiency Smart	Doing Business As
Efficiency Vermont	Doing Business As
Lakeside Solar LLC & Sun Shares LLC	Limited Liability Company, Additional Named Insured
Sustainability Benefits Corporation	

**STATE OF VERMONT CONTRACT SUMMARY AND CERTIFICATION - - - - - Form AA-14 (1/8/2019)**

**Note: All sections must be completed. Incomplete forms will be returned to the originating department.**

**I. CONTRACT INFORMATION:**

**Agency/Department:** Agency of Transportation/ PPAID - Planning **Contract #:** PS0796 **Amendment #:** 1  
**Vendor Name:** Green Mountain Power Corporation **VISION Vendor No:**  
**Vendor Address:** 163 Acorn Lane, Colchester Vermont 05446  
**Starting Date:** 12/16/19 **Ending Date:** 10/15/2021 **Amendment Date:** 10/12/2020  
**Summary of agreement or amendment:** This contract is for the Statewide Plug-In Electric Vehicle Incentive Program. This contract will allow for reimbursement to Distribution Utilities for incentive payments made on the States behalf. TIME EXTENSION, SOW REVISION & MA INCREASE

**II. FINANCIAL & ACCOUNTING INFORMATION**

**Maximum Payable:** \$2,000,000.00 **Prior Maximum:** \$ 1,000,000.00 **Prior Contract # (If Renewal):** 100.0  
**Current Amendment:** \$1,000,000.00 **Cumulative amendments:** \$ 1,000,000.00 **% Cumulative Change:**  
**Business Unit(s):** 8100; ; - [notes: ] **VISION Account(s):** ;  
**Estimated Funding Split:**  % GF  % SF  % EF  % Other (name)  
 % TF  % GC  % FF

**III. PROCUREMENT & PERFORMANCE INFORMATION**

**A. Identify applicable procurement process utilized.**  
 Standard Bid/RFP  Simplified  Sole Source (See B.)  Qualification Based Selection  Statutory  
**B. If Sole Source Contract, contract form includes self-certification language?**  Yes  N/A  
**C. Contract includes performance measures/guarantees to ensure the quality and/or results of the service?**  Yes  No

**IV. TYPE OF AGREEMENT (select all that apply)**

Personal Service  Construction  Arch/Eng.  Marketing  Info. Tech.  Prof. Service  
 Non-Personal Service  Retiree/Former SOV EE  Financial Trans  Zero-Dollar  Privatization  Other  
 Commodity

**V. SUITABILITY FOR CONTRACT FOR SERVICE**

Yes  No  n/a Does this contract meet the determination of an Independent Contractor? If "NO", the contractor must be set up and paid on payroll through the VTHR system.

**VI. CONTRACTING PLAN APPLICABLE**

Is any element of this contract subject to a pre-approved Agency/Dept. Contracting Waiver Plan?  Yes  No

**VII. CONFLICT OF INTEREST**

By signing below, I (Agency/Dept. Head) certify that no person able to control or influence award of this contract had a pecuniary interest in its award or performance, either personally or through a member of his or her household, family, or business.

Yes  No Is there an "appearance" of a conflict of interest so that a reasonable person may conclude that this party was selected for improper reasons: (If yes, explain)

**VIII. PRIOR APPROVALS REQUIRED OR REQUESTED**

Yes  No Agreement must be Certified by the Attorney General under 3 V.S.A. § 342 (sign line #4 below)  
 Yes  No Attorney General review As To Form is required (\$25,000 and above) or otherwise requested: \_\_\_\_\_ (AAG initial)  
 Yes  No Agreement must be approved by the Secretary of ADS/CIO  
 Yes  No Agreement must be approved by the CMO: for Marketing services over \$25,000 L.W.  
 Yes  No Agreement must be approved by Comm. Human Resources: for Privatization, Retirees, Former Employees, & if a Contract fails the IRS test.  
 Yes  No Agreement must be approved by the Secretary of Administration

**IX. AGENCY/DEPARTMENT HEAD CERTIFICATION; APPROVAL**

*I have made reasonable inquiry as to the accuracy of the above information (sign in order):*  
 October 14, 2020  E-SIGNED by Michele Boomhower on 2020-10-14 13:31:58 GMT October 15, 2020  E-SIGNED by Joe Flynn on 2020-10-15 22:11:36 GMT

<b>1-Date</b>	<b>1-Agency/Department Head</b>	<b>2-Date</b>	<b>2-Agency Secretary (if required)</b>
<b>3a-Date</b>	<b>3a-CIO</b>	<b>3b-Date</b>	<b>3b-CMO</b>
<b>3c-Date</b>	<b>3c-Commissioner DHR</b>		
October 15, 2020	 E-SIGNED by Leslie Welts on 2020-10-15 22:01:03 GMT		October 16, 2020  E-SIGNED by Kristin L. Clouser on 2020-10-16 12:56:20 GMT
<b>4-Date</b>	<b>4-Attorney General</b>	<b>5-Date</b>	<b>5-Secretary of Administration</b>

STATE OF VERMONT  
CONTRACT AMENDMENT

Project: **Statewide Plug-In Electric Vehicle Incentive Program**

It is hereby agreed by and between the State of Vermont, Agency of Transportation (the "State") and **the following electric distribution utilities (hereafter individually or collectively called "Contractor")**, listed with their principal places of business below, that the contract between them originally dated as of **01/30/2020**, Contract # **PS0796**, as amended to date, (the "Contract") is hereby amended as follows:

- a. Burlington Electric Department, 585 Pine Street, Burlington, VT 05401, a municipally owned electric utility;
- b. Green Mountain Power Corporation, 163 Acorn Lane, Colchester, VT 05446, a domestic profit corporation;**
- c. Stowe Electric Department, P.O. Box 190, 435 Moscow Rd., Stowe, VT 05672, a municipally owned electric utility;
- d. Vermont Electric Cooperative, Inc., 42 Wescom Rd., Johnson, VT 05656, a domestic non-profit corporation;
- e. Vermont Public Power Supply Authority, 5195 Waterbury Stowe Rd., Waterbury Center, VT 05677, a public service corporation;
- f. Village of Hyde Park Electric Department, P.O. Box 400, 344 Vermont 15 West, Hyde Park, VT 05655, a municipally owned electric utility; and
- g. Washington Electric Cooperative, Inc., P.O. Box 8, 40 Church St., Montpelier, VT 05651, a domestic non-profit corporation.

1. **Subject Matter.** The Subject Matter is hereby deleted in its entirety and replaced with the Subject Matter listed below:

The subject matter of this contract is processing incentive payments for the statewide new plug-in electric vehicle (PEV) incentive program, known as the New PEV Incentive Program.

The New PEV Incentive Program was established by section 34 of the 2019 Transportation Bill (Act 59), amended by section 14 of the 2020 Transportation Bill (Act 121), and further amended by sections B.1100.1(a)(2)(C), G.101, and G.112 of the 2020 Appropriations Bill (H.969).

The 2019 Transportation Bill authorized VTrans to spend up to \$1,100,000 on incentives. The 2020 Transportation Bill authorized VTrans to carryover unspent portions of these 2019 funds into state fiscal year 2021. The initial 2019 incentive funding pool of \$1,100,000 has been depleted since October 1, 2020. Incentives under the Program have not been available for PEVs purchased or leased since that time. VTrans did not allocate any of the 2019 funds to program administration and instead entered this no-cost contract with the State's distribution utilities and deployed other funds for a grant agreement with Drive Electric Vermont (DEV), operated by VEIC, to provide additional program support.

The 2020 Transportation Bill authorized VTrans to spend up to an additional \$1,000,000 on the New PEV Incentive Program, including up to \$100,000 of that sum on program support from DEV. VTrans has allocated \$50,000 to continuing program support from DEV, leaving \$950,000 of the 2020 funds for incentives.

Detailed services to be provided by the Contractor are described in Attachment A and will be performed in accordance with all attachments attached hereto. The Scope of Work in Attachment A applies to the continuing administration of the 2019 funds and to the 2020 funds that VTrans has allocated for incentives.

2. ***Scope, Payment, and Maximum Amount.*** The Maximum Amount is hereby deleted in its entirety and replaced with the Maximum Amount listed below:

a. **Scope of Work.** The Contractor agrees to provide the services to the State detailed in the Scope of Work in Attachment A at no charge to the State in accordance with the Payment Provisions in Attachment B. The Payment Provisions in Attachment B apply to the 2019 carryover funds and the 2020 funds that VTrans has allocated for incentives.

b. **Payment Provisions.** As stated in Attachment B, Payment Provisions, within thirty (30) days after receiving a request and invoice, VTrans will advance the Contractor the greater of \$5,000.00 or a sum to be determined by the following formula from any remaining carryover funds from the 2019 incentive funding pool and the 2020 funding pool of \$950,000, provided the advance will not draw down the total combined incentive funding pool to less than \$400,000:

$$[(\$950,000) \times (\text{the percentage of the 2018 total statewide residential accounts in the Contractor's service territory}) \times (20\%)] - [\text{any previously distributed advance funds under the original contract that the Contractor has not obligated}].$$

c. **Maximum Amount.** The maximum amount for this contract will be Two Million Dollars (\$2,000,000.00) to allow each DU an equal amount of any remaining 2019 funds and 2020 funds available for reimbursement. The maximum dollar amount reimbursable under this contract is not intended as any form of a guaranteed amount. VTrans will reimburse the Contractor's incentive payments to consumers or dealers as set forth in the Scope of Work in Attachment A and Payment provisions in Attachment B.

3. ***Contract Term.*** The Contract Term is hereby deleted in its entirety and replaced with the Contract Term listed below:

- a. Effective Date and Program Relaunch. Each DU's amended contract and amended contract term shall take effect when this amended contract fully executed. However, to ensure that all DUs and all Vermonters have equal access to incentive funds, the Program shall not relaunch until VTrans provides written notification to all the DUs and to VEIC.
  - b. End Date. The period of the Contractor's performance shall end October 15, 2021 or when the State or its authorized agent notifies the Contractor that funding for the statewide New PEV Incentive Program is no longer available, whichever occurs sooner. The total incentive pool, combining the 2019 and 2020 funds, will be equally available to all the State's electric distribution utilities (DUs) who participate in this contract on a statewide, first-come, first-served basis. The goal is to fully obligate all funds as quickly as possible. The Program incentives will be available to Vermont residents only. The responsibilities of the Contractor shall not extend beyond the combined 2019 and 2020 incentive pool without a written amendment to this contract or a new contract.
  - c. Early Termination. The Contractor may terminate this contract after thirty (30) days' written notice to the State and to the other DUs (listed on the previous page).
4. ***Attachments.*** Attachment A – Scope of Work, is hereby deleted in its entirety and replaced with the Attachment A – Scope of work, which is attached hereto and made a part hereof.
  5. ***Attachments.*** Attachment B – Payment Provisions, is hereby deleted in its entirety and replaced with the Attachment B – Payment Provisions, which is attached hereto and made a part hereof.
  6. ***Attachments.*** Attachment D, General Terms and Conditions for Contracts for Services dated February 15, 2018 is hereby deleted in its entirety and replaced with General Terms and Conditions for Contracts for Services dated May 29, 2020, which is attached hereto and made a part hereof.
  7. ***Taxes Due to the State.*** Contractor certifies under the pains and penalties of perjury that, as of the date this contract amendment is signed, the Contractor is in good standing with respect to, or in full compliance with a plan to pay, any and all taxes due the State of Vermont.
  8. ***Child Support (Applicable to natural persons only; not applicable to corporations, partnerships or LLCs).*** Contractor is under no obligation to pay child support or is in good standing with respect to or in full compliance with a plan to pay any and all child support payable under a support order as of the date of this amendment.
  9. ***Certification Regarding Suspension or Debarment.*** Contractor certifies under the pains and penalties of perjury that, as of the date this contract amendment is signed, neither Contractor nor Contractor's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in federal programs, or programs supported in whole or in part by federal funds.



**Attachment A**  
**Statewide Plug-In Electric Vehicle Incentive Program:**  
**Scope of Work for Vermont's Electric Distribution Utilities**

**Program Background and Objectives**

Section 34 of the Vermont Legislature's 2019 Transportation Bill (Act 59) authorizes an incentive program for new plug-in electric vehicles (PEVs), known as the New PEV Incentive Program (Program), and requires the Vermont Agency of Transportation (VTrans) to spend at least \$1.1 million on incentives. The 2020 Transportation Bill authorized VTrans to spend up to an additional \$1,000,000 on the New PEV Incentive Program. VTrans has allocated \$50,000 of this sum to VEIC for continuing program support from Drive Electric Vermont (DEV), leaving \$950,000 of the 2020 funds for incentives.

The PEV incentives will be offered through the State's Electric Distribution Utilities (DUs) who choose to participate by signing this Contract: Green Mountain Power (GMP), Vermont Electric Cooperative (VEC), Burlington Electric Department (BED), Washington Electric Cooperative (WEC), Stowe Electric Department (SED), the Village of Hyde Park Electric Department (HPE), and Vermont Public Power Supply Authority (VPPSA), which represents eleven of Vermont's municipally owned utilities and which will participate in the Program as one collective. VPPSA member utilities include Barton, Enosburg, Hardwick, Jacksonville, Johnson, Ludlow, Lyndonville, Morrisville, Northfield, Orleans, and Swanton.

Through this contract, each participating DU (Contractor) will be responsible for providing incentives to eligible applicants who reside in its service territory for eligible vehicles through dealers at the point of sale or lease. It will not be necessary for the applicant (i.e. consumer) to be a utility customer, provided the applicant otherwise qualifies for the Program under the Program Guidelines. Each participating DU shall also provide direct incentives to consumers who reside in its service territory and who have elected to receive incentives on a reimbursement basis upon proof of purchase (consumer direct incentives) rather than through a dealer at the point of sale or lease.

Through a separate Grant Agreement with the State, VEIC will provide program assistance, including marketing, applicant support, and record keeping for the Program through VEIC's DEV initiative. VTrans reserves the right to retain one or more organizations instead of or in addition to VEIC to provide program assistance or to perform these services itself or with the assistance of one or more State of Vermont agencies.

**Contractor Responsibilities**

The Contractor will carry out its responsibilities under this contract in accordance with the processes and requirements set forth for the DUs in the State of Vermont Plug-in Electric Vehicle Incentive Program Guidelines (Program Guidelines).

VEIC, in consultation with VTrans, will update the Program Guidelines from time to time as may be necessary and appropriate in view of legislative changes, experience with the Program, or other relevant considerations to maintain the Program's integrity, fairness, efficiency, and effectiveness. VTrans or VEIC will notify the Contractor and other DUs in writing of any and all proposed changes to the Program Guidelines and will consult with the Contractor and other DUs upon request. Changes to

the Guidelines will not take effect prior to forty-five (45) days' prior written notice to the DUs without the written concurrence of the DUs. The Parties will use reasonable, good faith efforts to resolve any disagreements about updates to the Program Guidelines. The most recent updated version of the Program Guidelines will be available from VEIC's DEV website for the duration of the Program.

The Contractor's responsibilities include but are not limited to the following:

With respect to point-of-sale and -lease incentives involving dealers, the Contractor will:

1. Begin work at the beginning of the contract term specified in paragraph 3 of the Amended Standard Contract for Services.
2. Receive required documentation from participating dealers issuing incentives to consumers in the Contractor's service area. To be considered participating, dealers must sign a document (Dealer Agreement) provided to the dealer by VEIC pursuant to the Guidelines that sets forth the dealer's responsibilities under the Program and the steps the dealer must take to be reimbursed by the Contractor for point-of-sale or -lease incentives.
3. Issue a completed IRS Form 1099 to each dealer the Contractor reimburses for a point-of-sale or -lease incentive payment. (The dealer's responsibilities shall include providing a completed IRS Form W-9 to each Contractor.)
4. Provide reimbursement for eligible incentive payments to dealers within thirty (30) days for qualifying sales to consumers residing in its service territory and for which the required documentation (as specified in the Program Guidelines and Dealer Agreement) has been received from the dealer. In the event a state audit determines that an applicant who received funding under the Program was not eligible, then the State may seek reimbursement of the ineligible funds from the applicant. The State will not seek reimbursement from a Contractor that received completed documentation supporting the incentive payment.
5. The Contractor will review information provided by dealers for completeness and conformance with the Program Guidelines.
6. The Contractor is not responsible for verifying the veracity of reported program eligibility or consumer income levels. The Contractor will provide the reimbursement for any completed set of documentation received from a dealer that conforms with Program Guidelines for a consumer located in its service territory.
6. Batch monthly incentive documents relating to the point-of-sale or -lease option and send them to VTrans with a summary report and invoice, with a copy to VEIC. The summary report shall include the date of sale; dealer; consumer name and address; utility service territory; state incentive amount; PEV make, model, year, VIN, and sale price; and confirmation that the consumer holds a valid Vermont driver's license. The Contractor will retain all documentation supporting each incentive for two years after the termination of this contract, and the Contractor will provide any or all of this documentation to the State upon request. The invoice will reference this contract by contract number and specify the incentive period covered.
7. Provide links to application materials on the Contractor's website.
8. Provide relevant data to VEIC as requested, subject to the Contractor's Privacy Policy, published on its website.
9. Promote this Program on its website and through other outreach mechanisms (which may include social media, billing inserts, etc.).
10. Be available for periodic calls with VTrans, other DUs, and/or other stakeholders to discuss Program status, any issues encountered, and potential resolutions.
11. Comply with all applicable state and federal statutes to ensure protection and security of personal information, or of any personally identifiable information (PII), including the Security Breach Notice Act, 9 V.S.A. § 2435, the Social Security Number Protection Act, 9 V.S.A. § 2440, the

Document Safe Destruction Act, 9 V.S.A. § 2445 and 45 CFR 155.260. As used here, PII shall include any information, in any medium, including electronic, which can be used to distinguish or trace an individual's identity, such as his/her name, social security number, biometric records, etc., either alone or when combined with any other personal or identifiable information that is linked or linkable to a specific person, such as date and place of birth, mother's maiden name, etc.

Additionally, with respect to consumer direct incentives, the Contractor will:

12. Receive consumer requests for incentives after the consumer has secured an incentive reservation from VEIC and provided the Contractor with the necessary completed incentive application materials.
13. Confirm eligibility for the incentive by reviewing the application for completeness and conformance with the Program Guidelines.
14. The Contractor is not responsible for verifying the veracity of reported program eligibility or consumer income levels. The Contractor will provide the reimbursement for any completed set of documentation received from a consumer that conforms with Program Guidelines for a consumer located in its service territory.
15. Issue a completed IRS Form 1099 to each consumer the Contractor pays a consumer direct reimbursement. (Complete applications for consumer direct reimbursements shall include a completed IRS Form W-9.)
16. Process the consumer direct incentive form and issue a check to the consumer in accordance with the Guidelines. In the event a state audit determines that an applicant who received funding under the Program was not eligible, then the State may seek reimbursement of the ineligible funds from the applicant. The State will not seek reimbursement from a Contractor that received completed documentation supporting the incentive payment.
17. Batch monthly incentive documents relating to the consumer direct incentives and send them to VTrans with a summary report and invoice, with a copy to VEIC, with the summary report conforming to paragraph 6, above. These documents may be combined with reimbursement requests for dealership point-of-sale incentives.

**Attachment B**  
**Payment Provisions**

1. The Contractor will carry out its duties in the administration of the statewide incentive program at no cost to the State. The Contractor will benefit from participating in this program by having state funds available to provide a service to its customers and by helping to advance vehicle electrification, which will slow the decrease in electrical loads. The State will benefit from the assistance of the Contractor with program administration and marketing.
2. VTrans will reimburse the Contractor's incentive payments to consumers or dealers within thirty (30) days of receipt of invoices and required documentation.
  - a. The Contractor may request advance funds from VTrans to cover reimbursements to the dealers or consumers to expedite the reimbursement process; monthly documentation of distribution of funds to dealers and consumers by the Contractor will reflect reimbursements from advance funds provided to the Contractor.
  - b. Within thirty (30) days after receiving a request and invoice, VTrans will advance the Contractor the greater of \$5,000.00 or a sum to be determined by the following formula from any remaining carryover funds from the 2019 incentive funding pool and the 2020 funding pool of \$950,000, provided the advance will not draw down the total combined incentive funding pool to less than \$400,000:  
  
$$[(\$950,000) \times (\text{the percentage of the 2018 total statewide residential accounts in the Contractor's service territory}) \times (20\%)] - [\text{any previously distributed advance funds under the original contract that the Contractor has not obligated}].$$
  - b. VTrans shall provide advance funds on a first-come, first-served basis. Within thirty (30) days after the earlier of VTrans' written request or the termination of this contract, the Contractor must return to VTrans any advanced funds that the Contractor has not distributed to dealers or consumers in accordance with this contract. The Contractor shall not be required to pay interest on advance funds returned in accordance with the paragraph.
3. Once the total combined incentive funding pool has been drawn down to \$200,000, VEIC will notify the Contractor and participating dealers that dealers must obtain advance email authorization from VEIC before providing a point-of-sale or -lease incentive. The Contractor will not be held responsible for (i.e. will receive full reimbursement for) the payment of any incentives provided beyond the resources available, provided the Contractor abides by the agreed-upon systems in this Grant Agreement to prevent overpayment.
4. Prior to commencement of work and release of any payments, the Contractor shall submit to the State:
  - a. a certificate of insurance consistent with the requirements set forth in Attachment C, Section 8 (Insurance), and with any additional requirements for insurance as may be set forth elsewhere in this contract; and
  - b. a current IRS Form W-9 (signed within the last six months).

**5. Invoices with all required documentation according to Attachment A shall be sent by email to:**

Name: **Beth McTear, AOT Administrative Services Coordinator**  
Email: [beth.mctear@vermont.gov](mailto:beth.mctear@vermont.gov)  
Division: Policy, Planning and Intermodal Development

or such other individual that the State may designate by written notice to the Contractor.

**Payment of Amounts Found Due by Audit.** In the event an audit or inspection by a certified or registered public accountant or an authorized agent of the State reveals that monies are due and owing to the State from the Contractor, for whatever reasons, then the Contractor will pay such sums to the State within thirty (30) days of written notification of the findings of such audit or inspection.

Revised May 2020



# General Terms and Conditions for Contracts for Services

VERMONT AGENCY OF TRANSPORTATION

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The following terms and conditions are incorporated into the contract in addition to those contained in Attachment C, the Vermont Standard Provisions for Contracts and Grants, except where noted that the terms herein are substitutions for those contained in the Vermont Standard Provisions for Contracts and Grants.

## A. INSURANCE

### 1. Basic Insurance Requirements for All Contracts for Services:

#### a. Prime Contractor:

For any work, a prime contractor must at minimum have and maintain throughout the life of the contract insurance coverage in types and amounts meeting or exceeding the State's standard insurance requirements specified in the State's Attachment C in effect at inception of the contract.

When a contract is amended, if a new Attachment C was adopted since the execution of the original contract, then the new Attachment C insurance requirements will apply as of and after amendment.

Certain types and settings of work require additional types and amounts of insurance coverage, beyond Attachment C requirements, as specified at Sections 2.e. and 3 below, which the Contractor must obtain and maintain throughout the life of the contract.

#### b. Subcontractors:

Subcontractors are required to have insurance coverage in types and amounts meeting or exceeding the prime contractor's insurance obligations to the State, including any additional types and amounts of insurance coverage for certain types and settings of work as specified at Sections 2.e and 3 below.

As to subcontractors, a prime contractor is obligated, for each of its subcontractors, to verify and maintain evidence of verification that each subcontractor carries all VTrans-required insurances. Subcontractors must do the same for their sub-subcontractors.

### 2. Workers Compensation Verification Compliance (*applies to both prime and subcontractors*):

#### a. In accordance with Act 54 of 2009,<sup>1</sup> and as subsequently amended, for total project costs over \$250,000, all contractors and subcontractors must have, when applicable:

A payroll process by which during every pay period the contractor collects from the subcontractors or independent contractors a list of all workers who were on the jobsite during the pay period, the work performed by those workers on the jobsite,

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<sup>1</sup> See: Act 54 of 2009, § 32; Act 142 of 2010, § 17; Act 50 of 2011, § 6, as available at: <https://legislature.vermont.gov/>

and a daily census of the jobsite. This information, including confirmation that contractors, subcontractors, and independent contractors have the appropriate workers' compensation coverage for all workers at the job site, and the same information for the subcontractors regarding their subcontractors shall also be provided to the Department of Labor and to the [Department of Financial Regulation], upon request, and shall be available to the public.

- b. Contractors and subcontractors must preserve and retain the above discussed documentation seven (7) years, per section JJ of this document.
- c. VTrans has the right to audit contractors' and subcontractors' compliance with the above; however, contractors and subcontractors should be in good standing at all times with this monitoring obligation, regardless of whether or how often VTrans conducts such audits.
- d. VTrans reserves the right to require contractors and subcontractors to submit periodic attestations of compliance with these workers compensation verification requirements.
- e. Contract-specific risk and insurance:
  - i. Where the subject matter of the contract gives rise to specific insurance obligations under the Federal Motor Carrier Safety Act ("FMCSA") <https://www.fmcsa.dot.gov>, which applies to both certain transport of passengers and certain materials of environmental concern, contractors and subcontractors must comply with the FMCSA insurance requirements.
  - ii. Environmental and pollution insurance coverage may also be required when the State, in its sole discretion, determines it to be required under the scope and subject matter of a contract.
  - iii. VTrans reserves the right to require other additional types or amounts of insurance for specific contracts when, in VTrans' sole discretion, it is prudent to do so in relation to the details of a particular contract.

3. Additional Types and Amounts of Insurance for Certain Subjects and Settings of Contracts for Services:

One or more types and amounts of the insurance coverages specified below will apply when the subject or setting of work falls within the scope(s) specified and described below:

- a. For Design/Engineering Professional Services for a Specific Contracts:
  - i. Where Contractor's work under the contract provides in whole or part design/engineering professional services for one or more specific projects, then before commencing work and throughout the term of this contract, contractor must provide Professional Liability insurance for all relevant services performed

under this Agreement, with minimum coverage of no less than two million dollars (\$2,000,000) per claim and two million dollars (\$2,000,000) policy aggregate.

- ii. The required Professional Liability insurance coverage must be maintained continuously for five (5) years after the final acceptance of any construction that may be developed as a result of such design work, even if the construction is performed under a separate contract or project.
- iii. Separate from task or project-specific requirements to maintain coverage, if contractor for any reason ceases operations, the contractor shall be responsible to obtain and maintain professional liability coverage that extends for not less than five (5) years after such cessation of operations.

4. Valuable Papers and Records Insurance:

Where contractor's work under the contract will in whole or part consist of providing the State with designs, plans, drawings, analyses, studies, reports, data, or other professional work product, contractor shall carry Valuable Papers and Records Insurance in a form and amount sufficient to ensure the restoration or replacement of any plans, drawings, field notes, or other information or data relating to the work, whether supplied by the State or developed by the contractor, subcontractor, worker, or agent, in the event of loss, impairment, or destruction. Such coverage shall remain in force until the final work product as well as all related materials have been delivered by the contractor to, and accepted by, the State. Valuable Papers and Records Insurance shall provide coverage on an "individual occurrence" basis with limits in the amount of at least one hundred thousand dollars (\$100,000).

5. Railroad Protective Liability:

- a. When any portion of contractor's or a subcontractor's work under the contract involves work on, over, or under the right-of-way of any railroad, the contractor shall provide and file with the Agency, with respect to the operations that it or its subcontractor perform under the contract, Railroad Protective Liability Insurance for and on behalf of the railroad as named insured, with the State and its officers and employees specified as additional insured.
- b. If Railroad Protective Liability insurance is required, the contractor shall obtain and submit the minimum coverage indicated above to the State prior to the commencement of rail-related work and activities, and shall maintain coverage until contractor notifies the State and the railroad that contractor has completed and ceased work on, over, or under the railroad right-of-way, and both State and railroad have concurred that contractor may terminate the railroad protective liability. Railroad coverage limits must meet or exceed:

- i. Not less than two million dollars (\$2,000,000) for all damages arising out of any one accident or occurrence, in connection with bodily injury or death and injury to or destruction of property; and
- ii. Subject to that limit per accident, a total (or aggregate) limit of six million dollars (\$6,000,000) for all injuries to persons or property during the policy period.

The Contractor shall file the original and one (1) copy of the Railroad Protective Liability policy with the State, who will provide the original to the appropriate railroad.

6. Information Technology Contracts:

- a. For contracts determined by the State to fall within the category of “information technology activity” as defined in statute at 3 V.S.A. §3301(b)(2), additional types and amounts of insurance will typically be required, and may change over time, either as to general standards or with regard to the subject matter or potential risk exposure in a specific IT transaction.
- b. As of the issuance of these General Terms and Conditions, the required IT insurance types include: Technology Professional Liability insurance with third-party coverage, and, if contractor has access to, processes, handles, collects, transmits, stores, or otherwise deals with State Data, Contractor shall maintain first party Breach Notification Coverage, which shall include the State of Vermont and its officers and employees as additional insureds.
- c. Information technology contracts will also generally require their own set of additional specific terms and conditions, derived from the then-applicable templates issued by the Agency of Digital Services and the Office of Purchasing and Contracting within the Department of Buildings and General Services.

## B. INDEMNIFICATION

1. Basic Indemnification Requirements (any contract for services):

a. Prime Contractor:

Except as specifically provided below, a prime contractor must act in an independent capacity and defend and indemnify the State in accordance with the State’s then-current Attachment C

b. Subcontractors:

Except as specifically provided below, the prime contractor must include requirements as to independence, defense, and indemnity, matching Attachment C and identical to those in the prime contractor’s contract with State, in the prime contractor’s contracts with subcontractors. Subcontractors must do the same for their sub-subcontractors.

2. For Design/Engineering Professional Services for a Specific Projects:

a. Prime Contractor:

Where a contract is for design/engineering professional services for a specific project, or, when a contract contains a mixed scope of work that in part consists of tasks of such professional design services for a specific project or projects, then as to, and only as to, those specific professional design services, the provisions of Standard Attachment C on the subjects of “Defense and Indemnity” (numbered item 7 in the December 2017 version of Attachment C, and any equivalent provisions, however numbered, in any subsequently-issued Attachment C) are stricken in their entirety and replaced in full by the following:

The Party shall defend the State and its officers and employees against all claims or suits arising in whole or in part from any act or omission of the Party or of any agent of the Party in providing “non-professional services” under this Agreement. As used herein, “non-professional services” means services provided under this Agreement other than professional services relating to the design and/or engineering of all or part of the project. The State shall notify the Party in the event of any such claim or suit covered by this Subsection, and the Party shall immediately retain counsel and otherwise provide a complete defense against the entire claim or suit arising out of “non-professional services” provided under this Agreement.

Notwithstanding anything to the contrary set forth in Subsection C above, the Party shall not be obligated to defend the State and its officers and employees against claims or suits arising from the Party’s provision of engineering design services or architectural design services. However, the Party’s obligation to defend the State and its officers and employees against all claims or suits arising out of “non-professional services” provided under this Agreement as provided in Subsection C above and the Party’s other obligations under Attachment C shall remain in effect.

The Party agrees to indemnify and hold the State, its officers and employees, harmless from and against monetary damages to third parties, together with reasonable costs, expenses and attorney’s fees incurred and paid by the State in defending claims by third parties (collectively “Damages”) but only in the event and to the extent such Damages are incurred and paid by the State as the proximate cause of negligent acts, errors or omissions (“Professional Negligence”) by the Party, its employees, agents, consultants and subcontractors, in providing the professional services required under this Agreement.

As used herein, “Professional Negligence” or “negligent acts, errors or omissions” means a failure by the Party to exercise that degree of skill and care ordinarily possessed by a reasonably prudent design professional practicing in the same or similar locality providing such services under like or similar conditions and circumstances.

The Party shall indemnify the State and its officers and employees in the event that the State, its officers or employees become legally obligated to pay any damages or losses

arising from any act or omission of the Party arising from the provision of “non-professional services” (as defined herein) under this Agreement.

The Party shall not be obligated to indemnify the State for any Damages incurred by the State attributable to the State’s own negligent acts, errors or omissions or the negligent acts, errors or omissions of its officers, agents or employees, or the acts, errors, omissions or breach of Agreement by persons or entities other than the Party, its employees, agents, consultants and subcontractors.

After a final judgment or settlement, the Party may request recoupment of specific defense costs and may file suit in Washington Superior Court requesting recoupment. The Party shall be entitled to recoup costs only upon a showing that such costs were entirely unrelated to the defense of any claim arising from an act or omission of the Party.

b. Subcontractors:

As to subcontractors working under a prime contractor and where the subcontractors are providing such professional design services for a specific project, the prime contractor will include the same design-specific provisions as defined in Section B(2)(a) above in the prime contractor’s own contracts with subcontractors. Subcontractors must do the same for their sub-subcontractors.

## **C. GENERAL COMPLIANCE WITH LAWS; RESPONSIBILITY FOR VIOLATION**

1. The contractor shall observe and comply with all applicable federal, state, and municipal laws, bylaws, ordinances, and regulations in any manner affecting the conduct of the work and the action or operation of those engaged in the work, including all such orders or decrees as exist at present and those which may be enacted, adopted, or issued later, during the course of the work, by bodies or tribunals having any jurisdiction or authority over the work; and the contractor shall defend, indemnify and save harmless the State, any affected railroad(s), and any affected municipality(ies), and all their officers, agents, and employees against any claim or liability arising from or based on the violation of any such law, bylaws ordinances, regulations, order, or decree, whether by the contractor in person, its employee(s), or by the contractor’s subcontractor(s) or agent(s), or employee(s) or agents thereof.
2. If the contractor discovers any provision(s) in the contract contrary to or inconsistent with any law, ordinance, regulation, order, or decree, the contractor shall immediately report it to the Project Manager in writing.

## **D. COMPLIANCE WITH DESIGN SPECIFICATIONS, STANDARDS, MANUALS, GUIDELINES, DIRECTIVES, AND POLICIES**

The contractor shall comply with all applicable statutes, regulations, ordinances, specifications, manuals, standards, guidelines, policies, directives, and any other requirements related to the

contract. In case of any conflict with the items referenced above, the contractor is responsible to ascertain and follow the direction provided by the State.

## **E. SEVERABILITY**

Provisions of the contract shall be interpreted and implemented in a manner consistent with each other and using procedures that will achieve the intent of both parties. If for any reason a provision in the contract is unenforceable or invalid, VTrans, in its sole discretion may sever that provision from the contract, and the remaining provisions shall have the same force and effect as if the severed provisions had never been a part of the contract.

## **F. PROMPT PAYMENT**

1. The contractor, by accepting and signing the contract, agrees to fully comply with the provisions of 9 V.S.A. §§ 4001-4009, also referred to as Act No. 74 of 1991 or the Prompt Payment Act, as amended. Compliance with this clause also satisfied the requirements of 46 CFR § 26.29. applicable to Federally funded contracts.
2. In accordance with 9 V.S.A. Section 4003, notwithstanding any contrary contract provision, payments shall be made within seven days from receipt of a corresponding final or progress payment by the State to the contractor, or seven days after receipt of a subcontractor's invoice, whichever is later. Failure to comply constitutes violation of this contract.
3. On all federal-aid and state funded contracts, the contractor, during the life of the contract and on a monthly basis, shall submit electronically a listing of payments to subcontractors on the form specified by the State and made available at: <http://apps.vtrans.vermont.gov/consultants/>. Electronic reports shall be filed with VTrans Office of Civil Rights by an authorized representative and received in the VTrans Office of Civil Rights on or before the tenth working day after month end. Contractors without access to the internet shall obtain and submit manual reports to the VTrans Office of Civil Rights. Manual reports shall be signed by an authorized representative, sent to the VTrans Office of Civil Rights, and postmarked on or before the tenth working day after month end. There shall be no direct compensation allowed the contractor for this work, but the cost thereof shall be included in the general cost of the work.
4. Violations shall be reported to the VTrans Office of Civil Rights for review. Failure to resolve disputes in a timely manner will result in a complaint made to the VTrans Chief of Contract Administration. In the Agency's judgment, appropriate penalties may be invoked for failure to comply with this specification. Penalties may include debarment or suspension of the ability to submit proposals.
5. This section shall be included in the prime contractor's contract made with all of its subcontractors.

## G. TERMINATION

In addition to the Termination provisions contained in Attachment C, the following terms are included in this contract:

### Termination for Convenience

#### 1. General

- a. The Agency may, with thirty (30) days written notice to the Contractor, terminate the Contract or any portion thereof when such termination would be in the best interest of the Agency. Upon notification, the contractor may be directed to immediately stop all work and incur no further costs under the contract.
- b. Any such termination shall be effected by delivery to the Contractor an Order of Termination specifying the termination is for the convenience of the Agency, the extent to which performance of work under the Contract is terminated, and the effective date of the termination.
- c. In the event such termination occurs, without fault and for reasons beyond the control of the Contractor, all completed or partially completed items of work as of the date of termination will be paid for in accordance with the contract payment terms.
- d. No compensation will be allowed for incomplete or eliminated contract items.
- e. Termination of the Contract, or portions thereof, shall not relieve the Contractor of its contractual responsibilities for work completed and shall not relieve the Contractor's Surety of its obligation for and concerning any just claim arising out of the work performed.

#### 2. Contractor Obligations

After receipt of the Notice of Termination and except as otherwise directed by VTrans, the Contractor shall immediately proceed to:

- a. The extent specified in the Notice of Termination, cease work under the Contract on the date specified.
- b. Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portions of the work under the Contract that are not terminated.
- c. Terminate and cancel any orders or subcontracts related to the services, except as may be necessary for completion of such portions of the work under the Contract that are not terminated.

- d. Transfer to VTrans all completed or partially completed plans, drawings, information, and other property which, if the Contract had been completed, would be required to be furnished to VTrans.
- e. Take other actions as may be necessary or as directed by VTrans for the protection and preservation of the property related to the contract which is in the possession of the contractor and that VTrans has or may acquire any interest.
- f. Make available to VTrans all cost and other records relevant to a determination of an equitable settlement.

### 3. Claim by Contractor

After receipt of the Notice of Termination from VTrans, the Contractor shall submit any claim for additional costs not covered herein or elsewhere in the Contract within sixty (60) days of the effective termination date. Should the Contractor fail to submit a claim within the sixty (60) day period, VTrans may, at its sole discretion, determine what, if any, compensation is due the Contractor and pay the Contractor the determined amount.

### 4. Negotiation

Negotiations to settle a timely claim shall be for the sole purpose of reaching a settlement equitable to both the Contractor and VTrans. Settlement shall be based on actual costs incurred by the Contractor, as reflected by the contract rates. Consequential damages, loss of overhead, loss of overhead contribution of any kind, and loss of anticipated profits on work not performed shall not be included in the Contractor's claim and will not be considered, allowed, or included as part of any settlement.

## H. PROPRIETARY RIGHTS

1. If a patentable discovery or invention results from work performed under the contract, all rights to such discovery or invention shall be the sole property of the Contractor, but the State and the United States Government shall have an irrevocable, nonexclusive, non-transferable, and royalty free license to each invention in the manufacture, use, and disposition, according to law, of any article or material or use of method that may be developed, as a part of the work under the contract.
2. Publications: All data, valuable papers, photographs, and any other documents produced under the terms of the contract shall become the property of the State of Vermont. The Contractor agrees to allow access to all data, valuable papers, photographs, and other documents at all times. The contractor shall not copyright any material originating under the contract without prior written approval of the State.
3. Ownership of the Work: All studies, data sheets, survey notes, subsoil information, drawings, tracings, estimates, specifications, proposals, diagrams, calculations, photographs, and other material prepared or collected by the contractors ("instruments of professional

service") shall become the property of the State as they are prepared or developed during performance of the work under the contract. If a contractor uses a proprietary system or method to perform the work, only the product will become the property of the State. The Contractor shall not be liable for any reuse, misuse, or alteration of these "instruments of professional service" by the State.

4. The Contractor shall surrender to the State upon demand or submit for inspection at any time any instruments of professional service that have been collected, undertaken, or completed by the Contractor pursuant to the contract. Upon completion of the work, these instruments of professional service will be appropriately endorsed by the Contractor and turned over to the State.
5. Data and publication rights to any instruments of professional services produced under the contract are reserved to the State and shall not be copyrighted by the contractor at any time without written approval of the State. No publication or publicity of the work, in part or in total, shall be made without the consent of the State, except that contractors may in general terms use previously developed instruments of professional service to describe its abilities for a project in promotional materials.
6. Rights and Remedies Additional: The rights and remedies of the State under this section are in addition to any other rights and remedies that the State may possess by law or under this contract.
7. Decisions Final and Binding: Decisions of the State on matters discussed in this section shall be final and binding.

## I. PERSONAL CONFLICTS OF INTEREST

Contractor employees performing services for the VTrans shall not have, directly or indirectly, a personal conflict of interest with respect to any contract with VTrans and must immediately disclose to VTrans any personal conflicts of interest arising at any time from the bidding process to final contract close-out.

### Definitions

As used in this clause:

1. Contractor Employees means employees and subcontractors of a VTrans contractor.
2. Personal Conflict of Interest means a situation in which a contractor employee has a financial interest, personal activity, or relationship that could impair the individual's ability to act impartially and in the best interest of the Government when performing under the contract.
  - a. Sources of personal conflicts of interest include but are not limited to:

- i. Financial interests of the contractor employee, of close family members, or of other members of the contractor employee’s household;
  - ii. Other employment or financial relationships (including seeking or negotiating for prospective employment or business); and
  - iii. Gifts, including travel.
- b. Examples. Financial interests referred to above may arise from:
  - i. Compensation, including wages, salaries, commissions, professional fees, or fees for business referrals;
  - ii. Consulting relationships (including commercial and professional consulting and service arrangements, scientific and technical advisory board memberships, or serving as an expert witness in litigation);
  - iii. Services provided in exchange for honorariums or travel expense reimbursements;
  - iv. Research funding or other forms of research support;
  - v. Investment in the form of stock or bond ownership or partnership interest (excluding diversified mutual fund investments);
  - vi. Real estate investments;
  - vii. Patents, copyrights, and other intellectual property interests; or
  - viii. Business ownership and investment interests.
3. Acquisition Function means supporting or providing advice or recommendations to the following activities of a State agency:
  - a. Planning acquisitions;
  - b. Determining what supplies or services are to be acquired by the Government, including developing statements of work;
  - c. Developing or approving any contractual documents, including documents defining requirements, incentive plans, and evaluation criteria;
  - d. Evaluating contract proposals;
  - e. Awarding Government contracts;

- f. Administering contracts (including ordering changes or giving technical direction in contract performance or contract quantities, evaluating contractor performance, and accepting or rejecting contractor products or services);
  - g. Terminating contracts; and
  - h. Determining whether contract costs are reasonable, allocable, and allowable.
4. Non-public information means any State or third-party information that:
- a. Is deemed by VTrans to be proprietary or confidential, or is exempt from disclosure under the Vermont Public Records Act, 1 V.S.A. § 315, et al, or otherwise protected from disclosure by statute, Executive order, or regulation; or
  - b. Has not been disseminated to the general public and the State has not yet determined whether the information can or will be made available to the public.

## Requirements

The Contractor shall:

1. Have procedures in place to screen employees for potential personal conflicts of interest;
2. Prevent personal conflicts of interest, including not assigning or allowing an employee to perform any task under the contract for which the Contractor has identified a personal conflict of interest for the employee that the Contractor or employee cannot satisfactorily prevent or mitigate in consultation with the contracting agency; and
3. Prohibit use of non-public information accessed through performance of a Government contract for personal gain.
4. Inform employees of their obligation:
  - a. To disclose and prevent personal conflicts of interest;
  - b. Not to use non-public information accessed through performance of a Government contract for personal gain;
  - c. To avoid even the appearance of personal conflicts of interest;
5. Maintain effective oversight to verify compliance with personal conflict-of-interest safeguards;
6. Take appropriate disciplinary action in the case of covered employees who fail to comply with policies established pursuant to this clause;

7. Report to VTrans any personal conflict-of-interest violation by an employee as soon as it is identified. This report shall include a description of the violation and the proposed actions to be taken by the Contractor in response to the violation.
8. Provide follow-up reports of corrective actions taken, as necessary. Personal conflict-of-interest violations include:
  - a. Failure by an employee to disclose a personal conflict of interest;
  - b. Use by an employee of non-public information accessed through performance of a Government contract for personal gain; and
  - c. Failure of an employee to comply with the terms of a non-disclosure agreement.
9. In the case of contractors' employees *who perform acquisition functions* for VTrans, screening procedures must include:
  - a. Maintaining and obtaining from each employee, when the employee is initially assigned to the task under the contract, a disclosure of interests that might be affected by the task to which the employee has been assigned, as follows:
    - i. Financial interests of the employee, of close family members, or of other members of the covered employee's household;
    - ii. Other employment or financial relationships of the employee (including seeking or negotiating for prospective employment or business); and
    - iii. Gifts, including travel.
  - b. Requiring each employee to update the disclosure statement whenever the employee's personal or financial circumstances change in such a way that a new personal conflict of interest might occur because of the task the employee is performing.

### **Mitigation or Waiver**

1. In exceptional circumstances, if the Contractor cannot satisfactorily prevent a personal conflict of interest as required above, the Contractor may submit a request through the applicable Division Director for:
  - a. An agreement to a plan to mitigate the personal conflict of interest; or
  - b. A waiver of the requirement.
2. The Contractor shall include in the request any proposed mitigation of the personal conflict of interest.

3. The Contractor shall:

- a. Comply, and require compliance by the employee, with any conditions imposed by the Government as necessary to mitigate the personal conflict of interest; or
- b. Remove the Contractor employee or subcontractor employee from performance of the contract or terminate the applicable subcontract.

### **Disclosure**

A mandatory duty is established for the Contractor to disclose procurement fraud, and overpayments, or risk debarment or suspension. The contractor must report fraud, conflicts of interest, bribery, and illegal gratuities in connection with the award or performance of a state contract.

### **Code of Business Ethics**

Contractors are encouraged to have a written code of business ethics and conduct. In addition, the contractor should have an ongoing ethics and compliance training program for principals and employees, as well as a system of internal controls to detect fraud and improper conduct.

## **J. ORGANIZATIONAL CONFLICTS OF INTEREST (OCOI)**

### **Definition**

Organizational conflict of interest (“OCOI”) means that because of other activities or relationships with other persons or entities, a contractor *as a business entity*:

1. Is unable or potentially unable to render impartial assistance or advice to VTrans;
2. Is or may be impaired in its objectivity in performing the contract work (Example: A firm has a contract to inspect work by firms that are its business affiliates); or
3. Has an unfair competitive advantage. (Example: a firm participates in systems engineering and technical direction; preparing specifications or work statements; participates in development and design work; or gains access to the information of other companies in performing advisory and assistance services for the government drafting a scope of work for a project, then bids on the project itself.)

### **Disclosure**

The Contractor shall make an immediate and full disclosure, in writing, to the VTrans Project Manager of any potential or actual OCOI or the existence of any facts that may cause a reasonably prudent person to question the contractor's impartiality because of the appearance or existence of bias or an unfair competitive advantage. Such disclosure shall include a description of the actions

the contractor has taken or proposes to take in order to avoid, neutralize, or mitigate any resulting conflict of interest.

### **Contractors in Management Support Roles**

OCOIs often arise when contractors or subcontractors are employed in management support roles, such as oversight and inspection of the work of other contractors, and the development of designs, requirements, or statements of work or procurement documents such as requests for proposal. Such contracts bear particularly close monitoring to avoid OCOIs. A contractor serving in a management support role may be precluded from providing additional services on projects, activities, or contracts under its oversight due to potential conflicts of interest.

### **OCOI Screening**

Prior to submitting a proposal, each submitter or proposer will conduct an internal review of its current affiliations and will require its team members to identify potential, real, or perceived OCOIs relative to the anticipated procurement. Potential submitters or proposers will be notified that existing or future contractual obligations relative to the proposed procurement may present an OCOI that may require avoidance, neutralization, or mitigation.

### **Disqualification**

Prior to the award of a contract, VTrans may determine that an OCOI exists which would warrant disqualifying the bidder for award of the contract. Vtrans will discuss the matter with the contractor to determine whether the OCOI can be mitigated to VTrans satisfaction by negotiating terms and conditions of the contract to that effect.

### **Subcontracts**

1. The Contractor shall require from its subcontractors full disclosure of any actual, apparent, or potential OCOI, and report such OCOIs to the VTrans Project Manager.
2. The Contractor shall identify and avoid, neutralize, or mitigate any subcontractor OCOI prior to award of the contract to the satisfaction of the VTrans Project Manager. If the subcontractor's OCOI cannot be avoided, neutralized, or mitigated, the Contractor must obtain the written approval from the appropriate VTrans Division Director prior to entering into the subcontract.
3. If the Contractor becomes aware of a subcontractor's potential or actual OCOI after the contract award, the Contractor agrees that VTrans may require the Contractor to eliminate the subcontractor from its team.

## **K. CONFLICT OF INTEREST REMEDIES**

VTrans may terminate this contract, in whole or in part, or decline to make an award to a contractor if, in VTrans sole discretion, it is deemed necessary to avoid, neutralize, or mitigate an actual or

apparent personal or OCOI. No contract for the construction of a project shall be awarded to the firm that designed the project or its subsidiaries or affiliates, except with the approval of the Secretary of Transportation or authorized representative.

1. If a Contractor fails to disclose facts pertaining to the existence of a potential or actual personal or OCOI or misrepresents relevant information to VTrans, VTrans may terminate the contract for default or pursue such other remedies as may be permitted by law or this contract.
2. The Contractor will have the right to appeal a finding of an actual or potential OCOI to the appropriate Division Director, whose decision will be final, subject to further review only as provided for by state law, regulation or procedure.

## L. CONTRACTOR PERSONNEL

1. The Contractor shall employ only qualified personnel to supervise and perform the work. VTrans shall have the right to approve or disapprove personnel hired to perform or supervise work related to the contract.
2. Upon VTrans' request, the Contractor shall supply resumes for staff proposed to work on assignment or under primary contracts for VTrans' review and acceptance or rejection. VTrans retains the right to interview the proposed staff.
3. If contractor has submitted a list of key personnel to VTrans as part of a proposal, the Contractor must notify and seek approval if any changes to the proposed personnel occur during the performance period of the contract.
4. VTrans reserves the right to require removal of any person employed by a contractor from work related to the contract as deemed necessary to protect the interests of the State. The decision of VTrans shall be final and not subject to challenge or appeal beyond the appropriate Division Director.

## M. APPROVAL REQUIREMENT FOR HIRING CERTAIN VTRANS EMPLOYEES

1. Contractors are required to obtain VTrans approval prior to making offers of employment to VTrans employees who are engaged in acquisition functions as defined in paragraph I.3 a-h above, or an individual who was engaged in acquisition functions for VTrans within one year of the end of employment with VTrans. Request for approval must be submitted to the appropriate Division Director.
2. Discussions with current VTrans employees engaged in acquisition functions regarding *potential* employment with a contractor creates a conflict of interest for the employee and is prohibited absent a State approved mitigation plan or waiver.

3. Contractors are encouraged to maintain an open dialogue with VTrans regarding such matters and work toward mutually acceptable avoidance and resolution of any issues.

## **N. ASSIGNMENTS, TRANSFERS, AND SUBLETTING**

1. The Contractor shall not assign, sublet, or transfer any interest in the work covered by the contract without the prior written consent of the State and appropriate federal agencies, if applicable. Further, if any subcontractor participates in any work involving additional services, the estimated extent and cost of the contemplated work must receive the prior written consent of the State.
2. The approval or consent to assign, sublet, or assign any portion of the work shall in no way relieve the Contractor of its responsibility to perform that portion of the work so affected. Except as otherwise provided in these specifications, the form of the subcontractor's contract shall be as developed by the contractor.
3. Any authorized subcontracts shall contain all the same provisions specified for and attached to the original contract with the State.

## **O. PERFORMANCE AND COMPLETION OF WORK**

1. The Contractor shall perform the services specified in accordance with the terms of the contract and shall complete the contracted services by the completion dates specified in the contract.
2. Apart from ongoing obligations (*e.g.*, insurance, ownership of the work, and appearances), upon completion of all services covered under the contract and payment of the agreed upon fee, the contract with its mutual obligations shall be terminated.
3. If, at any time during or after performance of the contract, the Contractor discovers any design errors or other issues that warrant changes, the contractor shall notify the Project Manager immediately. This paragraph also applies to those projects that are under construction or have been constructed.

## **P. CONTINUING OBLIGATIONS**

The Contractor agrees that if, because of a death or other occurrences, it becomes impossible to effectively perform its services in compliance with the contract, neither the contractor nor its surviving principals shall be relieved of their obligations to complete the services under the contract. However, the State may terminate the contract if it considers a death, incapacity, or other removal of any principal(s) or key project personnel to be a loss of such magnitude that it would affect the contractor's ability to satisfactorily comply with the contract.

## **Q. APPEARANCES**

1. Hearings and Conferences. The Contractor shall provide professional services required by

the State that are necessary for furtherance of any work covered under the contract. Professional services shall include appropriate representation at design conferences, public gatherings and hearings, and appearances before any legislative body, commission, board, or court, to justify, explain, or defend its services provided under the contract.

2. The Contractor shall serve as a liaison if the State deems it necessary for the furtherance of the work and participate with the State, at any reasonable time, in conferences, concerning interpretation and evaluation of all services provided under the contract.
3. The Contractor further agrees to participate in meetings with the State, applicable Federal Agencies, or any other interested or affected participants for the purpose of review or resolution of any conflicts pertaining to the contract. The Contractor shall be equitably paid for such services and for any reasonable expenses incurred in relation thereto in accordance with the contract.
4. Appearance as Witness. When required by the State, the Contractor, or an appropriate representative, shall prepare for and appear in, on behalf of the State, any litigation or other legal proceeding concerning any relevant project or related contract. The contractor shall be equitably paid for such services and for any reasonable expenses incurred in relation thereto in accordance with the contract.

## R. CHANGES AND AMENDMENTS

1. VTrans may, upon written notice, require changes, additions, or deletions to the work or contract. Whenever possible, any such adjustments shall be administered under the appropriate fee schedule or payment provisions established in the contract based on the adjusted quantity of work.
2. The State may, upon written notice, and without invalidating the contract, require changes resulting from the revision or abandonment of work already satisfactorily performed by the Contractor or changes in the statement of work section of the contract.
3. If the value of such changes, additions, or deletions is not otherwise reflected in payments to the contractor pursuant to the contract, or if such changes require additional time or expense to perform the work, the contract may be amended accordingly.
4. Changes to the scope, duration or value of the contract will require amendment of the contract, approved by the State's Secretary of Transportation or other official delegated such authority.
5. The Contractor agrees to maintain complete and accurate records, in a form satisfactory to VTrans, for any extra work or additional services in accordance with the contract and the Contractor shall perform such work or services only after an amendment has been fully executed or a written notice to proceed is issued by VTrans.

## S. EXTENSION OF TIME

1. The contractor may request in writing an extension of the allotted time for completion of the work. A request for extension will be evaluated, and if VTrans determines that the justification is valid, an extension of time for completion of the work may be granted. A request for extension of time must be made before the contractor is in default.
2. The decision of VTrans relative to granting an extension of time shall be final and binding, and may result in damages owed to the State by the contractor.
3. Neither party hereto shall be held responsible for delay in performing the work encompassed herein when such delay is due to unforeseeable causes such as, but not limited to, acts of God or a public enemy, fire, strikes, floods, or legal acts of public authorities.

## T. CONTRACTOR ERRORS AND OMISSIONS

1. “Professional negligence” resulting in errors and omissions in the work product of the contractor or subcontractors must be corrected by the contractor at no cost to the State, when it is determined that the error or omission was a direct cause of the contractor’s work. The contractor may be liable for the State’s costs and other damages resulting from errors or deficiencies in designs furnished under its contract.
2. When VTrans becomes aware of an error or omission on the part of the contractor or subcontractors, VTrans will inform the contractor and provide an opportunity for discussion and correction, if applicable. Discussions will not relieve the contractor from complying with any VTrans-ordered corrections.
3. VTrans’ review, approval, or acceptance of or payment for the services required under this contract shall not be construed to operate as a waiver of any rights under this contract or of any cause of action arising out of the performance of this contract.
4. The rights and remedies of the State provided for under this contract are in addition to any other rights and remedies provided by law or elsewhere in the contract. If the Contractor is comprised of more than one legal entity, each such entity shall be jointly and severally liable hereunder.

## U. DISPUTE RESOLUTION.

1. Design Professionals: In cases where VTrans believes damages are owed by a contractor, VTrans will attempt to negotiate a resolution with the contractor. If requested in writing by either party, negotiations may take the form of structured non-binding mediation with the assistance of a mediator on a “without prejudice” basis. The mediator shall be appointed by agreement of the parties, and the fees split equally between the parties. Negotiations or mediation will not bar either party from pursuing any other available remedies except as mutually agreed to in a written mediation agreement.

2. Construction Services Professionals: The parties shall attempt to resolve any disputes that may arise under the contract by informal negotiation, with the approval of the appropriate Division Director. If the dispute is not resolved, the Director shall issue a decision, which the Contractor may appeal in writing to the Transportation Board, through the Director, within 30 calendar days of the Director's decision. The notice of appeal shall completely outline the nature and extent of the issue(s) appealed and shall include copies of any and all supporting documentation. The decision of the Transportation Board may be appealed to Vermont Superior Court by either party as provided in 19 V.S.A. § 5.

## **V. RETAINAGE AND LIQUIDATED DAMAGES**

1. Pursuant to the provisions of Agency of Administration Bulletin 3.5 – Contracting Procedures, VTrans has considered whether services contracts should contain provisions that provide for liquidated damages and/or retainage. As a general principle, based on experience and policy, VTrans has generally chosen not to include liquidated damages and retainage in its services contracts.
2. Should VTrans believe that liquidated damages or retainage provision are advisable in a particular contract, VTrans will include such provisions in the contract.

## **W. NO ADVANTAGE FROM ERRORS OR OMISSIONS IN CONTRACT DOCUMENTS.**

Neither the contractor nor the State shall take advantage or be afforded any benefit as the result of apparent error(s) or omission(s) in the contract documents. If either party discovers error(s) or omission(s), it shall immediately notify the other.

## **X. HOSTILE ACTS**

Except as provided below, or otherwise agreed to in writing by a duly authorized representative of the State, the Contractor agrees that during the term of this contract, and also after termination of this contract, it will not represent or render assistance to anyone in any matter, proceeding, or lawsuit against or otherwise adverse to the interests of the State or any of its agencies or instrumentalities in a matter, proceeding, or lawsuit related to any aspects of any work or projects to which this contract relates. Contractor also agrees to include written provision in any of contractor's subcontracts with others relating to this contract, providing that such subcontractors also recognize and agree to be bound by this duty of loyalty to the State regarding any aspects of any work or projects to which this contract relates.

## **Y. RESPONSIBILITY FOR SUPERVISION**

The contractor shall be responsible for supervision of contractor employees and subcontractors for all work performed under the contract and shall be solely responsible for all procedures, methods of analysis, interpretation, conclusions, and contents of work performed under the contract.

## **Z. WORK SCHEDULE AND PROGRESS REPORTS**

As required by VTrans, prior to initiating any work, the Contractor shall work with VTrans' Project Manager to develop a work schedule showing how the contractor will complete the various phases of work to meet the completion date and any interim submission dates in the contract. VTrans will use this work schedule to monitor the contractor.

The Contractor during the life of the contract shall make monthly progress reports, or as otherwise determined by the Project Manager, or set forth in the statement of work, indicating the work achieved through the date of the report. The Contractor shall link the monthly progress reports to the schedule. The report shall indicate any matters that have, or are anticipated to, adversely affected progress of the work. VTrans may require the Contractor to prepare a revised work schedule in the event that a specific progress achievement falls behind the scheduled progress by more than thirty (30) days. The revised work schedule shall be due as of the date specified by VTrans.

## **AA. WORK ASSIGNED UNDER PRIMARY-TYPE CONTRACTS**

Specific tasks or projects under primary (ie. retainer or Indefinite Delivery/Indefinite Quantity ["IDIQ"]) type contracts will be awarded and managed as provided in the scope of work section of the contract. Contractors should not begin work on any task or project under a primary contract until they have received authorization as described in the scope of work.

## **BB. UTILITIES**

Whenever a facility or component of a private, public, or cooperatively-owned utility will be affected by proposed construction, the Contractor shall consult with the State's Utility Section and initiate contacts or discussions with the affected owners regarding requirements necessary for revision of facilities, both above and below ground. All revisions must be completely and accurately exhibited on detail sheets or plans. The Contractor shall inform the State, in writing, of all contacts with utility facility owners, and the results thereof. Further details should be provided in the scope of work section of the contract.

## **CC. PUBLIC RELATIONS**

Whenever it is necessary to perform work in the field (*e.g.*, with respect to reconnaissance, testing, construction inspection, and surveying) the contractor shall endeavor to maintain good relations with the public and any affected property owners. Personnel employed by or representing the contractor shall conduct themselves with propriety. If there is a need to enter upon private property to accomplish the work under the contract, the Contractor shall inform property owners and tenants in a timely manner and in accordance with relevant statutes. All work will be done with minimum damage to the land and disturbance to the owners thereof. Upon request of the Contractor, the State shall furnish a letter of introduction to property owners soliciting their cooperation and explaining that the contractor is acting on behalf of the State.

## **DD. INSPECTION OF WORK**

1. The State and applicable federal agencies shall, at all times, have access to the contractor's work for the purposes of inspection, accounting, and auditing, and the Contractor shall provide appropriate and necessary access to accomplish inspections, accounting, and auditing.
2. The contractor shall permit the State and its representatives the opportunity at any time to inspect any plans, drawings, estimates, specifications, or other materials prepared or undertaken by the Contractor pursuant to the contract.
3. A conference, visit to a site, or inspection of the work may be held at the request of the Contractor, State, and appropriate federal agencies.

## **EE. WRITTEN DELIVERABLES/REPORTS**

All communications and deliverables presented under terms of the contract shall be in a form and format identified in the statement of work section of the contract, including, but not limited to CADD Requirements, Data Specifications, and Geographic Information System Requirements.

## **FF. ELECTRONIC DATA MEDIA.**

VTrans Web Page and File Transfer Protocol (FTP) Site Disclaimer. The files located on the VTrans web page and FTP site are subject to change. The contractor is responsible for maintaining contact with VTrans to determine if any changes affect the work produced by the contractor. Although VTrans makes every effort to ensure the accuracy of its work, it cannot guarantee that transferred files are error free.

## **GG. REVIEWS AND APPROVALS.**

All work prepared by the Contractor, subcontractors, and representatives thereof pursuant to the contract shall be subject to review and approval by VTrans. Approval for any work shall be documented in writing. Approvals shall not relieve a contractor of its professional obligation to correct any defects or errors in the work at the contractor's expense.

The pertinent federal agencies may independently review and comment on the contract deliverables. The Contractor, through VTrans, shall respond to all official comments regardless of their source. The Contractor shall supply VTrans with written copies of all correspondence relating to reviews. All comments must be satisfactorily resolved before the affected work is advanced.

## **HH. PAYMENT PROCEDURES**

Payment procedures will be set forth in Attachment B.

## **II. AUDIT REQUIREMENTS**

1. Design and Engineering Contracts of Five Hundred Thousand Dollars (\$500,000.00) and over:
  - a. Annually, the Contractor shall furnish the State with independently-prepared, properly supported indirect cost rates for all the time periods covered under the contract. These rates must be developed in accordance with the cost principles in 48 CFR Part 31. Unless otherwise specified in the contract, the Contractor's overhead rate shall be based on actual, audited overhead costs.
  
2. **Design and Engineering Contracts** Under Five Hundred Thousand Dollars (\$500,000.00):
  - a. The contractor may submit internally generated indirect cost computations and the related schedules.
  
  - b. Additional information may be requested from a new contractor executing a contract under \$500,000.00 or in some cases from contractors with existing or previous contracts with the State if any of the following conditions or areas of concern exist:
    - i. There is insufficient knowledge of the consultant's accounting system.
  
    - ii. There is previous unfavorable experience regarding the reliability of the consultant's accounting system
  
    - iii. The contract involves procurement of new equipment or supplies for which cost experience is lacking.
  
    - iv. There have been issues with adherence to Federal and State regulations and policies.
  
    - v. Capacity – ensuring ongoing delivery

## **JJ. RECORDS RETENTION:**

The Contractor shall maintain all records related to the contract for a period of seven (7) years unless required to keep them longer as indicated Federal provisions or in the scope of work section of the contract.

## **KK. REGISTRATION WITH SECRETARY OF STATE**

1. The Contractor shall be registered with the Vermont Secretary of State to do business in the State of Vermont if the Contractor:
  - a. Is a domestic or foreign corporation,

- b. Is a resident co-partner or resident member of a co-partnership or association,
  - c. Is a non-resident individual doing business in Vermont in his or her individual capacity,
  - d. Is doing business in Vermont under any name other than the Contractor's own personal name.
2. This registration must be complete prior to contract execution and maintained throughout the life of the contract.

## LL. SITE VISIT

Where relevant to the work to be performed under the contract, contractors must inspect physical locations of construction when required in the statement of work and will not be compensated for any differing site conditions that could have been discovered during the inspection.

## MM. MARKETING

The Contractor is prohibited from representing in marketing or promotional materials that VTrans is a co-sponsor in any project, or otherwise representing any sort of collaboration or partnership with VTrans; making claims of general endorsement by VTrans; and from using the VTrans logo, seal, or letterhead. In accordance with Attachment C, Standard State Provisions for Contracts and Grants, the Contractor has VTrans permission to refer to the fact that the Contractor has, or previously had, contracts with VTrans in marketing or promotional materials, as long as purely factual statements are made, and no general endorsement is asserted. Additionally, the Contractor may provide factual information regarding work under VTrans projects to other potential employers or identify designated VTrans employees or officials who could be consulted by as a reference about such prior work for VTrans. Designated VTrans employees may provide factual information regarding a Contractor's work under VTrans contracts to third parties requesting references. Contractor's providing false information regarding work under VTrans contract will be subject to administrative, civil, and criminal penalties.

Approved By: \_\_\_\_\_

E-SIGNED by Joe Flynn  
on 2020-05-29 18:21:30 GMT

**Secretary of Transportation**



# CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY)  
10/26/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Aon Risk Services Central, Inc. Minneapolis MN Office 5600 West 83rd Street 8200 Tower, Suite 1100 Minneapolis MN 55437 USA	<b>CONTACT NAME:</b> PHONE (A/C. No. Ext): (952) 886-8000      FAX (A/C. No.): (312) 381-0536	
	<b>E-MAIL ADDRESS:</b>	
<b>INSURER(S) AFFORDING COVERAGE</b>		<b>NAIC #</b>
<b>INSURED</b> Green Mountain Power Corporation 2152 Post Road Rutland VT 05701 USA	<b>INSURER A:</b> Assoc Electric & Gas Ins Serv Ltd -AEGIS      AA3190004	
	<b>INSURER B:</b>	
	<b>INSURER C:</b>	
	<b>INSURER D:</b>	
	<b>INSURER E:</b>	
	<b>INSURER F:</b>	

Holder Identifier :

<b>COVERAGES</b>	<b>CERTIFICATE NUMBER: 570084678969</b>	<b>REVISION NUMBER:</b>
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THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. Limits shown are as requested

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	<b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GENL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG
	<b>AUTOMOBILE LIABILITY</b>  <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY ( Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
A	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> <b>EXCESS LIAB</b> <input checked="" type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION			XL5901201P	09/30/2020	09/30/2021	EACH OCCURRENCE      \$2,000,000 AGGREGATE              \$2,000,000
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/>	N/A				<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT E.L. DISEASE-EA EMPLOYEE E.L. DISEASE-POLICY LIMIT

Certificate No : 570084678969

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

RE: Electric vehicle Incentive Program  
State of Vermont and its agencies, departments, officers and employees is included as Additional Insured in accordance with the policy provisions of the referenced policy.  
Underlying Limit or Self Insured Retention  
\$500,000 any one occurrence - General Liability  
\$500,000 any one occurrence - Automobile Liability

**CERTIFICATE HOLDER****CANCELLATION**

State of Vermont Agency of Transportation 219 North Main Street, Suite 105 Barre VT 05641 USA	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE  <div style="text-align: center;"><i>Aon Risk Services Central, Inc.</i></div>
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**State of Vermont  
Plug-in Electric Vehicle Incentive Program**

**PROGRAM GUIDELINES**

July 8, 2020



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# 1 PROGRAM OVERVIEW

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Fossil-fueled transportation in Vermont significantly impacts the state's economy and environment. The State of Vermont's Comprehensive Energy Plan includes several long-term goals to electrify the transportation sector to reduce emissions and costs. The use of plug-in electric vehicles (PEVs) continues to grow as more models are available at lower price points, but we are not currently on pace to meet our energy and climate goals. The State of Vermont is advancing a new limited time PEV incentive program to help accelerate the market and to help low- to moderate-income Vermonters enjoy the benefits of PEVs. These benefits include quicker acceleration compared to combustion vehicles, a smoother and quieter ride, no fumes, lower operation and maintenance costs, and the convenience of being able to refuel at home or at work. Combined with a federal tax credit for PEV purchases and additional incentives offered by electric utilities, eligible consumers will have an opportunity to save thousands of dollars on the purchase or lease of a new PEV.

This document contains program guidelines for the implementation of the State of Vermont PEV incentive, including information on eligibility and processing options to be used by program partners or consumers interested in additional details on how the program works.

Section 34 of the Vermont Legislature's 2019 Transportation Bill (Act 59) established an incentive program for new PEVs and authorized the Vermont Agency of Transportation (VTrans) to spend \$1,100,000 on incentives.<sup>1</sup> Section 14 of the 2020 Transportation Bill carried over any PEV incentive funds remaining from the 2019 appropriation<sup>2</sup>. The 2020 Bill also included up to \$1,000,000 in additional funding for the PEV incentive program [section 3 (b) (4)], but only if federal COVID-19 relief funds become available to cover this additional expense. As of July 2020, the prospects for this additional funding are not known, suggesting the State PEV incentive program may end or go on extended hiatus once the original 2019 funds are fully spent down.

The PEV incentives will be offered through the State's Electric Distribution Utilities (DUs): Green Mountain Power (GMP), Vermont Electric Cooperative (VEC), Burlington Electric Department (BED), Washington Electric Cooperative (WEC), Stowe Electric Department (SED), Hyde Park Electric (HPE), and Vermont Public Power Supply Authority (VPPSA), which represents eleven of Vermont's municipally owned utilities and which will participate in this program as one collective. VPPSA member utilities include Barton, Enosburg, Hardwick, Jacksonville, Johnson, Ludlow, Lyndonville, Morrisville, Northfield, Orleans, and Swanton.

Under separate contracts with the State, acting through VTrans, the utilities will provide incentives to eligible applicants for eligible vehicles through dealers at the point of sale or lease. In addition, a consumer-direct rebate option will be available in cases where EVs are purchased from a dealership entity or manufacturer that is not participating in the point-of-sale program, or when a consumer prefers this

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<sup>1</sup> The text of Act 59 is available at: <https://legislature.vermont.gov/bill/status/2020/H.529>

<sup>2</sup> The text of the 2020 Transportation Bill is available at: <https://legislature.vermont.gov/bill/status/2020/H.942>

approach. VTrans has contracted with VEIC to provide consumer outreach and assistance in support of the statewide PEV incentive program through its Drive Electric Vermont (DEV) program. Program information and updates are available from DEV’s website: [www.DriveElectricVT.com](http://www.DriveElectricVT.com)

The total incentive pool of \$1.1 million is equally available to all on a statewide, first-come, first-served basis as of the official launch date of December 16, 2019 set by VTrans. The program incentives are available to Vermont residents only.

Incentive eligibility will be limited to PEV purchasers meeting the Adjusted Gross Income (AGI) requirements in Table 1 below. AGI is determined by the purchaser’s most recent State of Vermont income tax filing as reported on Vermont Department of Taxes Form IN-111 on line 1 - “Federal Adjusted Gross Income”. Incentive amounts are listed in Table 1 according to the filing status of the purchaser and type of PEV. All-electric vehicles receive greater incentives than plug-in hybrid electric vehicles.

*Table 1. Incentive Amounts by Tax Filing Status, Adjusted Gross Income, and Type of PEV*

Tax Filing Status	Adjusted Gross Income (AGI) Limits	State Incentive Amount	
		Plug-in Hybrid Electric Vehicle (PHEV)	All-Electric Vehicle (AEV)
<b>Individual</b> filing as <b>single</b> or <b>head of household</b>	\$50,000 or less	\$3,000	\$4,000
	Over \$50,000 up to \$100,000	\$1,500	\$2,500
<b>Individual</b> filing as qualifying <b>widower</b>	\$50,000 or less	\$3,000	\$4,000
	Over \$50,000 up to \$125,000	\$1,500	\$2,500
<b>Married</b> filing <b>jointly</b>	\$50,000 or less	\$3,000	\$4,000
	Over \$50,000 up to \$125,000	\$1,500	\$2,500
<b>Married</b> filing <b>separately</b>	\$50,000 or less	\$3,000	\$4,000
	Over \$50,000 up to \$100,000	\$1,500	\$2,500

Incentives will be limited to one person per household. The incentive program will not extend to commercial or non-profit organizations. This program will not apply retroactively to PEV purchases that took place before the program launch.

Income-verification will be self-reported by program applicants. However, the application form will notify applicants that VTrans will audit a subset of applications for income verification.

## 2 ELIGIBILITY

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The State of Vermont EV incentive program's eligibility requirements related to both the purchaser and the vehicle are detailed below.

### 2.1 PURCHASER REQUIREMENTS

#### 2.1.1 Residency

Consumers purchasing or leasing a new EV must be a Vermont resident at the time of purchase. **A legible copy of a current (not expired) Vermont driver's license is required as proof of residency.**

#### 2.1.2 Adjusted Gross Income

As described in the Program Overview above, State incentives are limited to purchasers meeting the Adjusted Gross Income (AGI) requirements shown in Table 1 above.

EV consumers can determine their AGI by checking their most recent State of Vermont income tax return. For tax years 2018 and 2019, Vermont Department of Taxes form IN-111 lists "Federal Adjusted Gross Income" on Line 1.

For applicants who have not filed a recent tax return, documentation may be required to calculate income if they are subject to an incentive audit. Examples of additional documentation that may be required includes W2s, bank statements, or other income verification documentation requested by the State of Vermont.

#### 2.1.3 Research Participation

The State of Vermont may request participation from incentive recipients in ongoing research efforts that support the State's Comprehensive Energy Plan and Climate Action goals. The State and/or its designee(s) may administer vehicle owner surveys to collect data and other information pertaining to their EV purchase and ownership experience.

### 2.2 VEHICLE REQUIREMENTS & ELIGIBLE MODELS

Incentives are available for plug-in electric vehicles sold/leased as new with a base manufacturer's suggested retail price (MSRP) of \$40,000 or less. All-electric vehicles (AEVs) and plug-in hybrid electric vehicles (PHEVs) are eligible. Incentive amounts for each type of vehicle are included in Table 1 above. Vehicles sold or leased based on a vehicle price greater than \$40,000 are eligible for incentives as long as the MSRP for the lowest trimline of that model does not exceed \$40,000.

If the supporting documentation provided with an incentive application does not satisfactorily prove the vehicle is new, the incentive processor will require additional documentation.

Vehicles previously used as dealership floor models and test drive vehicles will be eligible for an incentive if they were not previously registered.

New leased vehicles (not previously registered) will be eligible for the state incentive program provided the lease term is 24 months or longer.

Table 2 below includes a list of 24 models available in Vermont and eligible for the State incentive program as of July 2020. If new PEV models are introduced to the Vermont market with a base MSRP under \$40,000 while the State incentive program is available, the Drive Electric Vermont website<sup>3</sup> will maintain a current listing of models eligible for the State incentive program along with a listing of dealerships participating in the point-of-sale or -lease incentive program.

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<sup>3</sup> Drive Electric Vermont: <https://www.DriveElectricVT.com/>

Table 2. PEV Models Eligible for Incentives

	Make / Model	Electric Range (miles)	Total Electric & Gas Range (miles)	Base MSRP
<b>Plug-in Hybrid Vehicles (Gasoline + Electric)</b>				
1	Chevrolet Volt	53	420	\$ 34,095
2	Chrysler Pacifica Hybrid	33	570	\$ 39,995
3	Ford Escape PHEV	38	530	\$ 33,040
4	Ford Fusion Energi	21	610	\$ 35,000
5	Honda Clarity PHEV	47	340	\$ 33,400
6	Hyundai Ioniq PHEV	29	630	\$ 25,350
7	Hyundai Sonata PHEV	27	600	\$ 34,600
8	Kia Niro PHEV	26	560	\$ 28,500
9	Kia Optima PHEV	29	610	\$ 36,090
10	Mini Countryman SE All4	12	270	\$ 36,900
11	Mitsubishi Outlander PHEV	22	310	\$ 35,795
12	Subaru Crosstrek Hybrid	17	480	\$ 34,995
13	Toyota Prius Prime	25	640	\$ 27,750
14	Toyota RAV4 Prime	39	TBD	\$ 38,100
<b>All Electric Vehicles</b>				
15	Chevrolet Bolt	259	259	\$ 36,620
16	Hyundai Ioniq EV	124	124	\$ 34,300
17	Hyundai Kona EV	258	258	\$ 37,495
18	Kia Niro Electric	239	239	\$ 38,500
19	Kia Soul EV	111	111	\$ 33,950
20	Mini Cooper SE Electric	110	110	\$ 29,900
21	Nissan LEAF	151	151	\$ 29,990
22	Nissan LEAF Plus	226	226	\$ 37,000
23	Tesla Model 3	250-322	250-322	\$ 37,990
24	Volkswagen e-Golf	125	125	\$ 31,895

### 3 INCENTIVE PROCESSING

State PEV incentives will be processed by Vermont electric utilities. As described below, dealerships opting into the point-of-sale incentive program will pass through State incentives to their customers at the dealership point of sale or lease and receive reimbursement from the electric distribution utility serving the customer.

Customers purchasing PEVs from a non-participating dealership, purchasing a Tesla which has no dealerships, or desiring to receive their rebate directly for other reasons will be required to secure an

incentive preapproval reservation and then complete and submit a State incentive application to receive a check in the mail once they have taken delivery of their vehicle.

Additional details on the incentive process are included in the sections below.

### **3.1 PROGRAM FUNDING AND SUNSET PROCESS**

The State of Vermont has \$1,100,000 available for the State incentive program and estimates this will be enough for approximately 400 incentives. Additional State incentive program funding in the future is uncertain. **The State will begin a sunset process once the funding pool of \$1,100,000 is drawn down to \$200,000 to ensure program resources are not overcommitted.**

VEIC, the non-profit coordinating the Drive Electric Vermont program, is assisting in implementing the State incentive program and will notify the DUs and participating dealers that customers must obtain advance email authorization from VEIC before receiving a point-of-sale or -lease incentive once the \$200,000 funds-remaining threshold is triggered. VEIC will also post a notice on its DEV webpage for the statewide PEV incentive program alerting applicants that remaining funding is limited.

Regardless of the amount of remaining funding available, all applicants seeking customer-direct incentives through reimbursement rather than at the point of sale or lease, must complete a reservation for an incentive to receive advance authorization from VEIC to participate in the program. In addition, applicants seeking to participate on a direct reimbursement basis must submit their proof of purchase to the appropriate DU processor, with a copy to VEIC, within 15 days of VEIC sending email authorization to participate, or provide proof of a PEV order to receive an extension for up to 10 weeks.

VEIC will maintain a master list of all the incentive authorizations and applications. Dealers will submit applications to the DU and VEIC at the time of the sale or lease—this will allow VEIC to tally incentives issued on a current basis and will be a point of reference to cross verify DU requests for funds reimbursement.

VEIC will monitor applicant addresses and vehicle identification numbers (VINs) to help ensure that no one household or individual receives more than one incentive and in particular that no one household or individual receives both a dealer point-of-sale incentive and a direct consumer reimbursement incentive for the same or different vehicles.

### **3.2 DEALER POINT-OF-SALE INCENTIVES**

Point-of-sale incentives provide consumers with added convenience and in some cases are critical to affordability as they reduce the required out-of-pocket expenses and/or borrowing capacity of the PEV purchaser/lessee. Prior pilot programs of PEV dealer incentives in Vermont included participation from many dealerships across the state. The Vermont Vehicle and Automotive Distributors Association (VADA) is assisting the State in outreach to dealerships to encourage their participation in the State incentive program.

### **3.2.1 Dealer Participation Opt-In**

Auto dealers interested in offering point-of-sale or -lease incentives to their customers will be required to complete a Participating Dealer Agreement (see Appendix D) and provide an IRS W-9 prior to being eligible to participate. Participating dealers will receive IRS 1099 forms reporting income for incentive reimbursements paid by electric distribution utilities. It is the sole responsibility of the Participating dealers and EV purchaser/lessee incentive recipients to seek professional advice and determine the tax consequences of participation in the State incentive program.

### **3.2.2 Applying Incentive to Contract**

The full amount of the customer's incentive amount must be clearly listed on the purchase/lease agreement. The DU processor must be able to determine the customer received the full value of their incentive.

In the case of either a financed purchase or lease, the customer's full incentive amount shall be applied to the down payment of the vehicle. If dealership documentation systems do not have the ability to itemize down payment contributions to clearly show the State of Vermont incentive amount then dealers may use the down payment verification template included in Appendix F of these guidelines to meet the required documentation.

Other incentives the customer may be eligible for, including separate DU incentives, the federal tax credit, and/or other available incentives may also be shown on the purchase/lease contract.

### **3.2.3 State Purchase and Use Tax**

Consumers purchasing or leasing an electric vehicle remain subject to the State of Vermont's new vehicle purchase and use tax. The State incentive is applied to the down payment and so does not reduce the overall purchase price used as the basis for the purchase and use tax. Consumers are expected to pay the tax for both consumer-direct and auto dealership point-of-sale incentive delivery options.

### **3.2.4 Registration Requirements**

An application for registration of new vehicle must be provided as proof of registration and must meet these requirements:

- a) The registered owner name/lessee matches the name on the State Incentive Program incentive application.
- b) The form is complete and signed.

### **3.2.5 Pre-Approval Process**

When the State Incentive Program funding is spent down to \$200,000 remaining, customers will need to obtain pre-approval from VEIC to secure a funding reservation prior to completing an PEV sale. This pre-approval will be good for up to 15 days, but can be extended by contacting VEIC with proof of a PEV order to hold their preapproval for up to 10 weeks.

VEIC will strive to turn around pre-approvals within 2 business days of submission. However, customer support operations are not staffed on weekends and major holidays, so in some cases the preapproval process may require up to 4 days.

### **3.2.6 Customer-Direct Rebate Preference**

Customers have the option to either allow the dealership to claim their rebate amount, as described above, or to claim the incentive and request check payment directly after purchase (see Section 3.3 below). If a customer indicates to the dealership at any point in the sale process that they prefer to claim the rebate and receive the payment directly, the dealer shall not proceed with an incentive application for that customer.

### **3.2.7 Dealership Incentive Submission**

Participating dealerships will submit a completed incentive application (see Appendix A for the form), along with accompanying documentation of purchase or lease, vehicle registration, and customer residency. Submissions will go to the DU serving the customer's residence with a copy to VEIC. Email submissions of scanned or electronically signed applications should be submitted to the appropriate DU contact below:

- Burlington Electric Department
  - [efficiency@burlingtonelectric.com](mailto:efficiency@burlingtonelectric.com) or mail/deliver to 585 Pine Street, Burlington, VT 05401 and [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
  - (802) 865-7300
- Green Mountain Power
  - [EVR rebates@greenmountainpower.com](mailto:EVR rebates@greenmountainpower.com) and [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
  - (888) 835-4672
- Vermont Electric Cooperative
  - [support@vermontelectric.coop](mailto:support@vermontelectric.coop) and [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
  - 1-800-832-2667
- Washington Electric Cooperative
  - [energycoach@wec.coop](mailto:energycoach@wec.coop) and [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
  - 802-224-2329
- Stowe Electric Department
  - [stowe\\_electric@stoweelectric.com](mailto:stowe_electric@stoweelectric.com) and [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
  - 802-253-7215
- Hyde Park Electric
  - [karen@hydeparkvt.com](mailto:karen@hydeparkvt.com) and [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
  - 802-888-2310
- Vermont Public Power Supply Authority (VPPSA), covering eleven of Vermont's municipally owned utilities, including Barton, Enosburg, Hardwick, Jacksonville, Johnson, Ludlow, Lyndonville, Morrisville, Northfield, Orleans, and Swanton.
  - [jleopold@vppsa.com](mailto:jleopold@vppsa.com) and [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)

- (802) 884-4488

### **3.2.8 Dealership Payment**

Dealerships will send invoices to each DU providing incentive reimbursements to request payment. These invoices can be submitted monthly or more frequently if desired by the dealership. In cases where the DU offers their own point-of-sale incentive(s) in addition to the State incentives dealers can submit one invoice with both the State and the DU incentive amounts listed. A suggested invoicing template is provided in Appendix E – Dealer Invoicing Template attached to these guidelines and available in Excel format from VEIC.

Dealership's will be reimbursed by the DU within 45 days of receipt of completed incentive application materials and invoicing.

## **3.3 CONSUMER DIRECT INCENTIVES**

Eligible PEV purchasers or lessees who prefer to receive a direct rebate for an eligible vehicle can do so by obtaining pre-approval for an incentive and then filing an incentive application with the appropriate electric utility for their home address within 15 days for a PEV purchase. Consumers with PEV orders requiring more than 15 days from pre-approval to final delivery can provide proof of their vehicle order to hold their preapproval for up to 10 weeks. To be timely filed, the incentive application must be received by the appropriate utility (see Section 3.3.2 below) before the end of the filing deadline.

Customers opting for a direct EV incentive will not receive upfront down payment reductions which will likely result in higher monthly payments for those who are financing compared to the dealer point-of-sale option. In addition, customers will receive an IRS 1099 income statement for the direct incentive from the utility processing the incentive.

The State of Vermont EV incentive may be considered taxable income by the U.S. Internal Revenue Service and the Vermont Department of Taxes. It shall be the sole responsibility of the recipient, individually, to seek professional advice and determine the tax consequences of receiving an incentive.

### **3.3.1 Consumer Direct Pre-Approval**

**All consumers filing for a consumer-direct incentive are required to receive preapproval by VEIC.**

This will help ensure the State of Vermont's funding for the incentive program does not exceed the \$1,100,000 total authorized by the Legislature. The preapproval form and submission instructions are included in Appendix B below and will be posted on the Drive Electric Vermont website page containing information on the State Incentive Program.

VEIC will strive to turn around pre-approvals within 2 business days of submission while funds remain available. VEIC customer support operations are not staffed on weekends and major holidays, so in some cases this preapproval process may require up to 4 days.

Preapprovals will be valid for 15 days from the date of issue. Customers submitting proof of a PEV order from a dealership or automaker to VEIC can receive an extension of up to 10 weeks to submit their completed incentive application form following vehicle delivery.

### 3.3.2 Consumer Direct Incentive Submission

Once the consumer takes delivery of their vehicle they will complete the incentive application form contained in Appendix C and submit with required documentation to the electric utility processor covering their home address with a copy to VEIC, either:

- Burlington Electric Department **for individuals residing in the City of Burlington** email to [efficiency@burlingtonelectric.com](mailto:efficiency@burlingtonelectric.com) or mail/deliver to 585 Pine Street, Burlington, VT 05401 with a cc to VEIC at [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
- Green Mountain Power **for individuals residing in their territory** email to [EVrebates@greenmountainpower.com](mailto:EVrebates@greenmountainpower.com) with a cc to VEIC at [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
- Hyde Park Electric for **individuals residing in their service territory** email to [karen@hydeparkvt.com](mailto:karen@hydeparkvt.com) with a cc to VEIC at [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
- Stowe Electric Department for **individuals residing in their service territory** email to [stowe\\_electric@stoweelectric.com](mailto:stowe_electric@stoweelectric.com) with a cc to VEIC at [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
- Vermont Electric Coop for **individuals residing in their service territory** email to [support@vermontelectric.coop](mailto:support@vermontelectric.coop) with a cc to VEIC at [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
- Washington Electric Cooperative for **individuals residing in their service territory** email to [energycoach@wec.coop](mailto:energycoach@wec.coop) with a cc to VEIC at [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
- Vermont Public Power Supply Authority (VPPSA) for **individuals residing in one of the following** Vermont municipal utility service areas, including Barton, Enosburg, Hardwick, Jacksonville, Johnson, Ludlow, Lyndonville, Morrisville, Northfield, Orleans, and Swanton. [jleopold@vppsa.com](mailto:jleopold@vppsa.com) with a cc to VEIC at [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)

Consumers unsure of their electric service territory should consult the map posted on the Vermont Public Service Department website at the link below or contact VEIC's customer support line for assistance:

[https://publicservice.vermont.gov/electric/electric\\_service\\_territory\\_map](https://publicservice.vermont.gov/electric/electric_service_territory_map)

Consumers unable to submit a PDF email attachment to the appropriate address listed above should contact VEIC's customer support line for further assistance.

### 3.3.3 Registration Requirements

An application for Vermont registration of new vehicle must be provided as proof of registration as an attachment to the incentive application form and must meet these requirements:

- a) The registered owner name/lessee matches the name on the State Incentive Program incentive application.
- b) The form is complete and signed.

### **3.3.4 Consumer Direct Payment**

The designated electric utility will process the consumer direct incentive form and send a check to the customer.

Anticipated processing time is 4-6 weeks, but additional time may be required for incomplete applications requiring additional follow-up.

Electric utilities offering the customer direct incentives will batch monthly incentive documents relating to the consumer direct incentives and send to VTrans with a summary report and invoice, with a copy to VEIC. These documents may be combined with reimbursement requests for dealership point-of-sale incentives submitted to VTrans.

## **3.4 DISTRIBUTION UTILITY PAYMENT PROCEDURE**

The DUs will batch monthly incentive documents for point-of-sale or -lease and consumer direct incentives and send to VTrans with a summary report and invoice, with a copy to VEIC.

The summary report shall include the date of sale; dealer; consumer name and address; utility service territory; state incentive amount; PEV make, model, year, VIN, and sale price; and confirmation that the consumer holds a valid Vermont driver's license.

The DU will retain all documentation supporting each incentive for two years after the termination of the VTrans-DU contract, and the DU will provide any or all of this documentation to the State upon request.

The invoice will reference the VTrans-DU contract by contract number and specify the incentive period covered.

## **4 AUDIT PROCESS**

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Incentive applicants will self-verify their adjusted gross income eligibility and self-verify they have not already received an incentive under the statewide incentive program. If the applicant is married, then the State limits the incentive to one per couple. To prevent fraud, VTrans will audit a subset of applications for accuracy. VTrans may choose to audit suspicious applications or a random subset or both.

Applicants will be required to agree to provide their tax returns and related records relevant to their income certification on the incentive application form they sign. Failure to provide these documents and to provide reasonable cooperation in the event of an audit will result in revocation of the incentive and an obligation to repay the State the full amount of the incentive plus interest at the statutory rate from the date the incentive was awarded.

Incentive application forms will include the following statement regarding the audit process:

The Vermont Agency of Transportation (VTrans) has the right to audit eligibility for this incentive. In the event of an audit, VTrans will require the applicant to complete a State of Vermont Tax Department form 8821-VT (Authorization to Release Tax Information). Following receipt of this

form, the Tax Department will release the most recent State of Vermont income tax return (form IN-111) information to VTrans for verifying that the applicant's income met the State incentive program requirements for the incentive amount received. Failure to provide the State with a completed form 8821-VT within 21 days following a written request will cause the applicant to be deemed non-responsive and thus ineligible for the incentive. If an applicant is deemed ineligible for the State of Vermont incentive amount claimed—either due to their nonresponse or by an audit finding—then the applicant will be obligated to repay the State the full amount of the incentive received plus interest at the statutory rate from the date the incentive was awarded.

## **5 CUSTOMER SUPPORT**

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General consumer questions related to the State Incentive Program, the preapproval process for a dealership point-of-sale or consumer-direct incentive, or requests for funding status should be directed to VEIC's Drive Electric Vermont support team at:

[info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)

1-800-685-7433

Customers needing additional support or unable to provide PDF form submissions for the State incentive program should contact VEIC's customer support for further assistance with incentive submittals.

Questions related to the status of a specific incentive application, DU processing, or other available DU incentives should be directed to the DU serving the PEV consumer via the contact information included in section 3.2.6 above.

## **6 PROGRAM OUTREACH & REPORTING**

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VEIC will update the Drive Electric Vermont website and leverage other existing resources to promote the program, including links to DU incentive program websites, VTrans' website, and other relevant sources.

The DUs will promote this program on their websites and through various outreach mechanisms.

VEIC will develop and record a webinar for staff of dealerships participating in the point-of-sale program. This training session will include information on all the PEV incentives currently available to Vermonters, including the federal tax credit, the State Incentive Program, and DU incentives. Individual DUs will be invited to share information on their programs in this session.

VEIC will recommend and assist in the development of additional promotional materials and activities as resources and funding permit.

## 7 APPENDIX A – DEALER POINT-OF-SALE INCENTIVE FORM

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### State of Vermont Electric Vehicle Incentive Application – Dealer Point-of-Sale

Auto dealer sales staff will work with customers to complete this application form and submit with the required documentation following the instructions below.

1. Customer Information
  - a. Customer Name
  - b. Home address (Street, City, State, ZIP)
  - c. Daytime phone
  - d. Email
  - e. Electric utility serving home address (pull down)
  - f. Utility Account # (if available)
  - g. Preapproval # (if applicable)
2. Vehicle Information
  - a. Vehicle Make/Model
  - b. Vehicle Identification Number (VIN)
  - c. Model Year
  - d. Dealership
  - e. Purchase or Lease date
3. Income Eligibility Checkbox
  - a. I verify my 2018 or 2019 adjusted gross income meets the requirements in Table 1 for the incentive I am claiming and understand this is subject to audit by the State of Vermont. I further verify that neither I nor my spouse (if married) has previously applied for an incentive under the statewide PEV incentive program.
4. Incentive amount checkboxes (check only one)
  - a. \$2,500 New All-Electric Vehicle Standard Incentive
  - b. \$1,500 New Plug-in Hybrid Electric Vehicle Standard Incentive
  - c. \$4,000 New All-Electric Vehicle for \$50,000 or Less Adjusted Gross Income
  - d. \$3,000 New Plug-in Hybrid Electric Vehicle for \$50,000 or Less Adjusted Gross Income
5. Customer Signature
6. Customer Signature Date

Table 1. Incentive Amounts by Tax Filing Status, Adjusted Gross Income, and Type of Vehicle

Tax Filing Status	Adjusted Gross Income (AGI) Limits	State Incentive Amount	
		Plug-in Hybrid Electric Vehicle (PHEV)	All-Electric Vehicle (AEV)
<b>Individual</b> filing as <b>single</b> or <b>head of household</b>	\$50,000 or less	\$3,000	\$4,000
	Over \$50,000 up to \$100,000	\$1,500	\$2,500
<b>Individual</b> filing as qualifying <b>widower</b>	\$50,000 or less	\$3,000	\$4,000
	Over \$50,000 up to \$125,000	\$1,500	\$2,500
<b>Married</b> filing <b>jointly</b>	\$50,000 or less	\$3,000	\$4,000
	Over \$50,000 up to \$125,000	\$1,500	\$2,500
<b>Married</b> filing <b>separately</b>	\$50,000 or less	\$3,000	\$4,000
	Over \$50,000 up to \$100,000	\$1,500	\$2,500

**Required Documentation (in PDF format)**

- Proof of purchase or lease - either the finance or lease agreement, or an invoice from the dealer indicating a zero balance due and receipt of payment in full, including a clear record of the State and utility incentive amount(s). In the case of a financed purchase or lease, the customer’s full incentive amount shall be applied to the down payment of the vehicle. All accompanying documentation scans/photos should be clearly legible.
- Proof of Vermont residency - A copy of a current Vermont driver’s license.
- Vermont vehicle registration - with the name(s) appearing on the registration matching the name(s) of the Purchaser(s) on the invoice or bill of sale.

The dealership shall email this completed form along with the following required documentation in PDF format to the appropriate distribution utility serving the customers’ residential address with a copy to VEIC.

**Electric Utility Submission Addresses**

- Burlington Electric Department
  - [efficiency@burlingtonelectric.com](mailto:efficiency@burlingtonelectric.com) or mail/deliver to 585 Pine Street, Burlington, VT 05401 with cc to [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
  - (802) 865-7300
- Green Mountain Power
  - [EVR rebates@greenmountainpower.com](mailto:EVR rebates@greenmountainpower.com) with cc to [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
  - (888) 835-4672

- Vermont Electric Cooperative
  - [support@vermontelectric.coop](mailto:support@vermontelectric.coop) with cc to [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
  - 1-800-832-2667
- Washington Electric Cooperative
  - [energycoach@wec.coop](mailto:energycoach@wec.coop) with cc to [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
  - 802-224-2329
- Stowe Electric Department
  - [stowe\\_electric@stoweelectric.com](mailto:stowe_electric@stoweelectric.com) with cc to [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
  - 802-253-7215
- Hyde Park Electric
  - [karen@hydeparkvt.com](mailto:karen@hydeparkvt.com) with cc to [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
  - 802-888-2310
- Vermont Public Power Supply Authority (VPPSA), covering eleven of Vermont’s municipally owned utilities, including Barton, Enosburg, Hardwick, Jacksonville, Johnson, Ludlow, Lyndonville, Morrisville, Northfield, Orleans, and Swanton.
  - [jleopold@vppsa.com](mailto:jleopold@vppsa.com) with cc to [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
  - (802) 884-4488

### **Terms & Conditions**

- Customer must be a Vermont resident.
- Limit of one rebate per household.
- Vehicle must be registered in the state of Vermont.
- State Incentives are only available on new vehicle purchase or leases of eligible models with a base MSRP of \$40,000 or less and to income qualified buyers.
- Eligibility for personal use vehicles only; not available for vehicles intended for resale.
- Customers receiving the point of sale/lease option acknowledge the dealership has applied the rebate to the down payment of the vehicle. The dealership is responsible for submitting this form and supporting documentation and will receive the rebate amount in full.
- Leases must be for a term of 24 months or longer to be eligible for an incentive.
- The State of Vermont may request participation from incentive recipients in ongoing research efforts. The State and/or its designee(s) may administer electric vehicle owner surveys or other outreach to collect data and other information pertaining to the recipients’ EV purchase and ownership experience.
- The Vermont Agency of Transportation (VTrans) has the right to audit eligibility for this incentive. In the event of an audit, VTrans will require the applicant to complete a State of Vermont Tax Department form 8821-VT (Authorization to Release Tax Information). Following receipt of this form, the Tax Department will release the most recent State of Vermont income tax return (form IN-111) information to VTrans for verifying that the applicant’s income met the State incentive program requirements for the incentive amount received. Failure to provide the State with a completed form 8821-VT within 21 days following a written request will cause the

applicant to be deemed non-responsive and thus ineligible for the incentive. If an applicant is deemed ineligible for the State of Vermont incentive amount claimed—either due to their nonresponse or by an audit finding—then the applicant will be obligated to repay the State the full amount of the incentive received plus interest at the statutory rate from the date the incentive was awarded.

- The State of Vermont EV incentive may be considered taxable income by the U.S. Internal Revenue Service and the Vermont Department of Taxes. It shall be the sole responsibility of the recipient, individually, to seek professional advice and determine the tax consequences of receiving an incentive.
- This incentive is valid for qualifying purchases or leases on or after the official launch date of December 16, 2019 while State Incentive Program funds are available.

Questions? Contact [info@DriveElectricVT.org](mailto:info@DriveElectricVT.org) or call us at 1-800-685-7433

## **8 APPENDIX B – CONSUMER PRE-APPROVAL FORM**

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### **Consumer Preapproval Form**

Any Vermonter who wants to purchase an EV and utilize an incentive must fill out this form. Please complete the information on this form and return to VEIC. VEIC will respond with a preapproval number reserving funding for a plug-in electric vehicle (EV) purchase for 15 days, during which time the customer should complete their EV purchase and submit an incentive application form with their preapproval number entered on the form. Customers expecting to wait longer than 15 days on an EV order from a dealer or automaker can submit documentation of their order to extend their preapproval for up to 10 weeks.

1. Customer Information
  - a. Customer Name
  - b. Home address (Street, City, State, ZIP)
  - c. Daytime phone
  - d. Email
  - e. Electric utility serving home address (pull down)
  - f. Utility Account # (if available)
2. Income Eligibility Checkbox
  - a. I verify my 2018 or 2019 adjusted gross income meets the requirements in Table 1 for the incentive I am claiming and understand this is subject to audit by the State of Vermont. I further verify that neither I nor my spouse (if married) has previously applied for an incentive under the statewide PEV incentive program.
3. Incentive amount checkboxes (check only one)
  - a. \$2,500 New All-Electric Vehicle Standard Incentive

- b. \$1,500 New Plug-in Hybrid Electric Vehicle Standard Incentive
  - c. \$4,000 New All-Electric Vehicle for \$50,000 or Less Adjusted Gross Income
  - d. \$3,000 New Plug-in Hybrid Electric Vehicle for \$50,000 or Less Adjusted Gross Income
4. Customer Signature
  5. Customer Signature Date

*Table 1. Incentive Amounts by Tax Filing Status, Adjusted Gross Income, and Type of Vehicle*

Tax Filing Status	Adjusted Gross Income (AGI) Limits	State Incentive Amount	
		Plug-in Hybrid Electric Vehicle (PHEV)	All-Electric Vehicle (AEV)
<b>Individual</b> filing as <b>single</b> or <b>head of household</b>	\$50,000 or less	\$3,000	\$4,000
	Over \$50,000 up to \$100,000	\$1,500	\$2,500
<b>Individual</b> filing as qualifying <b>widower</b>	\$50,000 or less	\$3,000	\$4,000
	Over \$50,000 up to \$125,000	\$1,500	\$2,500
<b>Married</b> filing <b>jointly</b>	\$50,000 or less	\$3,000	\$4,000
	Over \$50,000 up to \$125,000	\$1,500	\$2,500
<b>Married</b> filing <b>separately</b>	\$50,000 or less	\$3,000	\$4,000
	Over \$50,000 up to \$100,000	\$1,500	\$2,500

### Form Submittal Instructions

Customers will email the completed form in PDF format to VEIC at [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)

VEIC will reply with confirmation and a preapproval number to be included when submitting an Incentive application form following an EV purchase.

### Terms & Conditions

- Preapprovals will be issued on a first-come, first-served basis while State of Vermont incentive funds are available.
- Preapprovals may take up to two business days to process. Official State of Vermont holidays and weekends are not considered business days.
- Customer must be a Vermont resident.
- Limit of one rebate per household.
- Vehicle must be registered in the state of Vermont.

- State Incentives are only available on new vehicle purchase or leases of eligible models with a base MSRP of \$40,000 or less and to income qualified buyers.
- Eligibility for personal use vehicles only; not available for vehicles intended for resale.
- Customers receiving the direct incentive are not eligible for a point-of-sale incentive at the dealership. If purchasing or leasing for a dealership participating in the State Incentive Program the customer should inform the dealership of their preference to submit their own direct incentive application rather than receiving the point-of-sale incentive.
- Leases must be for a term of 24 months or longer to be eligible for an incentive.
- The State of Vermont EV incentive may be considered taxable income by the U.S. Internal Revenue Service and the Vermont Department of Taxes. It shall be the sole responsibility of the recipient, individually, to seek professional advice and determine the tax consequences of receiving an incentive.
- Preapproval extensions will be based on documentation of a vehicle order with the total price of the vehicle itemized. An automaker reservation for a future vehicle order will not be eligible for preapproval extension.
- This incentive is valid for qualifying purchases or leases on or after the official launch date of December 16, 2019 while State Incentive Program funds are available.

Questions? Contact [info@DriveElectricVT.org](mailto:info@DriveElectricVT.org) or call us at 1-800-685-7433

## 9 APPENDIX C – CONSUMER DIRECT INCENTIVE FORM

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### Consumer Direct Application Form Outline

A fillable PDF form will be developed with the following information for the Consumer direct application.

Please complete this form and submit to the processing electric utility for your residence according to the submittal instructions below.

1. Customer Information
  - a. Customer Name
  - b. Home address (Street, City, State, ZIP)
  - c. Daytime phone
  - d. Email
  - e. Electric utility serving home address (pull down)
  - f. Utility Account # (if available)
  - g. Incentive Preapproval Authorization Number
2. Vehicle Information
  - a. Vehicle Make/Model
  - b. Vehicle Identification Number (VIN)

- c. Model Year
- d. Dealership
- e. Purchase or Lease Date
- 3. Income Eligibility Checkbox
  - a. I verify my 2018 or 2019 adjusted gross income meets the requirements in Table 1 for the incentive I am claiming and understand this is subject to audit by the State of Vermont. I further verify that neither I nor my spouse (if married) has previously applied for an incentive under the statewide PEV incentive program.
- 4. Incentive amount checkboxes (check only one)
  - a. \$2,500 New All-Electric Vehicle Standard Incentive
  - b. \$1,500 New Plug-in Hybrid Electric Vehicle Standard Incentive
  - c. \$4,000 New All-Electric Vehicle for \$50,000 or Less Adjusted Gross Income
  - d. \$3,000 New Plug-in Hybrid Electric Vehicle for \$50,000 or Less Adjusted Gross Income
- 5. Customer Signature
- 6. Customer Signature Date

*Table 1. Incentive Amounts by Tax Filing Status, Adjusted Gross Income, and Type of Vehicle*

Tax Filing Status	Adjusted Gross Income (AGI) Limits	State Incentive Amount	
		Plug-in Hybrid Electric Vehicle (PHEV)	All-Electric Vehicle (AEV)
<b>Individual</b> filing as <b>single</b> or <b>head of household</b>	\$50,000 or less	\$3,000	\$4,000
	Over \$50,000 up to \$100,000	\$1,500	\$2,500
<b>Individual</b> filing as qualifying <b>widower</b>	\$50,000 or less	\$3,000	\$4,000
	Over \$50,000 up to \$125,000	\$1,500	\$2,500
<b>Married</b> filing <b>jointly</b>	\$50,000 or less	\$3,000	\$4,000
	Over \$50,000 up to \$125,000	\$1,500	\$2,500
<b>Married</b> filing <b>separately</b>	\$50,000 or less	\$3,000	\$4,000
	Over \$50,000 up to \$100,000	\$1,500	\$2,500

**Required Accompanying Documentation (in PDF format)**

- Proof of purchase or lease - either the finance or lease agreement, or an invoice from the dealer indicating a zero balance due and receipt of payment in full, including a clear record of the incentive amount. In the case of a financed purchase or lease, the customer's full incentive

amount shall be applied to the down payment of the vehicle. All accompanying documentation scans/photos should be clearly legible.

- Proof of Vermont residency - A copy of a current Vermont driver's license is required.
- Vermont vehicle registration - with the name(s) appearing on the registration matching the name(s) of the Purchaser(s) on the invoice or bill of sale
- IRS W-9 Taxpayer Identification Form - <https://www.irs.gov/pub/irs-pdf/fw9.pdf>

### **Form Submittal Instructions**

Email this completed form as a scanned or electronically signed PDF along with the required accompanying documentation listed above to the electric utility processor covering their home address with a copy to VEIC, either:

- Burlington Electric Department **for individuals residing in the City of Burlington** email to [efficiency@burlingtonelectric.com](mailto:efficiency@burlingtonelectric.com) or mail/deliver to 585 Pine Street, Burlington, VT 05401 with a cc to VEIC at [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
- Green Mountain Power **for individuals residing in their service territory** email to [EVrebates@greenmountainpower.com](mailto:EVrebates@greenmountainpower.com) with a cc to VEIC at [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
- Hyde Park Electric for **individuals residing in their service territory** email to [karen@hydeparkvt.com](mailto:karen@hydeparkvt.com) with a cc to VEIC at [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
- Stowe Electric Department for **individuals residing in their service territory** email to [stowe\\_electric@stoweelectric.com](mailto:stowe_electric@stoweelectric.com) with a cc to VEIC at [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
- Vermont Electric Coop for **individuals residing in their service territory** email to [support@vermontelectric.coop](mailto:support@vermontelectric.coop) with a cc to VEIC at [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
- Washington Electric Cooperative for **individuals residing in their service territory** email to [energycoach@wec.coop](mailto:energycoach@wec.coop) with a cc to VEIC at [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)
- Vermont Public Power Supply Authority (VPPSA) for **individuals residing in one of the following** Vermont municipal utility service areas, including Barton, Enosburg, Hardwick, Jacksonville, Johnson, Ludlow, Lyndonville, Morrisville, Northfield, Orleans, and Swanton. [jleopold@vppsa.com](mailto:jleopold@vppsa.com) with a cc to VEIC at [info@DriveElectricVT.com](mailto:info@DriveElectricVT.com)

Consumers unsure of their electric service territory should consult the map posted on the Vermont Public Service Department website at: [https://publicservice.vermont.gov/electric/electric\\_service\\_territory\\_map](https://publicservice.vermont.gov/electric/electric_service_territory_map) or contact customer support.

### **Terms & Conditions**

- Customer must be a Vermont resident.
- Limit of one rebate per household.
- Vehicle must be registered in the state of Vermont.
- State Incentives are only available on new vehicle purchase or leases of eligible models with a base MSRP of \$40,000 or less and to income qualified buyers.
- Eligibility for personal use vehicles only; not available for vehicles intended for resale.

- Customers receiving the direct incentive are not eligible for a point-of-sale incentive at the dealership. If purchasing or leasing for a dealership participating in the State Incentive Program the customer should inform the dealership of their preference to submit their own direct incentive application rather than receiving the point-of-sale incentive.
- Leases must be for a term of 24 months or longer to be eligible for an incentive.
- The State of Vermont EV incentive may be considered taxable income by the U.S. Internal Revenue Service and the Vermont Department of Taxes. It shall be the sole responsibility of the recipient, individually, to seek professional advice and determine the tax consequences of receiving an incentive.
- IRS W-9 form required. Name on incentive application form and W-9 form must match.
- The State of Vermont reserves the right to request participation from incentive recipients in ongoing research efforts. The State and/or its designee(s) may administer electric vehicle owner surveys or other outreach to collect data and other information pertaining to the recipients' EV purchase and ownership experience.
- The Vermont Agency of Transportation (VTrans) has the right to audit eligibility for this incentive. In the event of an audit, VTrans will require the applicant to complete a State of Vermont Tax Department form 8821-VT (Authorization to Release Tax Information). Following receipt of this form, the Tax Department will release the most recent State of Vermont income tax return (form IN-111) information to VTrans for verifying that the applicant's income met the State incentive program requirements for the incentive amount received. Failure to provide the State with a completed form 8821-VT within 21 days following a written request will cause the applicant to be deemed non-responsive and thus ineligible for the incentive. If an applicant is deemed ineligible for the State of Vermont incentive amount claimed—either due to their nonresponse or by an audit finding—then the applicant will be obligated to repay the State the full amount of the incentive received plus interest at the statutory rate from the date the incentive was awarded.
- This incentive is valid for qualifying purchases or leases on or after the official launch date of December 16, 2019 while State Incentive Program funds are available.

Questions? Contact [info@DriveElectricVT.org](mailto:info@DriveElectricVT.org) or call us at 1-800-685-7433

## **10 APPENDIX D – PARTICIPATING DEALER AGREEMENT**

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# State of Vermont Electric Vehicle Incentive Program

## Participating Dealer Agreement for Offering Point-of-Sale or -Lease Incentives

This agreement defines the terms under which Vermont Electric Distribution Utilities, as program implementers for the State of Vermont’s plug-in electric vehicle (PEV) incentive program, will reimburse an automobile dealer signing this agreement (Dealer) for eligible customer purchases or leases of eligible all-electric and plug-in hybrid electric vehicles. This incentive program is known as the “State Incentive Program.” The program launched on December 16, 2019. Incentives are not available for PEVs purchased or leased prior to the launch date.

### Roles and Agreement Principles

The State Incentive Program will be offered through the State’s Electric Distribution Utilities (DUs), including: Green Mountain Power (GMP), Vermont Electric Cooperative (VEC), Burlington Electric Department (BED), Washington Electric Cooperative (WEC), Stowe Electric Department (SED), Hyde Park Electric (HPE), and Vermont Public Power Supply Authority (VPPSA), which represents eleven of Vermont’s municipally owned utilities and which will participate in this program as one collective. VPPSA member utilities include Barton, Enosburg, Hardwick, Jacksonville, Johnson, Ludlow, Lyndonville, Morrisville, Northfield, Orleans, and Swanton.

VEIC, the non-profit coordinating the Drive Electric Vermont program, is assisting the State of Vermont and DUs in providing training, reporting and promotion of the State Incentive Program.

To establish the cooperative partnership necessary to coordinate the roles of State Incentive Program implementation **the DUs supporting this program will:**

- Provide incentive payments to Dealer for eligible Electric Vehicle sales and leases (as specified in “Eligibility Requirements” below) according to the following schedule:

Vehicle Type	<b>Incentive For \$96,122 Household Income or Less</b> (160% of Median Income)	<b>Larger Incentive for Lower Income Households</b> (Weatherization Eligible)
Plug-in Hybrid Electric Vehicle	\$1,500	\$4,000
All-Electric Vehicle	\$2,500	\$5,000

- Provide payment on Dealer invoices for eligible EV sales and leases within 45 days of receipt.

**VEIC will:**

- Provide training opportunities for Dealers to learn about the incentive program.
- Notify dealerships of the official State incentive program launch date set by VTrans in December 2019.
- Promote the incentive program and participating dealerships on the Drive Electric Vermont website.
- Notify the DUs and participating dealers that dealers must obtain advance email authorization from VEIC before providing a point-of-sale or -lease incentive when the State Incentive Program remaining funds reach \$200,000 and the sunset process is triggered. VEIC will also post a notice on its DEV webpage for the statewide PEV incentive program alerting applicants that remaining funding is limited.

**Dealer agrees to:**

- Ensure that all vehicle sales under the State Incentive Program meet the following Eligibility Requirements:
  - **The vehicle must be purchased on or after December 16, 2019;**
  - The purchaser must be an individual who resides in Vermont;
  - Limit of one incentive per household;
  - The vehicle must be registered in Vermont at the time of purchase;
  - The vehicle must be on the list of eligible plug-in electric vehicles provided in Table 3 of the State of Vermont Plug-in Electric Vehicle Incentive Program Guidelines;
  - The vehicle must be sold or leased as new and not previously registered; and
  - Leases are eligible for the State incentive program if they are for a term of 24 months or longer.
- Provide the appropriate incentive amount to the purchase/lease down payment at time of sale/lease, making customer aware the State Incentive Program was responsible.
- Provide the following required documentation to the DU serving the customer and VEIC upon sale or lease of an eligible plug-in electric vehicle:
  1. **A STATE INCENTIVE PROGRAM application** with all required information filled in.
  2. **A copy of proof of purchase of the plug-in electric vehicle** – either the purchase or lease agreement, or an invoice from the Dealer indicating a zero balance due and receipt of payment in full. The purchase/lease contract must clearly list the full State Incentive Program amount applied to the down payment of the vehicle.
  3. **A copy of a valid Vermont registration for the plug-in electric vehicle**, with the name(s) appearing on the registration matching the name(s) of the Purchaser(s) on the invoice or bill of sale.
  4. **A copy of a valid Vermont driver's license for the Purchaser.**
- Submit incentive applications to DU(s) and VEIC within 15 days of sale.
- Submit monthly invoices to DU(s) reflecting total incentive amounts due for reimbursement from each DU. A suggested invoicing template is provided as Appendix E of the Program Guidelines.
- Provide a current IRS W-9 Taxpayer Identification Form
- Be responsible for any tax issues associated with payment of incentives.

## Dealership Information

Dealership Name (“Participating Dealership”): \_\_\_\_\_

Dealership Web Site: \_\_\_\_\_

### Primary Dealership Management Contact for this Program

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

\_\_\_\_\_

Phone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

## Term of Agreement

This Agreement is effective from the date of signing through December 31, 2020, or until all of the available funding for the State Incentive Program is exhausted, whichever occurs first.

The Dealership may cancel this Agreement for any reason at any time prior to the expiration date by issuing written notice to VEIC no less than **15** days before the proposed termination date. Termination of the Agreement will not affect payment of incentives to DEALER for eligible Electric Vehicle sales and leases that predate such termination date.

### DEALER

Name of Authorized Dealer Signatory \_\_\_\_\_

Title \_\_\_\_\_

\_\_\_\_\_ Date: \_\_\_\_\_

**11 APPENDIX E – DEALER INVOICING TEMPLATE**

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**[Dealership Name]**

**State of Vermont Electric Vehicle Incentive Statement**

**Sent to [Utility Name]**

Invoice Date:

Invoice Number:

	Date of Sale	Customer Name	Utility Customer # <i>(optional)</i>	State Incentive Amount	Utility Incentive Amount <i>(if applicable)</i>	Total Incentives
	12/15/2019	Nancy Public	B567776	\$2,500	\$1,500	\$4,000
1						\$ -
2						\$ -
3						\$ -
4						\$ -
5						\$ -
6						\$ -
7						\$ -
8						\$ -
9						\$ -
10						\$ -
11						\$ -
12						\$ -
13						\$ -
14						\$ -
15						\$ -
16						\$ -
17						\$ -
18						\$ -
19						\$ -
20						\$ -
21						\$ -
22						\$ -
23						\$ -
24						\$ -
25						\$ -
<b>Invoice Total</b>				\$ -	\$ -	<b>\$ -</b>

	Base Incentive For up to 160% Median Income	Lower Income Household Incentive
<b>Plug-in Hybrid Electric Vehicle</b>	\$1,500	\$4,000
<b>All-Electric Vehicle</b>	\$2,500	\$5,000

# **12 APPENDIX F – DEALER POINT-OF-SALE INCENTIVE DOWN PAYMENT VERIFICATION TEMPLATE**

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**State of Vermont Plug-in Electric Vehicle Incentive**  
**Auto Dealer Point-of-Sale Down Payment Verification**

Dealership \_\_\_\_\_

Customer Name \_\_\_\_\_

Customer Address \_\_\_\_\_  
\_\_\_\_\_

Vehicle Model \_\_\_\_\_

VIN \_\_\_\_\_

Sale Date \_\_\_\_\_

Incentive Amount Applied to Contract **as Cash Down Payment:**

\$ \_\_\_\_\_

Customer Signature \_\_\_\_\_

STATE OF VERMONT  
STANDARD GRANT AGREEMENT

Agreement# GR1437

**Part 2 – Grant Agreement**

1. Parties: This is a Grant Agreement for the implementation of a High MPG Car Incentive Program and a Vehicle Emissions Repair Program between the State of Vermont, Agency of Transportation (hereinafter called “State”), and **Capstone Community Action, Inc.**, a domestic non-profit corporation, with its principal place of business at **20 Gable Place, Barre Vermont 05641**, (hereinafter called “Subrecipient”). It is the Subrecipient’s responsibility to contact the Vermont Department of Taxes to determine if, by law, the Subrecipient is required to have a Vermont Department of Taxes Business Account Number.
2. Subject Matter: The subject matter of this Grant is for the implementation of the High MPG Car Incentive Program and a Vehicle Emissions Repair Program. A detailed description of the project and the services to be provided by the Subrecipient are described in Attachment A.
3. Award Details: Amounts, dates and other award details are as shown in the attached Grant Agreement Part 1 – Grant Award Detail. A detailed scope of work covered by this award is described in Attachment A.
4. High Risk: If at any time the Subrecipient or Subaward are determined to be high risk as per the State of Vermont, Agency of Administration, Bulletin No. 5, Policy for Grant Issuance and Monitoring, or 2 CFR §200.331, additional monitoring measures will be imposed in accordance with 2 CFR §200.207.
5. Prior Approvals: If approval by the Attorney General’s Office is required by the granting agency, neither this Grant nor any amendment to it is binding until it has been approved by the Attorney General’s Office.
  - Approval by the Attorney General’s Office is required.
  - Approval by the Secretary of Administration is not required.
  - Approval by the CIO/Commissioner of ADS is not required.
6. Amendment: No changes, modifications, or amendments in the terms and conditions of this Grant shall be effective unless reduced to writing, numbered, and signed by the duly authorized representative of the State and Subrecipient.
7. Cancellation: This Grant may be cancelled by either party by giving written notice at least 30 days in advance.
8. Attachments: This Grant Agreement consists of 22 pages including the following attachments which are incorporated herein:

Grant Agreement Part I-Grant Award Detail

Attachment A –Description of Project and Scope of Work to be Performed by Subrecipient

Attachment B –Payment Provisions

Attachment C –Standard State Provisions for Contracts and Grants (12/15/2017)

Attachment D- DOT Standard Title VI Assurances and Non-Discrimination Provisions  
(DOT 1050.2A) - Assurance Appendix A and Assurance Appendix E.

WE, THE UNDERSIGNED PARTIES, AGREE TO BE BOUND BY THIS GRANT AGREEMENT.

STATE OF VERMONT  
AGENCY OF TRANSPORTATION

SUBRECIPIENT:  
Capstone Community Action, Inc.

E-SIGNED by Joe Flynn  
on 2019-11-27 13:51:11 EST  
Signature: \_\_\_\_\_

Name: Joe Flynn

Title: Secretary of Transportation

Signature: *Susan M. Minter*

Name: Susan Minter

Title: Executive Director

APPROVED AS TO FORM:

E-SIGNED by Michelle Anderson  
on 2019-11-08 14:57:26 EST  
\_\_\_\_\_  
ASSISTANT ATTORNEY GENERAL

**SECTION I - GENERAL GRANT INFORMATION**

<sup>1</sup> Grant #: GR1437		<sup>2</sup> Original <input checked="" type="checkbox"/> Amendment #	
<sup>3</sup> Grant Title: High MPG Car Incentive Program and a Vehicle Emissions Repair Program			
<sup>4</sup> Amount Previously Awarded: \$ 0.00		<sup>5</sup> Amount Awarded This Action: \$ 900,000.00	
<sup>6</sup> Total Award Amount: \$ 900,000.00			
<sup>7</sup> Award Start Date: 11/15/2019		<sup>8</sup> Award End Date: 06/30/2020	
<sup>9</sup> Subrecipient Award: YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>			
<sup>10</sup> Vendor #: 0000043373		<sup>11</sup> Grantee Name: Capstone Community Action, Inc.	
<sup>12</sup> Grantee Address: 20 Gable Place			
<sup>13</sup> City: Barre		<sup>14</sup> State: VT	<sup>15</sup> Zip Code: 05641
<sup>16</sup> State Granting Agency: Vermont Agency of Transportation			<sup>17</sup> Business Unit: 08100
<sup>18</sup> Performance Measures: YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		<sup>19</sup> Match/In-Kind: \$ 55,911.00	
<sup>19</sup> Description: Local Match			
<sup>20</sup> If this action is an amendment, the following is amended: Amount: <input type="checkbox"/> Funding Allocation: <input type="checkbox"/> Performance Period: <input type="checkbox"/> Scope of Work: <input type="checkbox"/> Other: <input type="checkbox"/>			

**SECTION II - SUBRECIPIENT AWARD INFORMATION**

<sup>21</sup> Grantee DUNS #: 073992851		<sup>22</sup> Indirect Rate: 33 % (Approved rate or de minimis 10%)		<sup>23</sup> FFATA: YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	
<sup>24</sup> Grantee Fiscal Year End Month (MM format): 09		<sup>25</sup> R&D: <input type="checkbox"/>			
<sup>26</sup> DUNS Registered Name (if different than VISION Vendor Name in Box 11):					

**SECTION III - FUNDING ALLOCATION**

**STATE FUNDS**

Fund Type	<sup>27</sup> Awarded Previously	<sup>28</sup> Award This Action	<sup>29</sup> Cumulative Award	<sup>30</sup> Special & Other Fund Descriptions
General Fund	\$	\$	\$	
Special Fund	\$	\$	\$	
Global Commitment (non-subrecipient funds)	\$	\$	\$	
Other State Funds	\$ 0.00	\$ 900,000.00	\$ 900,000.00	State Transportation Funds

**FEDERAL FUNDS**

*(includes subrecipient Global Commitment funds)*

**Required Federal Award Information**

<sup>31</sup> CFDA #	<sup>32</sup> Program Title	<sup>33</sup> Awarded Previously	<sup>34</sup> Award This Action	<sup>35</sup> Cumulative Award	<sup>36</sup> FAIN	<sup>37</sup> Federal Award Date	<sup>38</sup> Total Federal Award
		\$	\$	\$			\$
<sup>39</sup> Federal Awarding Agency:		<sup>40</sup> Federal Award Project Descr:					
		\$	\$	\$			\$
Federal Awarding Agency:		Federal Award Project Descr:					
		\$	\$	\$			\$
Federal Awarding Agency:		Federal Award Project Descr:					
		\$	\$	\$			\$
Federal Awarding Agency:		Federal Award Project Descr:					
		\$	\$	\$			\$
Federal Awarding Agency:		Federal Award Project Descr:					
<b>Total Awarded - All Funds</b>		\$ 0.00	\$ 900,000.00	\$ 900,000.00			\$

**SECTION IV - CONTACT INFORMATION**

**STATE GRANTING AGENCY**

**NAME:** Matthew Langham  
**TITLE:** AOT Improvement Program Coordinator  
**PHONE:** 802 622-1284  
**EMAIL:** matthew.langham@vermont.gov

**GRANTEE**

**NAME:** Paul Zabriskie  
**TITLE:** Director of Weatherization and Energysmart of Vermont  
**PHONE:** 802 479-1053  
**EMAIL:** pzabriskie@capstonevt.org

## ATTACHMENT A SCOPE OF WORK TO BE PERFORMED

### Initiatives for Clean and Affordable Cars: Scope of Work for Capstone

#### **Supporting Low Income Vermonters With Cleaner and High MPG Cars**

The warming of our planet calls for urgent action. Transportation is the largest contributor to Vermont's Greenhouse gas emissions and requires new approaches to moving swiftly toward a clean energy fleet. Transportation is also one of the greatest barriers to moving people out of poverty. Low-income Vermonters may be trapped in poverty without access to jobs, healthcare, or childcare, or they may be driving expensive and inefficient vehicles and often cannot afford necessary inspection requirements.

Capstone Community Action, in association with the statewide network of Community Action Agencies, will implement the Legislature's request for a **High MPG Car Incentive** program and a Vehicle **Emission Repair** program (Act 59 of 2019, sec. 34). These two programs will help support the needs of low-income Vermonters – the founding mission of Community Action Agencies (VCAAs). The programs will also encourage the essential transition to cleaner, more fuel-efficient cars and electric vehicles by promoting them within the low-income community.

This grant agreement will provide Capstone with partial program funding. As part of this agreement, Capstone will enter into a separate subgrant agreements with Vermont's other community action agencies to ensure that both programs are equally available statewide. Capstone will structure its approach to be able to expand over time as demand and support for these programs grows. See the attached program-specific flow charts and worksheets for details.

#### **Overview of the Used High MPG Vehicle Point-of-Sale Voucher Program**

The Vermont Legislature authorized the creation of a used high-MPG vehicle purchase incentive program to help Vermonters with low incomes transition to higher efficiency transportation options. The maximum voucher value shall be 25% of the sale price of the vehicle (which must be less than or equal to the fair market value based on NADA) up to an incentive cap of \$5,000, whichever is less (Case 1 below).

Income eligibility for the voucher program is the same as the Vermont Weatherization Assistance Program.

Additional eligibility criteria must be met. The applicant must be over 18 years of age, a licensed driver, and not a dependent on someone else's tax return. The applicant must be employed and have sufficient income to be eligible for a loan to cover the balance of the purchase cost.

Where an applicant is trading in a vehicle as part of the sale, and an outstanding loan on the trade-in vehicle is more than the trade value in the deal (negative equity), the program incentive cannot be more than the negative equity on the vehicle being traded (Case 2), but the purchaser may "buy-down" their negative equity in excess of the incentive to qualify for the incentive (Case 3). A purchase incentive may not be higher than the difference between an applicant's trade equity and the cost of the vehicle being purchased (Case 4). An applicant whose trade equity is greater than the cost of the vehicle being purchased shall not be eligible for an incentive.

	Case 1 No Trade In	Case 2 Negative Equity	Case 3 High Negative Equity	Case 4 High Trade Equity
Trade In Vehicle	No vehicle owned	\$10,000	\$300	\$13,000
Outstanding Loan \$\$	NA	\$14,000	\$3,300	\$3,000
Equity in Trade In	0	- \$4,000	- \$3,000	\$10,000
High MPG Vehicle Being Purchased	\$10,000	\$17,000	\$10,000	\$12,000
Incentive Eligible	\$2,500	\$4,000	\$2,500*	\$2,000
Balance to Finance	\$7,500	\$17,000	\$10,000	\$0
Incentive criteria in play:	25% of purchase value	Limit incentive to dollar amount of negative equity	* Requires \$500 cash to buy down negative equity	Limit to cash required, no cash back

To get a voucher, the applicant must demonstrate an understanding of the basic parameters that impact the cost of ownership of a motor vehicle. This is done by correctly answering a series of on-line questions or participating in a workshop. Applicants are encouraged to either attend or view on-line a 90-minute class on this subject that the VCAAs will offer, covering topics such as:

- Primary costs of car ownership: purchase, registration, fuel, maintenance & repairs, and insurance.
- Calculating miles driven and the impact of switching to a high-MPG car.
- Attributes of plug-in hybrid vehicles, pure battery-electric's, hybrid-electric vehicles, and other high-MPG vehicles, and their impact on cost per mile driven.
- Credit, credit reports, safe debt levels, and local options for "green vehicle" loans.

Per statute, the vehicle must be listed as getting 40 MPG combined or greater when it was new ([fuelconomy.gov](http://fuelconomy.gov)). Additionally, the voucher cannot be used to purchase a second vehicle for the applicant. Further, the program will allow for only one vehicle per licensed driver in the household. Vouchers can be used only at authorized Vermont dealers; no private sales; no out-of-State purchases.

In Capstone's discretion, a condition of the voucher program may at any time be that if the applicant owns a motor vehicle that failed an onboard diagnostics systems (OBD) inspection and remains out of compliance or a motor vehicle that is more than 15 years old and has a combined city/highway fuel efficiency of less than 25 miles per gallon as rated by the U.S. Environmental Protection Agency when the vehicle was new that the

vehicle will be removed from operation and either donated to a nonprofit organization to be used for parts or scrapped. In the event Capstone conditions the program on the retirement of either or both types of vehicles, the dealer must certify that the engine of the vehicle to be removed from operation will be permanently destroyed, and the dealer must provide certification, including photo documentation, within 30 days of the date the vehicle is surrendered to the dealer, that this has occurred.

Capstone will develop training on the High MPG incentive program in collaboration with the regional Community Action Agencies (BROC, SEVCA, NEKCA, and CVOEO) to train their consumer-facing case managers and related staff. Additionally, Capstone will host 90-minute classes for potential applicants. These will be filmed and stitched together to make a YouTube version for on-line viewing.

A qualified, Capstone car coach will run day-to-day operations related to the high-MPG incentive program. Her/his responsibilities will include:

- Maintain on-line application portal/form submission processes
- Certify applicant income eligibility
- Ensure financial literacy component is complete
- Establish and meet clear expectations for timely communications with applicants
- Communicate to applicants that they can shop for a car
- Review car to be purchased for eligibility
- Administer payment process of incentives
- Track voucher issuance and outstanding liabilities
- Recruit purchasers of vehicles and participating dealers
- Administer recycling of older vehicles when applicable

The position requires:

- Extensive knowledge of car sales and car repair practices
- Excellent communication skills
- Travel across the state

The budget for the High MPG program does not include the funding for the incentives but does include costs associated with getting the program running and daily operations once the program has launched. See attached worksheets for details.

## **Overview of Low-Income Vehicle Emissions System Repair Program**

The Vermont Legislature also authorized the creation of a program to assist Vermonters with low income to repair vehicles with OBD emissions systems that failed AVIP inspection (Act 59 of 2019, section 34).

The vehicle must qualify first. The Emissions Repair Program (**ERP**) seeks to utilize the existing web-based infrastructure of the AVIP system. Applicants will complete an on-line form that includes details of the vehicle's make, model, VIN, Plate#, technical status of the OBD system, and the projected cost of repairs. The form also informs applicants about extended emission-system warranties that may be in effect.

The on-line ERP application form includes ERP terms and conditions and confidentiality waivers to allow communication between the VCAA ERP program staff and the emissions-repair provider. Once submitted, ERP staff will verify that the cost of repairs does not exceed 50% of the fair market value of the vehicle, with a cap of \$2,500 per repair. The warranty status will also be confirmed; cars that are covered by manufacturer's emissions system warranty are not eligible for repairs under this program. The repair must also meet the Program Manager's Reasonableness Test, a discretionary assessment of the value of the proposed service. If the repair does not qualify, Capstone will direct the applicant to the Used High MPG Point-of-Sale Voucher Program.

Once the vehicle is qualified for the ERP, Capstone will verify that the applicant is eligible. Income eligibility for the ERP is the same as Vermont's LIHEAP eligibility (185% of the Federal Poverty Level). Capstone will initially attempt to verify income eligibility by lookup in the State of Vermont Economic Services ACCESS database. If necessary, Capstone will use alternative income eligibility verification methods requiring more time from the applicant and program staff. Once Capstone approves the application, Capstone will communicate eligibility to the applicant, along with a unique confirmation code. The applicant will then connect with an in-network emissions-repair provider to have repairs completed within 30 days. When the repair is complete and the vehicle passes the inspection, the emissions-repair provider will contact the ERP with the confirmation code. The ERP will confirm the repair in AVIP and issue payment to the emissions-repair provider.

The program will include the following additional rules: No used parts may be installed. OEM parts are not required. The program will not reimburse for repairs completed before program eligibility was approved.

## **Annual reporting of program progress for submission to the Legislature**

Section 34(a)(4) of Act 59 of 2019 requires VTrans to annually evaluate these programs to gauge their effectiveness and to submit a written report to the Legislature by December 31 of each year that an incentive or voucher is provided. Capstone must prepare a draft report for VTrans no later than December 1 of each year that a report is required. The draft report shall contain detailed program metrics, to be developed, gathered, analyzed, and summarized by Capstone, in consultation with VTrans and the Vermont Department of Environmental Conservation. Metrics may include the numbers and amounts of incentives or vouchers provided; other known incentives that program beneficiaries utilized in combination with the program incentive; the cost and type of the vehicle incentivized and the value and type of any vehicle repaired; the name and location of the business where the purchase or repair took place; the income qualifications of each incentive or voucher recipient; feedback from incentive or voucher recipients or other relevant parties; all services that Capstone and in-network emissions repair facilities provided; and any other information that may be useful for program evaluation. VTrans may adopt or modify Capstone's draft report in whole or in part in VTrans' report the Legislature.

## **Budget**

The budgets for the Emissions Repair Program and the High MPG Incentive Program do not include the funding for the incentives or repairs but do include costs associated with getting the program running and daily operations once the program has launched. See attached worksheets for details. The State will provide Capstone with up to \$750,000 for incentives and repairs on a reimbursement basis, contingent on Capstone's compliance with the terms and conditions of this scope of work and grant agreement.

Both programs will require several months for start-up preparations. This includes the development of program materials, website pages, on-line forms, and class curriculum. The development of software and creative content for the programs will be funded by Capstone and remain the intellectual property of Capstone Community Action. Most grant funds will support internal operational activities to prepare, launch, and manage the day-to-day operations of running the program.

## **Grant Terms**

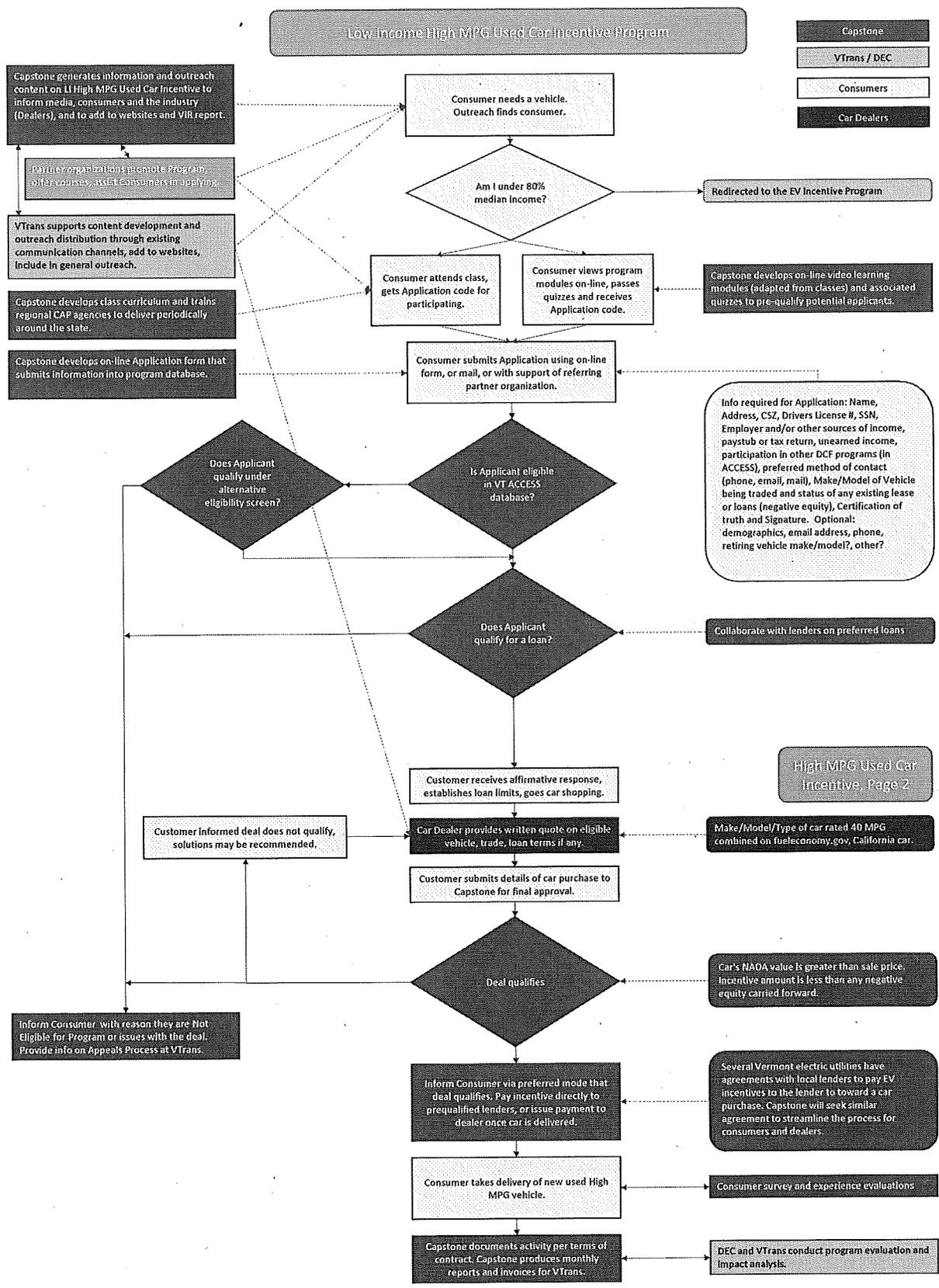
The proposal is for a cost-recovery grant with specific not-to-exceed amounts for administrative and program costs incurred in addition to pass-through incentives or repair payments. By the 15<sup>th</sup> of day of the calendar month Capstone will issue VTrans an invoice for the direct, allocated, and accrued costs associated with the program in the previous month. See enclosed worksheets for budget projections.

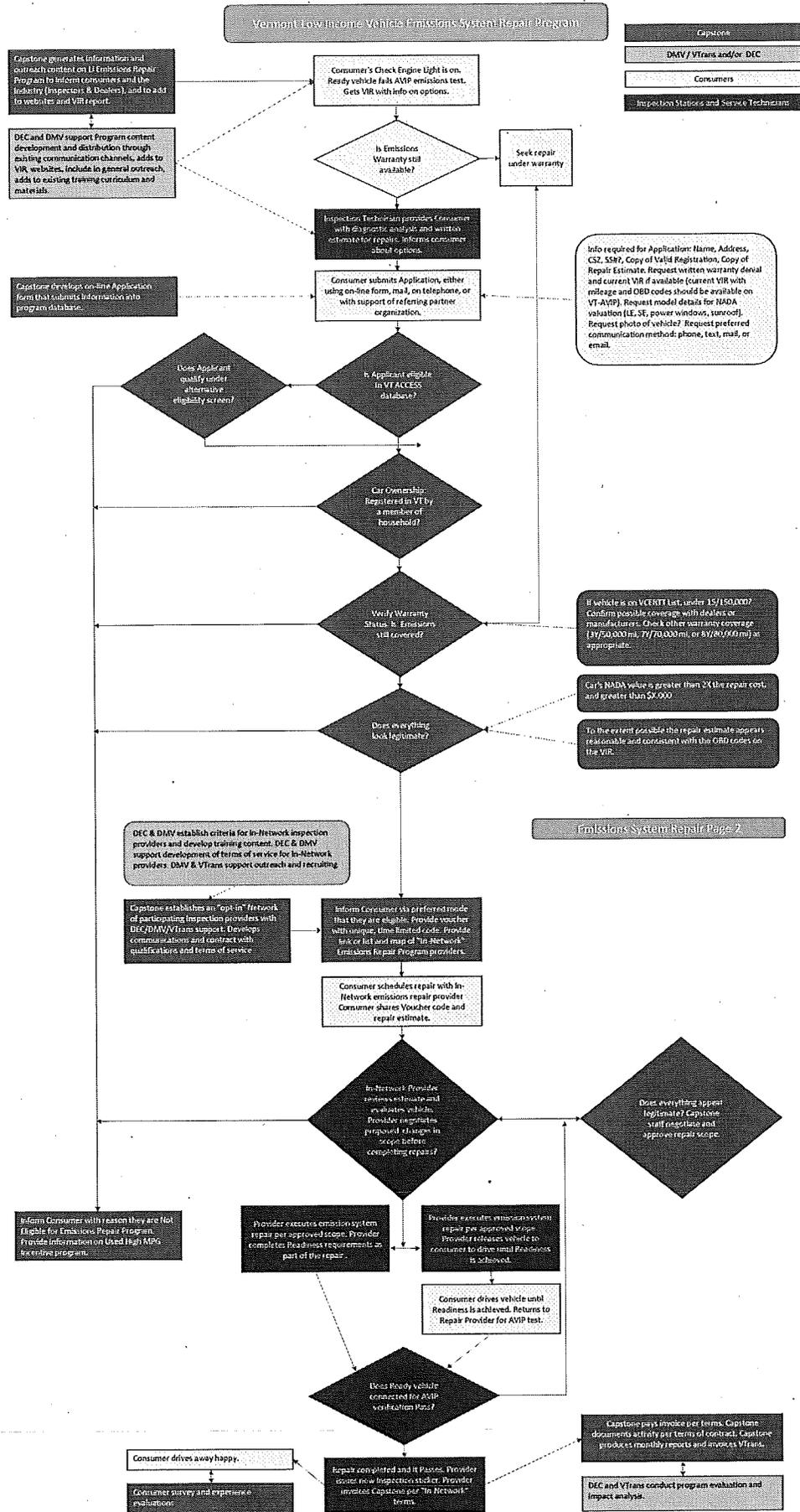
The proposed period for the Grant is to end June 30, 2020. Labor for operations is budgeted through that date. The not to exceed Administrative allocation is \$150,000. The specific allocation for Emissions Repairs and High MPG Incentives delivered is dependent on the take-up rate for the program but will not exceed \$750,000. The distribution of direct funds for repairs and incentives will follow demand and may not be equal between the two initiatives. For its part, in consideration of the services delivered by Capstone pursuant to this Grant, State agrees to advance 17% of the total grant based on an approved cash request submitted by Capstone. Capstone will remit to the State any unobligated funds with the final grant invoice on August 15, 2020.

Summary	Emissions Repair	High MPG Incentive	Total	AOT	Capstone
units					
Average/unit					
Direct Payment for Repairs & Incentives	\$ 300,000	\$ 450,000	\$ 750,000	\$ 750,000	
Administrative (indirect)	\$ 13,961	\$ 13,880	\$ 27,841	\$ 25,207	\$ 2,634
Direct Operational Labor and Fringe	\$ 36,543	\$ 33,959	\$ 70,502	\$ 70,502	\$ -
One-time Start-Up Expenses	\$ 36,692	\$ 50,200	\$ 86,893	\$ 33,616	\$ 53,277
Allocated & Direct Overheads, Mileage	\$ 5,374	\$ 5,302	\$ 10,676	\$ 10,676	\$ -
Outreach & Training Contractual		\$ 10,000	\$ 10,000	\$ 10,000	
Expenses	\$ 92,570	\$ 113,341	\$ 205,911	\$ 150,000	\$ 55,911
	\$ 392,570	\$ 563,341	\$ 955,911	\$ 900,000	\$ 55,911

Hybrid Voucher program			
	Budget	AOT	Capstone
Number of Vouchers Issued			
Average Value of Voucher			
<b>Incentive Voucher Payments</b>	<b>\$ 450,000</b>	<b>tbd</b>	
Staff time required	total staff		
Program Management	\$ 2,000	\$ 2,000	
Eligibility Determination <80% SMI	\$ 1,700	\$ 1,700	
Capstone's Financial Literacy Analyst	\$ 10,276	\$ 10,276	
Car Technical Analyst	\$ 10,882	\$ 10,882	
Operational Personnel	\$ 24,858		
Fringe	\$ 9,101	\$ 9,101	
<b>Operational Labor Subtotal</b>	<b>\$ 33,959</b>		
Mileage	\$ 330	\$ 330	
Allocated Overheads	\$ 2,486	\$ 2,486	
Allocated Occupancy	\$ 2,486	\$ 2,486	
Indirect on labor	\$ 13,880	\$ 12,749	\$ 1,131
Contractual Outreach, Classes & Application support			
BROC	\$ 2,500	\$ 2,500	
SEVCA	\$ 2,500	\$ 2,500	
NEKCA	\$ 2,500	\$ 2,500	
CVOEO	\$ 2,500	\$ 2,500	
<b>Partner Subtotal</b>	<b>\$ 10,000</b>		
<b>Operational and Labor Subtotal</b>	<b>\$ 63,140</b>		
Start-up			
Curriculum Development and Training	\$ 3,429		\$ 3,429
Car Technical Analyst	\$ 8,705	\$ 8,705	
Program Start-Up & Materials Development	\$ 5,069	\$ 5,069	
Start-Up Personnel	\$ 17,203		
Fringe	\$ 6,298	\$ 5,043	\$ 1,255
Computer/Phone/etc.	\$ 700		\$ 700
Videography Contractor	\$ 10,000		\$ 10,000
Web and Database Services	\$ 8,000		\$ 8,000
Outreach materials	\$ 8,000		\$ 8,000
<b>Start-up costs subtotal</b>	<b>\$ 50,200</b>		
<b>Total Program Costs</b>	<b>\$ 563,341</b>	<b>\$ 80,825</b>	<b>\$ 32,515</b>

<b>Emissions Repair Program</b>	<b>\$ 92,570</b>			
	<b>Budget</b>		<b>AOT</b>	<b>Capstone</b>
Number of repairs completed				
Average Value of Voucher				
<b>Incentive Voucher Payments</b>	<b>\$ -</b>		<b>tbd</b>	
<b>Staff time required</b>	<b>total staff</b>			
Program Management	\$ 11,167	\$ 11,167		
Eligibility Determination LIHEAP	\$ 4,821	\$ 4,821		
Car Technical Analyst	\$ 10,882	\$ 10,882		
Operational Personnel	\$ 26,870			
Fringe	\$ 9,673	\$ 9,673		
<b>Program Labor Subtotal</b>	<b>\$ 36,543</b>			
Overheads	\$ 2,687	\$ 2,687		
Occupancy	\$ 2,687	\$ 2,687		
Indirect	\$ 13,961	\$ 12,458	\$ 1,503	
<b>Start-up</b>				
Program Start-Up & Materials Develop	\$ 4,554			\$ 4,554
Car Technical Analyst	\$ 10,882	\$ 10,882		
Start-Up Personnel	\$ 15,435			
Fringe	\$ 5,557	\$ 3,917	\$ 1,639	
Computer/Phone/etc.	\$ 700		\$ 700	
Web and Database Services	\$ 5,000		\$ 5,000	
Outreach materials	\$ 10,000		\$ 10,000	
<b>Start-up costs subtotal</b>	<b>\$ 36,692</b>			
<b>Total Program Costs</b>	<b>\$ 92,570</b>	<b>\$ 69,175</b>	<b>\$ 23,396</b>	





**ATTACHMENT B**  
**PAYMENT PROVISIONS**

The State agrees to compensate the Subrecipient for services performed up to the total award amount stated on the Grant Agreement Part 1 – Grant Award Detail of this Grant Agreement provided such services are within the scope of the Grant and are authorized as provided for under the terms and conditions of this Grant.

**Payment of Invoices by the STATE.** The State agrees to pay the Subrecipient for all properly documented bills invoiced by the Subrecipient.

This is for a cost-recovery grant with specific not-to-exceed amounts for administrative and program costs incurred in addition to pass-through incentives or repair payments. By the 15<sup>th</sup> of day of the calendar month Capstone will issue VTrans an invoice for the direct, allocated, and accrued costs associated with the program in the previous month. See enclosed worksheets for budget projections.

The proposed period for the Grant is to end June 30, 2020. Labor for operations is budgeted through that date. The not to exceed Administrative allocation is \$150,000. The specific allocation for Emissions Repairs and High MPG Incentives delivered is dependent on the take-up rate for the program but will not exceed \$750,000. The distribution of direct funds for repairs and incentives will follow demand and may not be equal between the two initiatives. **For its part, in consideration of the services delivered by Capstone pursuant to this Grant, State agrees to advance 17% of the total grant based on an approved cash request submitted by Capstone.**

Capstone will remit to the State any unobligated funds with the final grant invoice on August 15, 2020.

Invoices shall be sent to:

Name: **Matthew Langham, AOT Improvement Program Coordinator**  
Email: [matthew.langham@vermont.gov](mailto:matthew.langham@vermont.gov)  
Division: Policy, Planning and Intermodal Development  
Address: Vermont Agency of Transportation  
219 North Main Street  
Barre, VT 05641

**Payment of Amounts Found Due by Audit.** In the event an audit or inspection by a certified or registered public accountant or an authorized agent of the State reveals that monies are due and owing to the State from the Subrecipient, for whatever reasons, then the Subrecipient shall pay such sums to the State within thirty (30) days of written notification of the findings of such audit or inspection.

**ATTACHMENT C: STANDARD STATE PROVISIONS  
FOR CONTRACTS AND GRANTS  
REVISED DECEMBER 15, 2017**

**1. Definitions:** For purposes of this Attachment, "Party" shall mean the Contractor, Grantee or Subrecipient, with whom the State of Vermont is executing this Agreement and consistent with the form of the Agreement. "Agreement" shall mean the specific contract or grant to which this form is attached.

**2. Entire Agreement:** This Agreement, whether in the form of a contract, State-funded grant, or Federally-funded grant, represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.

**3. Governing Law, Jurisdiction and Venue; No Waiver of Jury Trial:** This Agreement will be governed by the laws of the State of Vermont. Any action or proceeding brought by either the State or the Party in connection with this Agreement shall be brought and enforced in the Superior Court of the State of Vermont, Civil Division, Washington Unit. The Party irrevocably submits to the jurisdiction of this court for any action or proceeding regarding this Agreement. The Party agrees that it must first exhaust any applicable administrative remedies with respect to any cause of action that it may have against the State with regard to its performance under this Agreement. Party agrees that the State shall not be required to submit to binding arbitration or waive its right to a jury trial.

**4. Sovereign Immunity:** The State reserves all immunities, defenses, rights or actions arising out of the State's sovereign status or under the Eleventh Amendment to the United States Constitution. No waiver of the State's immunities, defenses, rights or actions shall be implied or otherwise deemed to exist by reason of the State's entry into this Agreement.

**5. No Employee Benefits For Party:** The Party understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation or sick leave, workers compensation or other benefits or services available to State employees, nor will the State withhold any state or Federal taxes except as required under applicable tax laws, which shall be determined in advance of execution of the Agreement. The Party understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the Party, and information as to Agreement income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.

**6. Independence:** The Party will act in an independent capacity and not as officers or employees of the State.

**7. Defense and Indemnity:** The Party shall defend the State and its officers and employees against all third party claims or suits arising in whole or in part from any act or omission of the Party or of any agent of the Party in connection with the performance of this Agreement. The State shall notify the Party in the event of any such claim or suit, and the Party shall immediately retain counsel and otherwise provide a complete defense against the entire claim or suit. The State retains the right to participate at its own expense in the defense of any claim. The State shall have the right to approve all proposed settlements of such claims or suits.

After a final judgment or settlement, the Party may request recoupment of specific defense costs and may file suit in Washington Superior Court requesting recoupment. The Party shall be entitled to recoup costs only upon a showing that such costs were entirely unrelated to the defense of any claim arising from an act or omission of the Party in connection with the performance of this Agreement.

The Party shall indemnify the State and its officers and employees if the State, its officers or employees become legally obligated to pay any damages or losses arising from any act or omission of the Party or an agent of the Party in connection with the performance of this Agreement.

Notwithstanding any contrary language anywhere, in no event shall the terms of this Agreement or any document furnished by the Party in connection with its performance under this Agreement obligate the State to (1) defend or indemnify the Party or any third party, or (2) otherwise be liable for the expenses or reimbursement, including attorneys' fees, collection costs or other costs of the Party or any third party.

**8. Insurance:** Before commencing work on this Agreement the Party must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Party to maintain current certificates of insurance on file with the State through the term of this Agreement. No warranty is made that the coverages and limits listed

herein are adequate to cover and protect the interests of the Party for the Party's operations. These are solely minimums that have been established to protect the interests of the State.

*Workers Compensation:* With respect to all operations performed, the Party shall carry workers' compensation insurance in accordance with the laws of the State of Vermont. Vermont will accept an out-of-state employer's workers' compensation coverage while operating in Vermont provided that the insurance carrier is licensed to write insurance in Vermont and an amendatory endorsement is added to the policy adding Vermont for coverage purposes. Otherwise, the party shall secure a Vermont workers' compensation policy, if necessary to comply with Vermont law.

*General Liability and Property Damage:* With respect to all operations performed under this Agreement, the Party shall carry general liability insurance having all major divisions of coverage including, but not limited to:

- Premises - Operations
- Products and Completed Operations
- Personal Injury Liability
- Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

- \$1,000,000 Each Occurrence
- \$2,000,000 General Aggregate
- \$1,000,000 Products/Completed Operations Aggregate
- \$1,000,000 Personal & Advertising Injury

*Automotive Liability:* The Party shall carry automotive liability insurance covering all motor vehicles, including hired and non-owned coverage, used in connection with the Agreement. Limits of coverage shall not be less than \$500,000 combined single limit. If performance of this Agreement involves construction, or the transport of persons or hazardous materials, limits of coverage shall not be less than \$1,000,000 combined single limit.

*Additional Insured.* The General Liability and Property Damage coverages required for performance of this Agreement shall include the State of Vermont and its agencies, departments, officers and employees as Additional Insureds. If performance of this Agreement involves construction, or the transport of persons or hazardous materials, then the required Automotive Liability coverage shall include the State of Vermont and its agencies, departments, officers and employees as Additional Insureds. Coverage shall be primary and non-contributory with any other insurance and self-insurance.

*Notice of Cancellation or Change.* There shall be no cancellation, change, potential exhaustion of aggregate limits or non-renewal of insurance coverage(s) without thirty (30) days written prior written notice to the State.

**9. Reliance by the State on Representations:** All payments by the State under this Agreement will be made in reliance upon the accuracy of all representations made by the Party in accordance with this Agreement, including but not limited to bills, invoices, progress reports and other proofs of work.

**10. False Claims Act:** The Party acknowledges that it is subject to the Vermont False Claims Act as set forth in 32 V.S.A. § 630 *et seq.* If the Party violates the Vermont False Claims Act it shall be liable to the State for civil penalties, treble damages and the costs of the investigation and prosecution of such violation, including attorney's fees, except as the same may be reduced by a court of competent jurisdiction. The Party's liability to the State under the False Claims Act shall not be limited notwithstanding any agreement of the State to otherwise limit Party's liability.

**11. Whistleblower Protections:** The Party shall not discriminate or retaliate against one of its employees or agents for disclosing information concerning a violation of law, fraud, waste, abuse of authority or acts threatening health or safety, including but not limited to allegations concerning the False Claims Act. Further, the Party shall not require such employees or agents to forego monetary awards as a result of such disclosures, nor should they be required to report misconduct to the Party or its agents prior to reporting to any governmental entity and/or the public.

**12. Location of State Data:** No State data received, obtained, or generated by the Party in connection with performance under this Agreement shall be processed, transmitted, stored, or transferred by any means outside the continental United States, except with the express written permission of the State.

**13. Records Available for Audit:** The Party shall maintain all records pertaining to performance under this agreement. "Records" means any written or recorded information, regardless of physical form or characteristics, which is produced or

acquired by the Party in the performance of this agreement. Records produced or acquired in a machine readable electronic format shall be maintained in that format. The records described shall be made available at reasonable times during the period of the Agreement and for three years thereafter or for any period required by law for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved.

**14. Fair Employment Practices and Americans with Disabilities Act:** Party agrees to comply with the requirement of 21 V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Party shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, as amended, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Party under this Agreement.

**15. Set Off:** The State may set off any sums which the Party owes the State against any sums due the Party under this Agreement; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.

**16. Taxes Due to the State:**

- A. Party understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.
- B. Party certifies under the pains and penalties of perjury that, as of the date this Agreement is signed, the Party is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.
- C. Party understands that final payment under this Agreement may be withheld if the Commissioner of Taxes determines that the Party is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.
- D. Party also understands the State may set off taxes (and related penalties, interest and fees) due to the State of Vermont, but only if the Party has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Party has no further legal recourse to contest the amounts due.

**17. Taxation of Purchases:** All State purchases must be invoiced tax free. An exemption certificate will be furnished upon request with respect to otherwise taxable items.

**18. Child Support:** (Only applicable if the Party is a natural person, not a corporation or partnership.) Party states that, as of the date this Agreement is signed, he/she:

- A. is not under any obligation to pay child support; or
- B. is under such an obligation and is in good standing with respect to that obligation; or
- C. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.

Party makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Party is a resident of Vermont, Party makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

**19. Sub-Agreements:** Party shall not assign, subcontract or subgrant the performance of this Agreement or any portion thereof to any other Party without the prior written approval of the State. Party shall be responsible and liable to the State for all acts or omissions of subcontractors and any other person performing work under this Agreement pursuant to an agreement with Party or any subcontractor.

In the case this Agreement is a contract with a total cost in excess of \$250,000, the Party shall provide to the State a list of all proposed subcontractors and subcontractors' subcontractors, together with the identity of those subcontractors' workers compensation insurance providers, and additional required or requested information, as applicable, in accordance with Section 32 of The Vermont Recovery and Reinvestment Act of 2009 (Act No. 54).

Party shall include the following provisions of this Attachment C in all subcontracts for work performed solely for the State of Vermont and subcontracts for work performed in the State of Vermont: Section 10 ("False Claims Act"); Section 11 ("Whistleblower Protections"); Section 12 ("Location of State Data"); Section 14 ("Fair Employment Practices and

Americans with Disabilities Act"); Section 16 ("Taxes Due the State"); Section 18 ("Child Support"); Section 20 ("No Gifts or Gratuities"); Section 22 ("Certification Regarding Debarment"); Section 30 ("State Facilities"); and Section 32.A ("Certification Regarding Use of State Funds").

**20. No Gifts or Gratuities:** Party shall not give title or possession of anything of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this Agreement.

**21. Copies:** Party shall use reasonable best efforts to ensure that all written reports prepared under this Agreement are printed using both sides of the paper.

**22. Certification Regarding Debarment:** Party certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, neither Party nor Party's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in Federal programs, or programs supported in whole or in part by Federal funds.

Party further certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, Party is not presently debarred, suspended, nor named on the State's debarment list at: <http://bgs.vermont.gov/purchasing/debarment>

**23. Conflict of Interest:** Party shall fully disclose, in writing, any conflicts of interest or potential conflicts of interest.

**24. Confidentiality:** Party acknowledges and agrees that this Agreement and any and all information obtained by the State from the Party in connection with this Agreement are subject to the State of Vermont Access to Public Records Act, 1 V.S.A. § 315 et seq.

**25. Force Majeure:** Neither the State nor the Party shall be liable to the other for any failure or delay of performance of any obligations under this Agreement to the extent such failure or delay shall have been wholly or principally caused by acts or events beyond its reasonable control rendering performance illegal or impossible (excluding strikes or lock-outs) ("Force Majeure"). Where Force Majeure is asserted, the nonperforming party must prove that it made all reasonable efforts to remove, eliminate or minimize such cause of delay or damages, diligently pursued performance of its obligations under this Agreement, substantially fulfilled all non-excused obligations, and timely notified the other party of the likelihood or actual occurrence of an event described in this paragraph.

**26. Marketing:** Party shall not refer to the State in any publicity materials, information pamphlets, press releases, research reports, advertising, sales promotions, trade shows, or marketing materials or similar communications to third parties except with the prior written consent of the State.

**27. Termination:**

**A. Non-Appropriation:** If this Agreement extends into more than one fiscal year of the State (July 1 to June 30), and if appropriations are insufficient to support this Agreement, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority. In the case that this Agreement is a Grant that is funded in whole or in part by Federal funds, and in the event Federal funds become unavailable or reduced, the State may suspend or cancel this Grant immediately, and the State shall have no obligation to pay Subrecipient from State revenues.

**B. Termination for Cause:** Either party may terminate this Agreement if a party materially breaches its obligations under this Agreement, and such breach is not cured within thirty (30) days after delivery of the non-breaching party's notice or such longer time as the non-breaching party may specify in the notice.

**C. Termination Assistance:** Upon nearing the end of the final term or termination of this Agreement, without respect to cause, the Party shall take all reasonable and prudent measures to facilitate any transition required by the State. All State property, tangible and intangible, shall be returned to the State upon demand at no additional cost to the State in a format acceptable to the State.

**28. Continuity of Performance:** In the event of a dispute between the Party and the State, each party will continue to perform its obligations under this Agreement during the resolution of the dispute until this Agreement is terminated in accordance with its terms.

**29. No Implied Waiver of Remedies:** Either party's delay or failure to exercise any right, power or remedy under this Agreement shall not impair any such right, power or remedy, or be construed as a waiver of any such right, power or remedy. All waivers must be in writing.

**30. State Facilities:** If the State makes space available to the Party in any State facility during the term of this Agreement for purposes of the Party's performance under this Agreement, the Party shall only use the space in accordance with all policies and procedures governing access to and use of State facilities which shall be made available upon request. State facilities will be made available to Party on an "AS IS, WHERE IS" basis, with no warranties whatsoever.

**31. Requirements Pertaining Only to Federal Grants and Subrecipient Agreements:** If this Agreement is a grant that is funded in whole or in part by Federal funds:

**A. Requirement to Have a Single Audit:** The Subrecipient will complete the Subrecipient Annual Report annually within 45 days after its fiscal year end, informing the State of Vermont whether or not a Single Audit is required for the prior fiscal year. If a Single Audit is required, the Subrecipient will submit a copy of the audit report to the granting Party within 9 months. If a single audit is not required, only the Subrecipient Annual Report is required.

For fiscal years ending before December 25, 2015, a Single Audit is required if the subrecipient expends \$500,000 or more in Federal assistance during its fiscal year and must be conducted in accordance with OMB Circular A-133. For fiscal years ending on or after December 25, 2015, a Single Audit is required if the subrecipient expends \$750,000 or more in Federal assistance during its fiscal year and must be conducted in accordance with 2 CFR Chapter I, Chapter II, Part 200, Subpart F. The Subrecipient Annual Report is required to be submitted within 45 days, whether or not a Single Audit is required.

**B. Internal Controls:** In accordance with 2 CFR Part II, §200.303, the Party must establish and maintain effective internal control over the Federal award to provide reasonable assurance that the Party is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**C. Mandatory Disclosures:** In accordance with 2 CFR Part II, §200.113, Party must disclose, in a timely manner, in writing to the State, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Failure to make required disclosures may result in the imposition of sanctions which may include disallowance of costs incurred, withholding of payments, termination of the Agreement, suspension/debarment, etc.

**32. Requirements Pertaining Only to State-Funded Grants:**

**A. Certification Regarding Use of State Funds:** If Party is an employer and this Agreement is a State-funded grant in excess of \$1,001, Party certifies that none of these State funds will be used to interfere with or restrain the exercise of Party's employee's rights with respect to unionization.

**B. Good Standing Certification (Act 154 of 2016):** If this Agreement is a State-funded grant, Party hereby represents: (i) that it has signed and provided to the State the form prescribed by the Secretary of Administration for purposes of certifying that it is in good standing (as provided in Section 13(a)(2) of Act 154) with the Agency of Natural Resources and the Agency of Agriculture, Food and Markets, or otherwise explaining the circumstances surrounding the inability to so certify, and (ii) that it will comply with the requirements stated therein.

(End of Standard Provisions)

## **Assurance Appendix A**

During the performance of this contract, the contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the "contractor") agrees as follows:

1. **Compliance with Regulations:** The contractor (hereinafter includes consultants) will comply with the Acts and the Regulations relative to Nondiscrimination in Federally-assisted programs of the U.S. Department of Transportation, Federal Highway Administration (FHWA), as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
2. **Nondiscrimination:** The contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, national origin, sex, age, disability, income-level, or LEP in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The contractor will not participate directly or indirectly in the discrimination prohibited by the Acts and the Regulations as set forth in Appendix E, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.
3. **Solicitations for Subcontracts, Including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding, or negotiation made by the contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the contractor of the contractor's obligations under this contract and the Acts and the Regulations relative to Non-discrimination on the grounds of race, color, national origin, sex, age, disability, income-level, or LEP.
4. **Information and Reports:** The contractor will provide all information and reports required by the Acts, the Regulations and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Recipient or the FHWA to be pertinent to ascertain compliance with such Acts, Regulations, and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the contractor will so certify to the Recipient or the FHWA, as appropriate, and will set forth what efforts it has made to obtain the information.
5. **Sanctions for Noncompliance:** In the event of a contractor's noncompliance with the Non-discrimination provisions of this contract, the Recipient will impose such contract sanctions as it or the FHWA may determine to be appropriate, including, but not limited to:
  - a. withholding payments to the contractor under the contract until the contractor complies; and/or
  - b. cancelling, terminating, or suspending a contract, in whole or in part.
6. **Incorporation of Provisions:** The contractor will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The contractor will take action with respect to any subcontract or procurement

as the Recipient or the FHWA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the contractor may request the Recipient to enter into any litigation to protect the interests of the Recipient. In addition, the contractor may request the United States to enter into the litigation to protect the interests of the United States.

## Assurance Appendix E

During the performance of this contract, the contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the "contractor") agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin), as implemented by 49 C.F.R. § 21.1 *et seq.* and 49 C.F.R. § 303;
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Federal-Aid Highway Act of 1973, (23 U.S.C. § 324 *et seq.*), (prohibits discrimination on the basis of sex);
- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (102 Stat. 28.), ("*...which restore[d] the broad scope of coverage and to clarify the application of title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and title VI of the Civil Rights Act of 1964.*");
- Titles II and III of the Americans with Disabilities Act, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 -- 12189) as implemented by Department of Justice regulations at 28 C.F.R. parts 35 and 36, and Department of Transportation regulations at 49 C.F.R. parts 37 and 38;
- The Federal Aviation Administration's Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 *et seq.*), as implemented by 49 C.F.R. § 25.1 *et seq.*



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****GENERAL LIABILITY DELUXE ENDORSEMENT:  
HUMAN SERVICES**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE**

It is understood and agreed that the following extensions only apply in the event that no other specific coverage for the indicated loss exposure is provided under this policy. If such specific coverage applies, the terms, conditions and limits of that coverage are the sole and exclusive coverage applicable under this policy, unless otherwise noted on this endorsement. The following is a summary of the Limits of Insurance and additional coverages provided by this endorsement. For complete details on specific coverages, consult the policy contract wording.

<b>Coverage Applicable</b>	<b>Limit of Insurance</b>	<b>Page #</b>
Extended Property Damage	Included	2
Limited Rental Lease Agreement Contractual Liability	\$50,000 limit	2
Non-Owned Watercraft	Less than 58 feet	2
Damage to Property You Own, Rent, or Occupy	\$30,000 limit	2
Damage to Premises Rented to You	\$1,000,000	3
HIPAA	Clarification	4
Medical Payments	\$20,000	5
Medical Payments – Extended Reporting Period	3 years	5
Athletic Activities	Amended	5
Supplementary Payments – Bail Bonds	\$5,000	5
Supplementary Payment – Loss of Earnings	\$1,000 per day	5
Employee Indemnification Defense Coverage	\$25,000	5
Key and Lock Replacement – Janitorial Services Client Coverage	\$10,000 limit	6
Additional Insured – Newly Acquired Time Period	Amended	6
Additional Insured – Medical Directors and Administrators	Included	7
Additional Insured – Managers and Supervisors (with Fellow Employee Coverage)	Included	7
Additional Insured – Broadened Named Insured	Included	7
Additional Insured – Funding Source	Included	7
Additional Insured – Home Care Providers	Included	7
Additional Insured – Managers, Landlords, or Lessors of Premises	Included	7
Additional Insured – Lessor of Leased Equipment	Included	7
Additional Insured – Grantor of Permits	Included	8
Additional Insured – Vendor	Included	8
Additional Insured – Franchisor	Included	9
Additional Insured – When Required by Contract	Included	9
Additional Insured – Owners, Lessees, or Contractors	Included	9
Additional Insured – State or Political Subdivisions	Included	10

Duties in the Event of Occurrence, Claim or Suit	Included	10
Unintentional Failure to Disclose Hazards	Included	10
Transfer of Rights of Recovery Against Others To Us	Clarification	10
Liberalization	Included	11
Bodily Injury – includes Mental Anguish	Included	11
Personal and Advertising Injury – includes Abuse of Process, Discrimination	Included	11

**A. Extended Property Damage**

**SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Subsection 2. **Exclusions**, Paragraph a. is deleted in its entirety and replaced by the following:

**a. Expected or Intended Injury**

“Bodily injury” or property damage” expected or intended from the standpoint of the insured. This exclusion does not apply to “bodily injury” or “property damage” resulting from the use of reasonable force to protect persons or property.

**B. Limited Rental Lease Agreement Contractual Liability**

**SECTION I – COVERAGES, COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Subsection 2. **Exclusions**, Paragraph b. **Contractual Liability** is amended to include the following:

- (3) Based on the named insured's request at the time of claim, we agree to indemnify the named insured for their liability assumed in a contract or agreement regarding the rental or lease of a premises on behalf of their client, up to \$50,000. This coverage extension only applies to rental lease agreements. This coverage is excess over any renter's liability insurance of the client.

**C. Non-Owned Watercraft**

**SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Subsection 2. **Exclusions**, Paragraph g. (2) is deleted in its entirety and replaced by the following:

- (2) A watercraft you do not own that is:
  - (a) Less than 58 feet long; and
  - (b) Not being used to carry persons or property for a charge;

This provision applies to any person, who with your consent, either uses or is responsible for the use of a watercraft. This insurance is excess over any other valid and collectible insurance available to the insured whether primary, excess or contingent.

**D. Damage to Property You Own, Rent or Occupy**

**SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE**

**LIABILITY**, Subsection 2. **Exclusions**, Paragraph j. **Damage to Property**, Item (1) is deleted in its entirety and replaced with the following:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property, unless the damage to property is caused by your client, up to a \$30,000 limit. A client is defined as a person under your direct care and supervision.

**E. Damage to Premises Rented to You**

1. If damage by fire to premises rented to you is not otherwise excluded from this Coverage Part, the word "fire" is changed to "fire, lightning, explosion, smoke, or leakage from automatic fire protective systems" where it appears in:

- a. The last paragraph of **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Subsection 2. **Exclusions**; is deleted in its entirety and replaced by the following:

Exclusions c. through n. do not apply to damage by fire, lightning, explosion, smoke, or leakage from automatic fire protective systems to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in **SECTION III – LIMITS OF INSURANCE**.

- b. **SECTION III – LIMITS OF INSURANCE**, Paragraph 6. is deleted in its entirety and replaced by the following:

Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, lightning, explosion, smoke, or leakage from automatic fire protective systems while rented to you or temporarily occupied by you with permission of the owner.

- c. **SECTION V – DEFINITIONS**, Paragraph 9.a., is deleted in its entirety and replaced by the following:

A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning, explosion, smoke, or leakage from automatic fire protective systems to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

2. **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**, Subsection 4. **Other Insurance**, Paragraph b. **Excess Insurance**, (1) (a) (ii) is deleted in its entirety and replaced by the following:

That is insurance for fire, lightning, explosion, smoke, or leakage from automatic fire protective systems for premises rented to you or temporarily occupied by you with permission of the owner;

3. The Damage To Premises Rented To You Limit section of the Declarations is amended to the greater of:

- a. \$1,000,000; or
- b. The amount shown in the Declarations as the Damage to Premises Rented to You Limit.

This is the most we will pay for all damage proximately caused by the same event, whether such damage results from fire, lightning, explosion, smoke, or leaks from automatic fire protective systems or any combination thereof.

## F. HIPAA

**SECTION I – COVERAGES, COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY,** is amended as follows:

1. Paragraph 1. **Insuring Agreement** is amended to include the following:

We will pay those sums that the insured becomes legally obligated to pay as damages because of a "violation(s)" of the Health Insurance Portability and Accountability Act (HIPAA). We have the right and the duty to defend the insured against any "suit," "investigation," or "civil proceeding" seeking these damages. However, we will have no duty to defend the insured against any "suit" seeking damages, "investigation," or "civil proceeding" to which this insurance does not apply.

2. Paragraph 2. **Exclusions** is amended to include the following additional exclusions:

This insurance does not apply to:

- a. **Intentional, Willful, or Deliberate Violations**

Any willful, intentional, or deliberate "violation(s)" by any insured.

- b. **Criminal Acts**

Any "violation" which results in any criminal penalties under the HIPAA.

- c. **Other Remedies**

Any remedy other than monetary damages for penalties assessed.

- d. **Compliance Reviews or Audits**

Any compliance reviews by the Department of Health and Human Services.

3. **SECTION V – DEFINITIONS** is amended to include the following additional definitions:

- a. "Civil proceeding" means an action by the Department of Health and Human Services (HHS) arising out of "violations."
- b. "Investigation" means an examination of an actual or alleged "violation(s)" by HHS. However, "investigation" does not include a Compliance Review.
- c. "Violation" means the actual or alleged failure to comply with the regulations included in the HIPAA.

**G. Medical Payments – Limit Increased to \$20,000, Extended Reporting Period**

If **COVERAGE C MEDICAL PAYMENTS** is not otherwise excluded from this Coverage Part:

1. The Medical Expense Limit is changed subject to all of the terms of **SECTION III - LIMITS OF INSURANCE** to the greater of:

- a. \$20,000; or
- b. The Medical Expense Limit shown in the Declarations of this Coverage Part.

2. **SECTION I – COVERAGES, COVERAGE C MEDICAL PAYMENTS**, Subsection 1. **Insuring Agreement**, a. (3) (b) is deleted in its entirety and replaced by the following:

- (b) The expenses are incurred and reported to us within three years of the date of the accident.

**H. Athletic Activities**

**SECTION I – COVERAGES, COVERAGE C MEDICAL PAYMENTS**, Subsection 2. **Exclusions**, Paragraph e. **Athletic Activities** is deleted in its entirety and replaced with the following:

**e. Athletic Activities**

To a person injured while taking part in athletics.

**I. Supplementary Payments**

**SECTION I – COVERAGES, SUPPLEMENTARY PAYMENTS - COVERAGE A AND B** are amended as follows:

1. b. is deleted in its entirety and replaced by the following:

1. b. Up to \$5000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these.

- 1.d. is deleted in its entirety and replaced by the following:

1. d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$1,000 a day because of time off from work.

**J. Employee Indemnification Defense Coverage**

**SECTION I – COVERAGES, SUPPLEMENTARY PAYMENTS – COVERAGES A AND B** the following is added:

We will pay, on your behalf, defense costs incurred by an "employee" in a criminal proceeding occurring in the course of employment.

The most we will pay for any "employee" who is alleged to be directly involved in a criminal proceeding is \$25,000 regardless of the numbers of "employees," claims or "suits" brought or persons or organizations making claims or bringing "suits."

**K. Key and Lock Replacement – Janitorial Services Client Coverage**

**SECTION I – COVERAGES, SUPPLEMENTARY PAYMENTS – COVERAGES A AND B** is amended to include the following:

We will pay for the cost to replace keys and locks at the "clients" premises due to theft or other loss to keys entrusted to you by your "client," up to a \$10,000 limit per occurrence and \$10,000 policy aggregate.

We will not pay for loss or damage resulting from theft or any other dishonest or criminal act that you or any of your partners, members, officers, "employees", "managers", directors, trustees, authorized representatives or any one to whom you entrust the keys of a "client" for any purpose commit, whether acting alone or in collusion with other persons.

The following, when used on this coverage, are defined as follows:

- a. "Client" means an individual, company or organization with whom you have a written contract or work order for your services for a described premises and have billed for your services.
- b. "Employee" means:
  - (1) Any natural person:
    - (a) While in your service or for 30 days after termination of service;
    - (b) Who you compensate directly by salary, wages or commissions; and
    - (c) Who you have the right to direct and control while performing services for you; or
  - (2) Any natural person who is furnished temporarily to you:
    - (a) To substitute for a permanent "employee" as defined in Paragraph (1) above, who is on leave; or
    - (b) To meet seasonal or short-term workload conditions;
 while that person is subject to your direction and control and performing services for you.
  - (3) "Employee" does not mean:
    - (a) Any agent, broker, person leased to you by a labor leasing firm, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
    - (b) Any "manager," director or trustee except while performing acts coming within the scope of the usual duties of an "employee."
- c. "Manager" means a person serving in a directorial capacity for a limited liability company.

**L. Additional Insureds**

**SECTION II – WHO IS AN INSURED** is amended as follows:

- 1. If coverage for newly acquired or formed organizations is not otherwise excluded from this

Coverage Part, Paragraph 3.a. is deleted in its entirety and replaced by the following:

a. Coverage under this provision is afforded until the end of the policy period.

2. Each of the following is also an insured:

a. **Medical Directors and Administrators** – Your medical directors and administrators, but only while acting within the scope of and during the course of their duties as such. Such duties do not include the furnishing or failure to furnish professional services of any physician or psychiatrist in the treatment of a patient.

b. **Managers and Supervisors** – Your managers and supervisors are also insureds, but only with respect to their duties as your managers and supervisors. Managers and supervisors who are your “employees” are also insureds for “bodily injury” to a co-“employee” while in the course of his or her employment by you or performing duties related to the conduct of your business.

This provision does not change Item 2.a.(1)(a) as it applies to managers of a limited liability company.

c. **Broadened Named Insured** – Any organization and subsidiary thereof which you control and actively manage on the effective date of this Coverage Part. However, coverage does not apply to any organization or subsidiary not named in the Declarations as Named Insured, if they are also insured under another similar policy, but for its termination or the exhaustion of its limits of insurance.

d. **Funding Source** – Any person or organization with respect to their liability arising out of:

(1) Their financial control of you; or

(2) Premises they own, maintain or control while you lease or occupy these premises.

This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

e. **Home Care Providers** – At the first Named Insured's option, any person or organization under your direct supervision and control while providing for you private home respite or foster home care for the developmentally disabled.

f. **Managers, Landlords, or Lessors of Premises** – Any person or organization with respect to their liability arising out of the ownership, maintenance or use of that part of the premises leased or rented to you subject to the following additional exclusions:

This insurance does not apply to:

(1) Any “occurrence” which takes place after you cease to be a tenant in that premises; or

(2) Structural alterations, new construction or demolition operations performed by or on behalf of that person or organization.

g. **Lessor of Leased Equipment – Automatic Status When Required in Lease Agreement With You** – Any person or organization from whom you lease equipment when you and such person or organization have agreed in writing in a contract or agreement that such person or organization is to be added as an additional insured on your policy. Such person or

organization is an insured only with respect to liability for "bodily injury," "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

A person's or organization's status as an additional insured under this endorsement ends when their contract or agreement with you for such leased equipment ends.

With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

- h. Grantors of Permits** – Any state or political subdivision granting you a permit in connection with your premises subject to the following additional provision:
- (1) This insurance applies only with respect to the following hazards for which the state or political subdivision has issued a permit in connection with the premises you own, rent or control and to which this insurance applies:
    - (a) The existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoist away openings, sidewalk vaults, street banners or decorations and similar exposures;
    - (b) The construction, erection, or removal of elevators; or
    - (c) The ownership, maintenance, or use of any elevators covered by this insurance.
- i. Vendors** – Only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:
- (1) The insurance afforded the vendor does not apply to:
    - (a) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
    - (b) Any express warranty unauthorized by you;
    - (c) Any physical or chemical change in the product made intentionally by the vendor;
    - (d) Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
    - (e) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
    - (f) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;

- (g) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
- (h) "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:
  - (i) The exceptions contained in Sub-paragraphs (d) or (f); or
  - (ii) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.
- (2) This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing.
- j. **Franchisor** – Any person or organization with respect to their liability as the grantor of a franchise to you.
- k. **As Required by Contract** – Any person or organization where required by a written contract executed prior to the occurrence of a loss. Such person or organization is an additional insured for "bodily injury," "property damage" or "personal and advertising injury" but only for liability arising out of the negligence of the named insured. The limits of insurance applicable to these additional insureds are the lesser of the policy limits or those limits specified in a contract or agreement. These limits are included within and not in addition to the limits of insurance shown in the Declarations
- l. **Owners, Lessees or Contractors** – Any person or organization, but only with respect to liability for "bodily injury," "property damage" or "personal and advertising injury" caused, in whole or in part, by:
  - (1) Your acts or omissions; or
  - (2) The acts or omissions of those acting on your behalf;in the performance of your ongoing operations for the additional insured when required by a contract.

With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to "bodily injury" or "property damage" occurring after:

- (a) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
- (b) That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

**m. State or Political Subdivisions** – Any state or political subdivision as required, subject to the following provisions:

- (1) This insurance applies only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit, and is required by contract.
- (2) This insurance does not apply to:
  - (a) "Bodily injury," "property damage" or "personal and advertising injury" arising out of operations performed for the state or municipality; or
  - (b) "Bodily injury" or "property damage" included within the "products-completed operations hazard."

**M. Duties in the Event of Occurrence, Claim or Suit**

**SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph 2. is amended as follows:

a. is amended to include:

This condition applies only when the "occurrence" or offense is known to:

- (1) You, if you are an individual;
- (2) A partner, if you are a partnership; or
- (3) An executive officer or insurance manager, if you are a corporation.

b. is amended to include:

This condition will not be considered breached unless the breach occurs after such claim or "suit" is known to:

- (1) You, if you are an individual;
- (2) A partner, if you are a partnership; or
- (3) An executive officer or insurance manager, if you are a corporation.

**N. Unintentional Failure To Disclose Hazards**

**SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**, 6. **Representations** is amended to include the following:

It is agreed that, based on our reliance on your representations as to existing hazards, if you should unintentionally fail to disclose all such hazards prior to the beginning of the policy period of this Coverage Part, we shall not deny coverage under this Coverage Part because of such failure.

**O. Transfer of Rights of Recovery Against Others To Us**

**SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**, 8. **Transfer of Rights of**

**Recovery Against Others To Us** is deleted in its entirety and replaced by the following:

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

Therefore, the insured can waive the insurer's rights of recovery prior to the occurrence of a loss, provided the waiver is made in a written contract.

**P. Liberalization**

**SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**, is amended to include the following:

If we revise this endorsement to provide more coverage without additional premium charge, we will automatically provide the additional coverage to all endorsement holders as of the day the revision is effective in your state.

**Q. Bodily Injury – Mental Anguish**

**SECTION V – DEFINITIONS**, Paragraph 3. Is deleted in its entirety and replaced by the following:

"Bodily injury" means:

- a. Bodily injury, sickness or disease sustained by a person, and includes mental anguish resulting from any of these; and
- b. Except for mental anguish, includes death resulting from the foregoing (Item a. above) at any time.

**R. Personal and Advertising Injury – Abuse of Process, Discrimination**

If **COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY COVERAGE** is not otherwise excluded from this Coverage Part, the definition of "personal and advertising injury" is amended as follows:

1. **SECTION V – DEFINITIONS**, Paragraph 14.b. is deleted in its entirety and replaced by the following:

- b. Malicious prosecution or abuse of process;

2. **SECTION V – DEFINITIONS**, Paragraph 14. is amended by adding the following:

Discrimination based on race, color, religion, sex, age or national origin, except when:

- a. Done intentionally by or at the direction of, or with the knowledge or consent of:
  - (1) Any insured; or
  - (2) Any executive officer, director, stockholder, partner or member of the insured;
- b. Directly or indirectly related to the employment, former or prospective employment, termination of employment, or application for employment of any person or persons by an insured;

- c. Directly or indirectly related to the sale, rental, lease or sublease or prospective sales, rental, lease or sub-lease of any room, dwelling or premises by or at the direction of any insured; or
- d. Insurance for such discrimination is prohibited by or held in violation of law, public policy, legislation, court decision or administrative ruling.

The above does not apply to fines or penalties imposed because of discrimination.



**STATE OF VERMONT GRANT AGREEMENT**

**Part 1-Grant Award Detail**

**SECTION I - GENERAL GRANT INFORMATION**

<sup>1</sup> Grant #: GR1437		<sup>2</sup> Original <input type="checkbox"/> Amendment # 01	
<sup>3</sup> Grant Title: High MPG Car Incentive Program and Vehicle Emissions Repair Program			
<sup>4</sup> Amount Previously Awarded: \$ 900,000.00		<sup>5</sup> Amount Awarded This Action: \$ 0.00	<sup>6</sup> Total Award Amount: \$ 900,000.00
<sup>7</sup> Award Start Date: 11/15/2019		<sup>8</sup> Award End Date: 06/30/2022	<sup>9</sup> Subrecipient Award: YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
<sup>10</sup> Vendor #: 0000043373	<sup>11</sup> Grantee Name: Capstone Community Action, Inc.		
<sup>12</sup> Grantee Address: 20 Gable Place			
<sup>13</sup> City: Barre		<sup>14</sup> State: VT	<sup>15</sup> Zip Code: 05641
<sup>16</sup> State Granting Agency: Vermont Agency of Transportation			<sup>17</sup> Business Unit: 08100
<sup>18</sup> Performance Measures: YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	<sup>19</sup> Match/In-Kind: \$ 55,911.00	Description: Local Match	
<sup>20</sup> If this action is an amendment, the following is amended: Amount: <input type="checkbox"/> Funding Allocation: <input type="checkbox"/> Performance Period: <input checked="" type="checkbox"/> Scope of Work: <input checked="" type="checkbox"/> Other: <input type="checkbox"/>			

**SECTION II - SUBRECIPIENT AWARD INFORMATION**

<sup>21</sup> Grantee DUNS #: 073992851		<sup>22</sup> Indirect Rate: n/a % (Approved rate or de minimis 10%)		<sup>23</sup> FFATA: YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	
<sup>24</sup> Grantee Fiscal Year End Month (MM format): 09				<sup>25</sup> R&D: <input type="checkbox"/>	
<sup>26</sup> DUNS Registered Name (if different than VISION Vendor Name in Box 11):					

**SECTION III - FUNDING ALLOCATION**

**STATE FUNDS**

Fund Type	<sup>27</sup> Awarded Previously	<sup>28</sup> Award This Action	<sup>29</sup> Cumulative Award	<sup>30</sup> Special & Other Fund Descriptions
General Fund	\$	\$	\$	
Special Fund	\$	\$	\$	
Global Commitment (non-subrecipient funds)	\$	\$	\$	
Other State Funds	\$ 900,000.00	\$ 0.00	\$ 900,000.00	State Transportation Funds

**FEDERAL FUNDS**

(includes subrecipient Global Commitment funds)

**Required Federal Award Information**

<sup>31</sup> CFDA #	<sup>32</sup> Program Title	<sup>33</sup> Awarded Previously	<sup>34</sup> Award This Action	<sup>35</sup> Cumulative Award	<sup>36</sup> FAIN	<sup>37</sup> Federal Award Date	<sup>38</sup> Total Federal Award
		\$	\$	\$			\$
<sup>39</sup> Federal Awarding Agency:		<sup>40</sup> Federal Award Project Descr:					
		\$	\$	\$			\$
Federal Awarding Agency:		Federal Award Project Descr:					
		\$	\$	\$			\$
Federal Awarding Agency:		Federal Award Project Descr:					
		\$	\$	\$			\$
Federal Awarding Agency:		Federal Award Project Descr:					
		\$	\$	\$			\$
Federal Awarding Agency:		Federal Award Project Descr:					
<b>Total Awarded - All Funds</b>		\$ 900,000.00	\$ 0.00	\$ 900,000.00			\$

**SECTION IV - CONTACT INFORMATION**

<b>STATE GRANTING AGENCY</b>		<b>GRANTEE</b>	
NAME: Matthew Langham		NAME: Paul Zabriskie	
TITLE: AOT Improvement Program Coordinator		TITLE: Director of Weatherization and Energysmart of Vermont	
PHONE: 802 622-1284		PHONE: 802 479-1053	
EMAIL: matthew.langham@vermont.gov		EMAIL: pzabriskie@capstonevt.org	



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
6/24/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement.

PRODUCER: NFP Property & Casualty Services, Inc.
INSURED: Capstone Community Action, Inc.
CONTACT NAME: Janet Mazza
PHONE: (802) 651-3353
FAX: (802) 658-9419
E-MAIL ADDRESS: janet.mazza@nfp.com
INSURER(S) AFFORDING COVERAGE: Philadelphia Indemnity Insurance Company, Service American Indemnity Company

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES.

Table with columns: INSR LTR, TYPE OF INSURANCE, ADDL INSD, SUBR WVD, POLICY NUMBER, POLICY EFF (MM/DD/YYYY), POLICY EXP (MM/DD/YYYY), LIMITS. Rows include Commercial General Liability, Automobile Liability, Umbrella Liability, Workers Compensation, and Prof. Liability.

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Section 3A State: VT

The State of Vermont and its agencies, departments, officers and employees are Additional Insured with respect to General Liability coverages on a primary and non-contributory basis, subject to terms and conditions of the policy.

CERTIFICATE HOLDER: State of Vermont, Agency of Transportation, 219 North Main Street, Suite 195, Barre, VT 05641
CANCELLATION: SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
AUTHORIZED REPRESENTATIVE: [Signature]



## MEMORANDUM

To: Dan Dutcher, VTrans  
From: David Roberts, VEIC  
Date: December 23, 2020  
Subject: State of Vermont Electric Vehicle Incentive Program Reporting

VEIC is supporting VTrans in implementing the State of Vermont plug-in electric vehicle (PEV) incentive program. Our work includes educating auto dealers and consumers on available incentives, supporting electric distribution utilities in processing the incentives and tracking spending to ensure the program does not exceed the funding appropriated by the State.

More information on current incentive program offers is available on the Drive Electric Vermont website maintained by VEIC:

<https://www.driveelectricvt.com/why-go-electric/purchase-incentives>

The program was authorized by the 2019 Transportation Bill (Act 59, sec. 34) and was launched December 16, 2019. The initial incentive funds of \$1,200,000 were exhausted on October 1, 2020, and the program was suspended. The 2020 Transportation Bill (Act 121, sec. 14) made an additional \$950,000 of incentive funds available, effective October 2, 2020, when the Governor signed the Appropriations Bill (Act 154). The program relaunched November 5, 2020, once VTrans was able to enter into new agreements with VEIC and the State's electric distribution utilities to continue to run the program.

Based on submissions from participating auto dealers and consumers, the program has awarded a total of \$1,239,000 in incentives as of December 7, 2020, including \$90,000 set aside for pending "pre-approved" incentives. This leaves current funding available at \$813,500 out of the initial \$1,200,000 appropriation plus the additional \$950,000 added with the re-launch of the program in November 2020. The funds-remaining value also includes an additional \$2,500 available to the program as a result of an audit finding by VTrans which resulted in the repayment of a \$2,500 incentive to the State of Vermont.

Table 1 on the following page summarizes the number and value of incentives by quarter from the launch, with breakouts of the two delivery methods – at the dealership point-of-sale and customer direct incentives following a purchase.

The business shutdowns and economic issues associated with Vermont's response to the COVID-19 pandemic significantly impacted State PEV incentive program activity in the second

quarter of 2020, with incentive activity roughly halved compared to the prior quarter. While the new vehicle market continues to face pandemic-related challenges with PEV inventory availability and delayed introductions of new models, program activity increased significantly following the low point in April. It was slowed again when funding from the first appropriation was depleted in early October and the program was put on hold pending administrative processes to re-launch the program in early November with the additional \$950,000 for the State PEV incentive program included in Act 154 passed at the end of the 2020 legislative session.

Table 1. State of Vermont Quarterly PEV Incentive Spending by Type of Incentive

	Dealer Point-of-Sale Incentive		Customer Direct Incentive		TOTAL Incentive	
	Count	Funds	Count	Funds	Count	Funds
<b>2019</b>	<b>12</b>	<b>\$ 34,500</b>	<b>7</b>	<b>\$ 18,500</b>	<b>19</b>	<b>\$ 53,000</b>
Qtr4	12	\$ 34,500	7	\$ 18,500	19	\$ 53,000
<b>2020</b>	<b>224</b>	<b>\$ 757,500</b>	<b>116</b>	<b>\$ 338,500</b>	<b>340</b>	<b>\$ 1,096,000</b>
Qtr1	111	\$ 412,000	23	\$ 83,500	134	\$ 495,500
Qtr2	42	\$ 132,500	18	\$ 55,000	60	\$ 187,500
Qtr3	45	\$ 131,500	65	\$ 171,500	110	\$ 303,000
Qtr4 to date	26	\$ 81,500	10	\$ 28,500	36	\$ 110,000
<b><i>Pending Preapprovals</i></b>			<b>35</b>	<b>\$ 90,000</b>	<b>35</b>	<b>\$ 90,000</b>
<b>Grand Total</b>	<b>236</b>	<b>\$ 792,000</b>	<b>158</b>	<b>\$ 447,000</b>	<b>394</b>	<b>\$ 1,239,000</b>

Table 2 below includes reporting on the number and value of incentives by income classification and PEV type. The State has offered higher incentives for low-income Vermonters since the start of the program. Initially the low-income eligibility was determined by whether a household's total income was at or below the qualification for weatherization assistance programs (a common benchmark used in energy efficiency programs). This approach shifted following passage of Act 121 to base low-income eligibility on having an adjusted gross income (AGI) of \$50,000 or less reported on the purchaser's tax return<sup>1</sup>. Act 121 also shifted the standard for moderate-income eligibility from total household income to tax filing AGI. The Drive Electric Vermont website linked above has details on current income eligibility requirements. Basically, purchasers with \$50,000 or less adjusted gross income (AGI) qualify for the lower income incentives while standard incentive eligibility is capped at \$100,000 for individuals or \$125,000 for joint filers.

As of this report, low-income State PEV incentives comprise about 48% of the total quantity of incentives and 64% of spending.

<sup>1</sup> Act 121 - <https://legislature.vermont.gov/bill/status/2020/H.942>

Table 2. State of Vermont PEV Incentive Spending by Income Classification and Type of Vehicle

Income Classification	Vehicle Type					
	All-Electric		Plug-in Hybrid		Total	
	Count	Funds	Count	Funds	Count	Funds
<b>Low Income</b>	<b>121</b>	<b>\$ 557,000</b>	<b>67</b>	<b>\$ 239,000</b>	<b>188</b>	<b>\$ 796,000</b>
Weatherization-eligible	73	\$ 365,000	38	\$ 152,000	111	\$ 517,000
AGI \$50k or less	48	\$ 192,000	29	\$ 87,000	77	\$ 279,000
<b>Moderate Income</b>	<b>134</b>	<b>\$ 335,000</b>	<b>72</b>	<b>\$ 108,000</b>	<b>206</b>	<b>\$ 443,000</b>
<b>Grand Total</b>	<b>255</b>	<b>\$ 892,000</b>	<b>139</b>	<b>\$ 347,000</b>	<b>394</b>	<b>\$ 1,239,000</b>

Table 3 below includes reporting on the number and value of incentives by eligible model, sorted in descending order of total incentives per model. The table has columns breaking out the lower income consumer incentives as well as standard incentives for moderate income households.

Table 3. State of Vermont EV Incentives by Model and Income Level

Model	Vehicle Type	Low Income		Moderate		TOTAL	
		Count	Funds	Count	Funds	Count	Funds
Chevrolet Bolt	All-Electric	25	\$ 109,000	50	\$ 125,000	75	\$ 234,000
Nissan LEAF	All-Electric	27	\$ 126,000	25	\$ 62,500	52	\$ 188,500
Volkswagen e-Golf	All-Electric	24	\$ 118,000	2	\$ 5,000	26	\$ 123,000
Toyota Prius Prime	Plug-in Hybrid	23	\$ 82,000	26	\$ 39,000	49	\$ 121,000
Nissan LEAF Plus	All-Electric	16	\$ 75,000	16	\$ 40,000	32	\$ 115,000
Tesla Model 3	All-Electric	15	\$ 69,000	6	\$ 15,000	21	\$ 84,000
Hyundai Kona EV	All-Electric	5	\$ 24,000	14	\$ 35,000	19	\$ 59,000
Hyundai Ioniq PHEV	Plug-in Hybrid	13	\$ 49,000	6	\$ 9,000	19	\$ 58,000
Ford Fusion Energi	Plug-in Hybrid	8	\$ 30,000	8	\$ 12,000	16	\$ 42,000
Subaru Crosstrek Hybrid	Plug-in Hybrid	7	\$ 26,000	5	\$ 7,500	12	\$ 33,500
Toyota RAV4 Prime	Plug-in Hybrid	2	\$ 6,000	11	\$ 16,500	13	\$ 22,500
Hyundai Ioniq EV	All-Electric	4	\$ 16,000	1	\$ 2,500	5	\$ 18,500
Kia Niro Electric	All-Electric	2	\$ 8,000	4	\$ 10,000	6	\$ 18,000
Mitsubishi Outlander PHEV	Plug-in Hybrid	3	\$ 9,000	4	\$ 6,000	7	\$ 15,000
Kia Niro PHEV	Plug-in Hybrid	1	\$ 3,000	2	\$ 3,000	3	\$ 6,000
Hyundai Sonata PHEV	Plug-in Hybrid	1	\$ 4,000	1	\$ 1,500	2	\$ 5,500
Chevrolet Volt	Plug-in Hybrid	1	\$ 4,000	0	\$ -	1	\$ 4,000
Chrysler Pacifica Hybrid	Plug-in Hybrid	0	\$ -	1	\$ 1,500	1	\$ 1,500
<i>Pending Preapprovals</i>		11	\$ 38,000	24	\$ 52,000	35	\$ 90,000
<b>Grand Total</b>		<b>188</b>	<b>\$ 796,000</b>	<b>206</b>	<b>\$ 443,000</b>	<b>394</b>	<b>\$ 1,239,000</b>

The State PEV incentive program application process has not collected data on socio-economic characteristics of program beneficiaries to-date as the limited funding has been directed to maximize funds available for incentives rather than program evaluation activities. However, in response to interest on these issues, VEIC has calculated age and gender information for

applicants based on information reported on driver’s licenses. A summary of the quantity of incentives provided by age group and gender is included in Table 4 below. Note that age and/or gender information is missing from 89 incentive applications. Many of those “unknown” individuals have pending preapprovals and so have not provided the full package of information required for State PEV incentive applications.

Table 4. State of Vermont EV Incentives by Age Group and Gender

Age Range	Gender		Total
	Female	Male	
16-19	1	1	2
20-29	13	10	23
30-39	14	27	41
40-49	27	26	53
50-59	27	25	52
60-69	36	43	79
70-79	21	24	45
80-89	6	3	9
90-99		1	1
<i>Unknown</i>			<i>89</i>
<b>Grand Total</b>	<b>145</b>	<b>160</b>	<b>394</b>

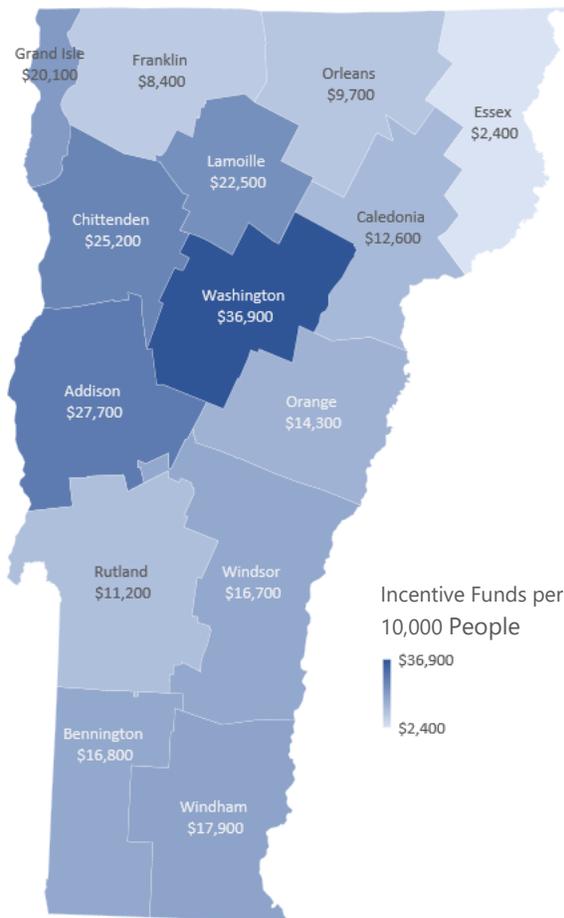
Table 5 and Figure 1 below include information on the distribution of new PEV incentives by county. Chittenden County residents have received the largest quantity of incentives (122) and funding (\$394,00). Washington County has received the highest per capita distribution of incentives and funding at 10.9 incentives and \$36,900 in funding per 10,000 people. Essex County had the fewest number of incentives and the lowest funding per capita.

Factors contributing to geographic differences across the state likely include personal income, local awareness of EVs, availability of EV models for vehicle types preferred by residents (e.g. few options for plug-in pick-up trucks to-date), and EV sales and service availability in the region.

Table 5. State of Vermont EV Incentives by County<sup>2</sup>

County	Count	Funds	Incentives		Incentive Funds per 10k Population
			Population	per 10k Population	
Addison	30	\$ 102,000	36,821	8.1	\$ 27,700
Bennington	19	\$ 62,500	37,125	5.1	\$ 16,800
Caledonia	13	\$ 39,500	31,227	4.2	\$ 12,600
Chittenden	122	\$ 394,000	156,545	7.8	\$ 25,200
Essex	1	\$ 1,500	6,306	1.6	\$ 2,400
Franklin	13	\$ 40,000	47,746	2.7	\$ 8,400
Grand Isle	5	\$ 14,000	6,970	7.2	\$ 20,100
Lamoille	17	\$ 55,000	24,475	6.9	\$ 22,500
Orange	12	\$ 41,500	28,936	4.1	\$ 14,300
Orleans	9	\$ 26,500	27,231	3.3	\$ 9,700
Rutland	25	\$ 69,000	61,642	4.1	\$ 11,200
Washington	65	\$ 219,500	59,534	10.9	\$ 36,900
Windham	27	\$ 79,500	44,513	6.1	\$ 17,900
Windsor	36	\$ 94,500	56,670	6.4	\$ 16,700
<b>State Total</b>	<b>394</b>	<b>\$ 1,239,000</b>	<b>625,741</b>	<b>6.3</b>	<b>\$ 19,800</b>

Figure 1. County PEV Incentive Funds per 10,000 People



<sup>2</sup> Incentive funds per 10,000 people are rounded to the closest hundred dollars. Population is from 2010 Census.

VTrans is working with the University of Vermont Transportation Research Center (UVM TRC) on drafting a short voluntary questionnaire for inclusion in the program application form to gather additional information about applicant demographics that may inform program changes to better address equity and environmental justice considerations and to improve overall program effectiveness. UVM TRC may also conduct separate survey research on actual and potential program participants to gauge program effectiveness and recommend improvements.

Overall the program seems to be working as intended to increase EV adoption in the State, due in large part to the efforts of electric utility partners who are processing the incentives and reimbursing dealers and consumers.

We would also offer the following observations based on our coordination and customer support for the program:

1. COVID-19 related shutdowns had a drastic impact on auto sales in Vermont, including EVs. Sales dwindled to a trickle in April but have steadily grown since.
2. COVID-19 closures of Vermont DMV offices have created some delays for consumer direct incentives since proof of Vermont registration is one of the supporting documents required to complete an incentive claim and these are currently only processed by mail.
3. The dealership point-of-sale incentives are generally smoother and less labor intensive to process, but the consumer direct option allows Vermonters who purchase from out-of-state dealers or directly from the manufacturer (e.g., Tesla) to take advantage of the incentive program. There are also Vermont EV dealers who elected not to participate in offering point-of-sale incentives, requiring their customers to go the consumer direct route if they are eligible to claim an incentive.
4. The Vermont Vehicle and Automotive Distributors Association (VADA) has assisted in outreach to the dealer community to increase their awareness of EV incentive offerings and encourage participation in the State program. Forty dealers signed agreements to participate in the program in 2020, including many of the highest volume EV dealers. A few additional out-of-state dealers have inquired on whether they could join the program, but it is currently only available to dealers located in Vermont.
5. The preapproval requirements for customer direct incentives have led to some confusion, which were magnified when the funds available for the program dropped below \$200,000 and dealer point-of-sale recipients also required preapprovals. There were also several ineligible incentive applications submitted for vehicle purchases made in October 2020 when the program funding was completely depleted. In some cases, consumers have learned of the State PEV incentive offering following a purchase and are disappointed to discover they ineligible to receive an incentive if they were not

preapproved prior to purchasing. However, preapproval is necessary to avoid overdrawing funds.

6. Program changes included in the 2020 transportation bill (Act 121) improved understanding of program eligibility with the shift from total household income to adjusted gross income on tax returns. However, some consumers expressed concern over what they perceived to be abrupt changes in incentive amounts for the lower income tier incentives.
7. Several inquiries have come through from individuals who are just above the income eligibility caps and dismayed they are ineligible for any State support, even if they are purchasing an eligible model.
8. The electric distribution utilities are responsible for verifying incentive applications include the required documentation and paying out incentives to dealers and consumers. They are doing an excellent job supporting the program at no cost to the State. Some utility partners have expressed concerns over resource availability and their internal costs in providing this support and expressed uncertainty on whether they would be able to continue this assistance should the program receive additional appropriations.

We appreciate the opportunity to support the State of Vermont in implementing this clean transportation initiative and are available to respond if you have additional reporting needs.

## VTrans Program Status Update MileageSmart and the Emissions Repair Programs

December 15, 2020

### Overview

The warming of our planet calls for urgent action. Transportation is the largest contributor to Vermont's Greenhouse gas emissions and requires new approaches to moving swiftly toward a clean energy fleet. Transportation is also one of the greatest barriers to moving people out of poverty. Low-income Vermonters may be trapped in poverty without access to jobs, healthcare, or childcare, or they may be driving expensive and inefficient vehicles and often cannot afford necessary inspection requirements.

Capstone Community Action, in conjunction with VTrans and the Dept of Environmental Conservation (DEC), has launched a program, initiated by the VT State Legislature (Act 59 of 2019, sec. 34), to assist low-income Vermonters in need of reliable and affordable used transportation that is also environmentally friendly. The MileageSmart Program's mission is to reduce carbon emissions in the State by helping lower income Vermonters purchase used EPA estimated 40+ Combined MPG vehicles.

The MileageSmart program initially launched in late February, about 2 weeks before the onset of the COVID-19 pandemic. In order to support the most vulnerable members of our community during a time of enormous uncertainty, Capstone put this program on pause diverting resources and personnel to the Regional Command Center Emergency Response effort. By mid-summer, work on the program had resumed and on September 1, we launched a refreshed website and started partnership outreach. In October, we hired additional staff – a dedicated program manager focused on working directly with applicants throughout the process. In November, we proved we could take someone all the way through the process during a single visit to a car dealership. Soup-to-nuts in less than 2 hrs.



### How does it work?

MileageSmart helps Vermonters with low incomes access energy efficient cars by providing an incentive that covers 25% of the cost - up to \$5,000 - of a used, 40 mpg+ vehicle. In order to qualify for the incentive participants must apply online at [www.mileagesmartvt.org](http://www.mileagesmartvt.org). Once approved, they are then encouraged to shop for an eligible vehicle at any Vermont-based dealership. As soon as they have located an eligible vehicle, participants may secure the financing of their choice with any Vermont-based lending institution, preferably via one of the

green vehicle loan programs offered by local banks and credit unions. After a vehicle has been approved and financing has been secured, the dealer includes the incentive amount in the purchase and sales agreement and is guaranteed payment by the MileageSmart program manager in order to seamlessly complete the sale. Upon receipt of an executed purchase and sales agreement, an incentive check is sent to the dealer on behalf of the client.

### Program Qualifications

The MileageSmart program is designed to assist Vermonters who are at or below 80% of area median income, based on household size (see below). The applicant must be employed, on disability or over 60 years of age and may not be claimed as a dependent. The incentive may only be used on a primary vehicle and the applicant must be a Vermont resident with a valid Vermont driver’s license.

**Household Income Qualification Schedule**

Number of People*		1	2	3	4	5	6	7	8
County	Addison								
	Bennington								
	Caledonia								
	Essex								
	Lamoille								
	Orange	\$44,520	\$50,880	\$57,240	\$63,600	\$68,688	\$73,776	\$78,864	\$83,952
	Orleans								
	Rutland								
	Washington								
	Windham								
Windsor									
Chittenden	\$51,296	\$58,624	\$65,952	\$73,280	\$79,142	\$85,004	\$90,867	\$96,729	
Franklin									
Grand Isle									

\*Count only yourself and your spouse/domestic partner and dependents you have

In order for a prospective vehicle to be eligible under the program guidelines it must have an EPA combined MPG Rating of 40 or greater and be purchased at a Vermont dealership at or below NADA book value.

Only loans from Vermont based lending institutions with an APR of 12% or lower are eligible. On rare occasions, Capstone may grant a waiver of the 12% APR requirement at the discretion of the Program Manager based on clearly documented extenuating circumstances.

### Status Update

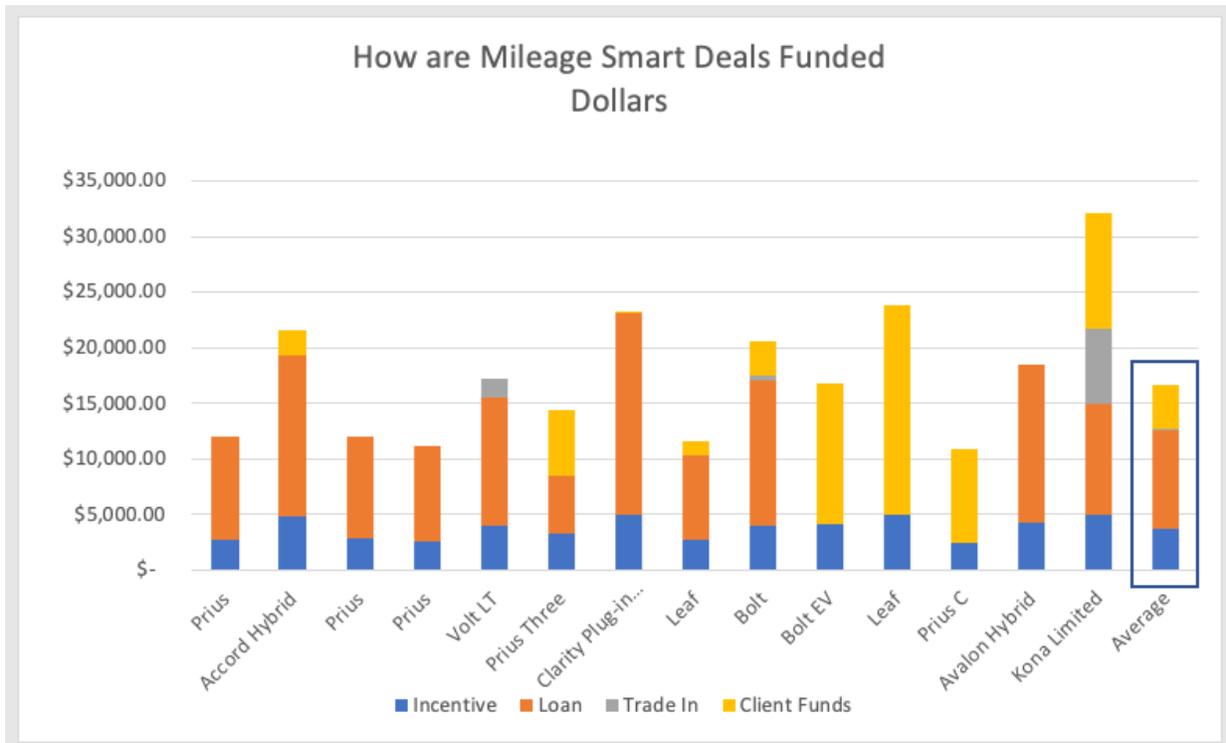
As of December 1, 2020, Capstone had received 251 applications for the MileageSmart program. The average incentive amount is nominally \$3,750.00. Financing has been split nearly 50/50 between dealer financing and local banks and credit unions. The average time it

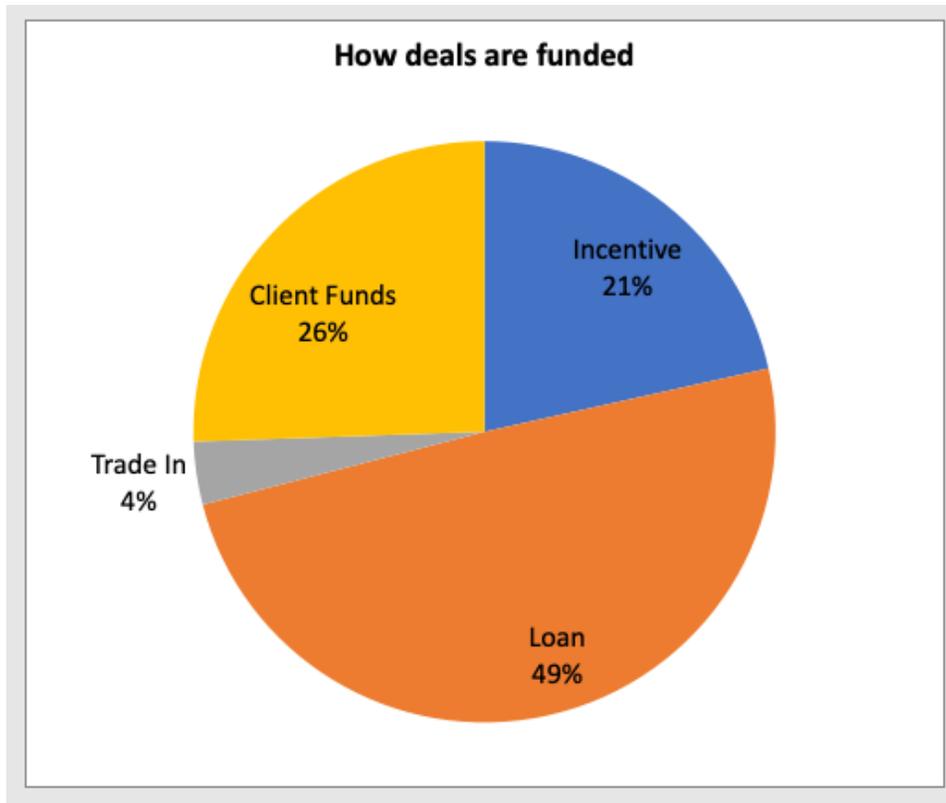
takes applicants to navigate the process from start to finish is 11 days. The quickest applicant completed the entire process in two hours flat.

The most popular vehicles were the Toyota Prius, Nissan Leaf and Chevy Bolt. Along with fully electric EVs participants have been searching for plug-in hybrids. While this is obviously a tiny sample size, if this level of interest in used EVs continues, it could have a noticeable impact on the program’s overall carbon emission reductions in addition to long term cost savings for participants.

As of December 14, 2020, the 14 models delivered are:

- Toyota Prius - 4
- Toyota Prius C - 1
- Nissan Leaf - 2
- Chevrolet Bolt - 2
- Honda Clarity Plug-in - 1
- Chevrolet Volt - 1
- Toyota Avalon Hybrid - 1
- Honda Accord Hybrid - 1
- Hyundai Kona Limited – 1





The dealers who have participated in the MileageSmart program to date include:

**Dealer**

- Handy Toyota
- Upper Valley Honda, Inc.
- Lowery's Auto Sales, Inc.
- Earthycars, Inc.
- Handy Chevrolet, Inc.
- Freedom Nissan
- 802 Honda
- Autosport/Imported Car Center, Inc.
- Key Motors of South Burlington LLC
- Alderman's Chevrolet, Inc
- Freedom Nissan
- Twin City Subaru
- Heritage Toyota
- Garvey Nissan

**Community**

- St Albans
- White River Junction
- South Barre
- Williston
- St Albans
- South Burlington
- Berlin
- S Burlington
- S Burlington
- Rutland
- S Burlington
- Berlin
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- Rutland

**Expenses**

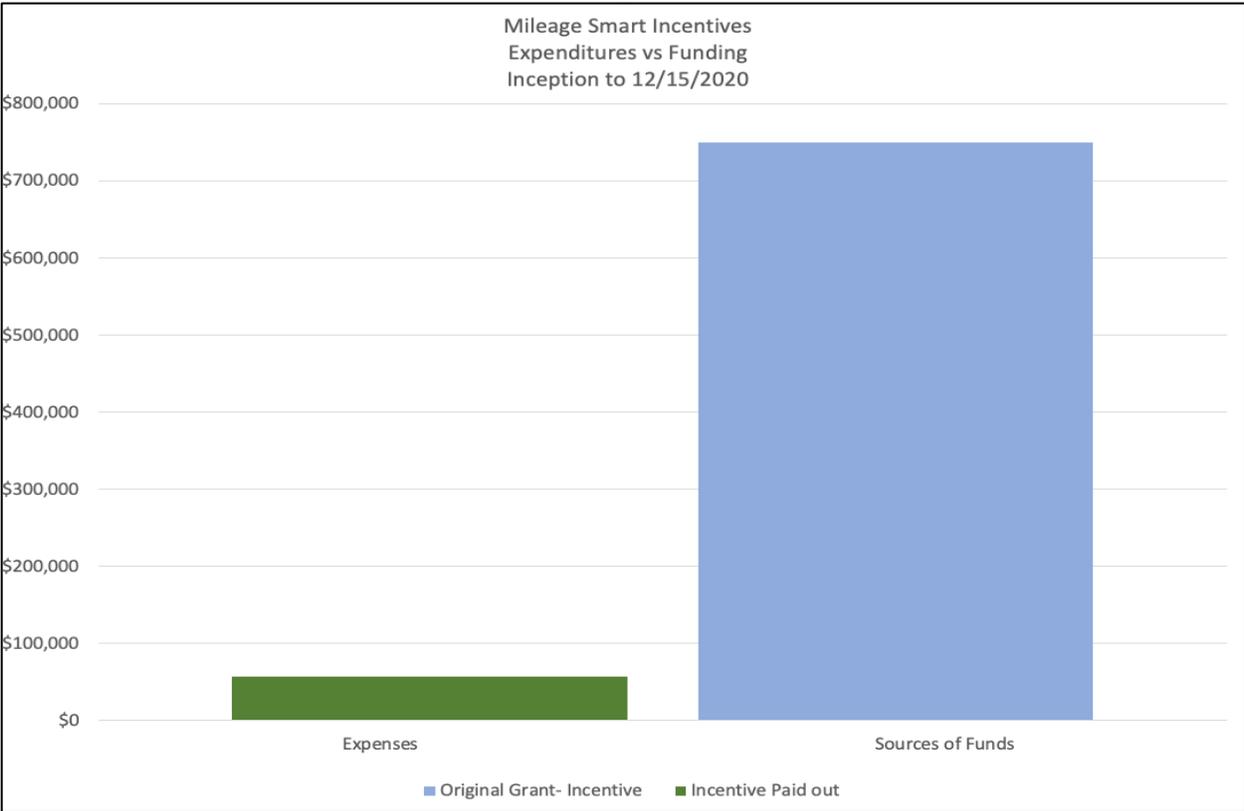
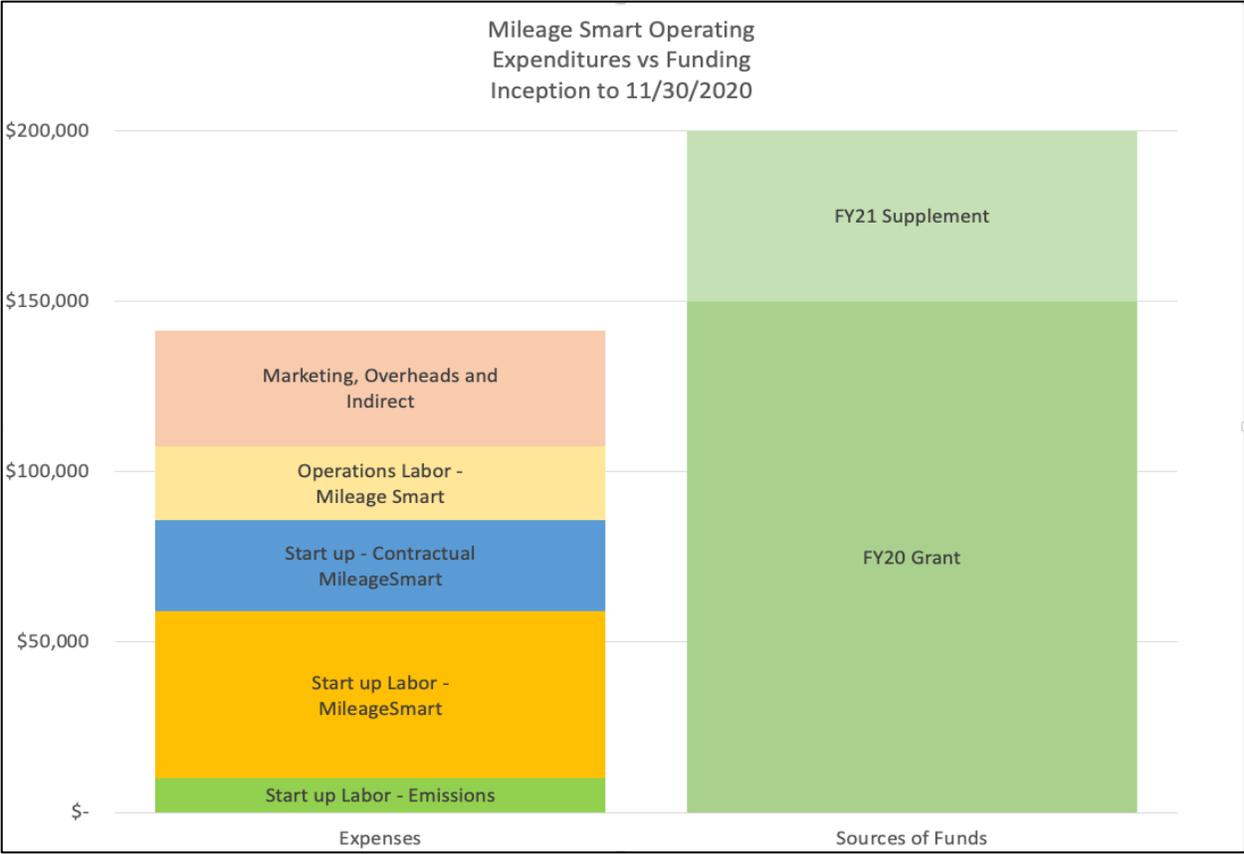
As of 12/14/2020, the MileageSmart program had issued \$52,682.75 in incentives for 14 vehicles, an average of \$3,763.05 per car.

The statute that created the High MPG Incentive Program and the Emission Repair program allowed for a maximum of \$150,000 to be expended on “administrative expenses”. This was deemed to include costs for program design, program infrastructure including software, technology hardware and website development, staff recruiting and training, marketing plans and collateral outreach materials. Capstone knew this was insufficient to cover the program’s start-up costs and operational costs, yet alone the pre-contract costs to develop the concept enough to provide a scope in a proposal. Still, the programs were believed to have value to Capstone’s participants and a strong fit with the Agency’s mission, so Capstone agreed to forge ahead and invest some of its own resources to see what could be developed.

Of the \$150,000 allotted, nearly \$100,000 has been invested in program design of both programs and the startup of MileageSmart. This includes \$26,670 in contracted expenses for software services and website automation development that reduces the daily cost of operations; the budget was \$26,700.

Total start-up labor costs from the start of the contract in late November, 2019 through September 1, 2020 were \$59,000. This includes approximately \$10,000 in labor costs for the program design costs and meetings planning for the Emissions Program. The majority of administrative costs incurred to date were labor invested in getting MileageSmart up and running. The tasks include an RFP for website development support, internal software automation development, and preparations for rolling out the marketing program. There is no question that the cost of labor was significantly impacted by the start and stop disruptions caused by the COVID shut down, staff turnover and unavoidable family leave situations.

As of November 30, 2020, Capstone has invested \$141,437.05 in grant funds administering the two programs.

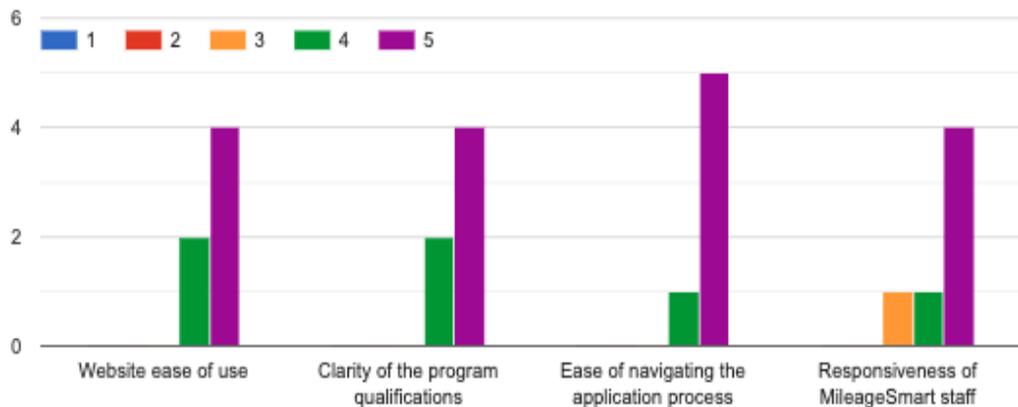


## Participant Experience

After receiving their new vehicle, participants are encouraged to fill out a survey rating their experience with the MileageSmart program as well as their experiences with the dealers and lenders they engage. As of November 30, we had received feedback from six of the 11 participants who completed a purchase. The feedback has been positive with five out of six participants responding that they are 100% likely to recommend MileageSmart to a friend or family member. One participant wrote:

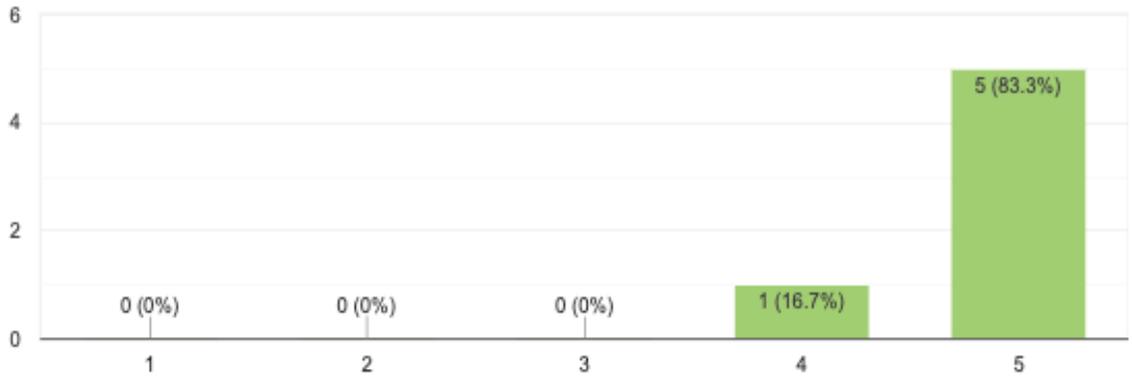
*The whole process was very quick and easy. The MileageSmart team was extremely responsive and answered any questions I had regarding with program within 10 minutes (sic). I'd highly recommend this program to anyone.*

How satisfied were you with the MileageSmart application process?



Overall, how likely are you to recommend MileageSmart to a friend or family member?

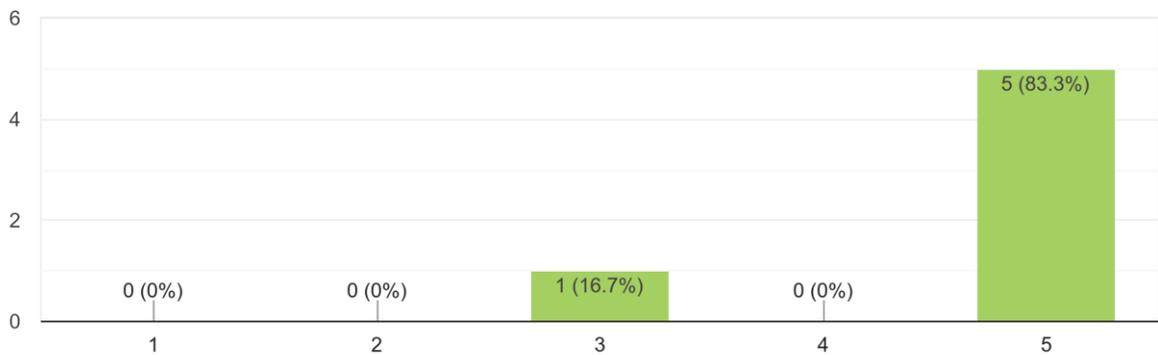
6 responses



Feedback on experiences with lenders and dealerships has been similarly positive.

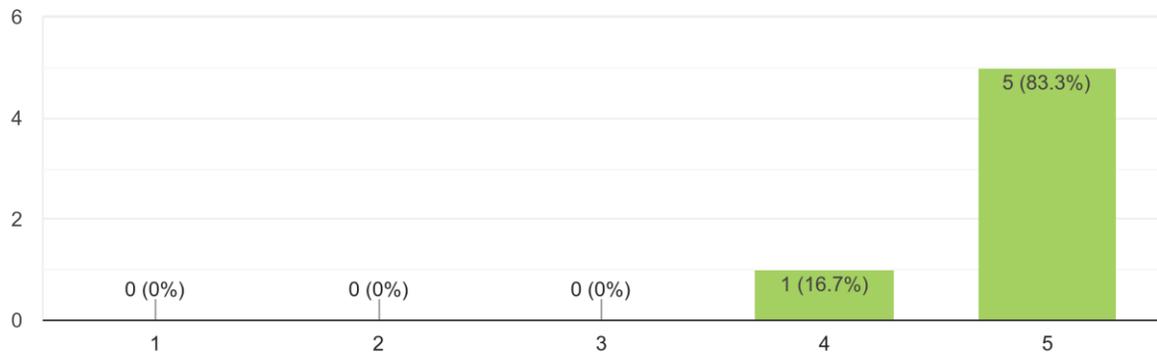
How would you rate your overall experience with the lender?

6 responses



How would you rate your overall experience with the dealer?

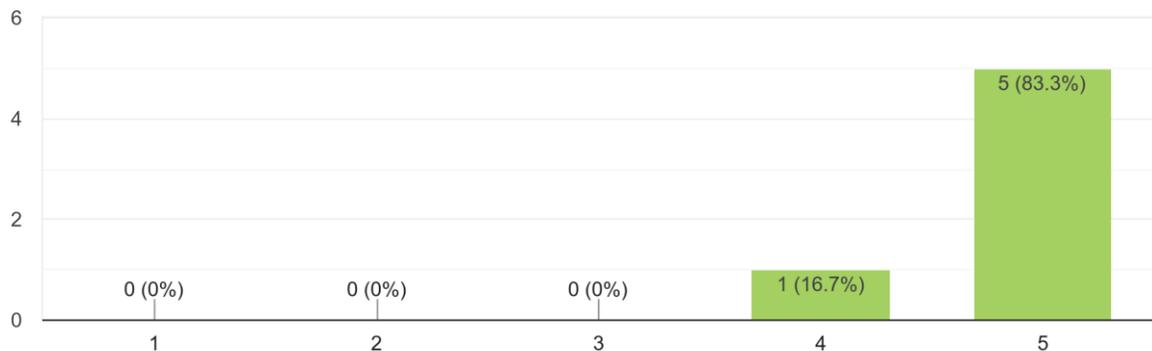
6 responses



Vehicle satisfaction similarly receives 5 top ratings out of 6.

How satisfied are you with your new car?

6 responses



While this is undoubtedly a small initial sample set, the enthusiastic early results are nonetheless encouraging.

### Looking Forward

#### Collaboration, Outreach & Marketing

Over the past month, we have worked through the Vermont Auto Dealers Association to connect with dealers to provide training on the MileageSmart application process so that they can quickly and efficiently support our participants. We provide sales staff with a resources packet and a direct line to our program manager. Since then, we have seen an increase in dealer engagement with our social media presence and, in one case, a dealer has

highlighted qualifying inventory on their website making it easier for participants to locate their next car.

In order to ensure successful program applications, we are collaborating with our Community Action network and allied organizations. Trainings are currently under way for these organizations to both promote the program and to support our clients in the application process. Staff from Capstone/MileageSmart, community action agencies and other direct service organizations are currently receiving training to work one on one with participants to ensure they receive the support they need to successfully receive a MileageSmart incentive.

An enormous amount of work has gone into this program and progress has been significant. Our staff software developer has managed to evolve the program to address the changing needs of the market from the pre-COVID world we designed for and the COVID-economy condition that impact the marketplace today. We are currently serving the entire state with only one staff person dedicated to managing the work flow between participants and dealers, and our monthly throughput continues to grow. We also employ a part time consultant that supports the monthly marketing and outreach to maintain the flow of new applications. There are, however several areas of opportunity we hope to address in the coming months.

### **Inventory**

Inventory is a major concern at the moment. We receive feedback on an almost daily basis that there just aren't enough qualifying vehicles on the market. Last spring COVID-19 restrictions shut auto manufactures across globe, significantly reducing new car inventory. In addition to new car supply shortages, deflated economic activity has put downward pressure on traditional new car buyers, driving them into the used car market and increasing demand across the country. With this level of competition in the used car market, it is critical that Vermont dealers secure adequate inventory levels of qualifying vehicles. As we continue our dealer engagement efforts, a key focus will be placed on communicating our ability to drive demand for high efficiency vehicles in Vermont so local dealers feel confident enough to increase inventory despite historically low fuel prices and the fact that thousands of Vermonters no longer commute to work.

### **Financing**

Another key opportunity to expand participation in the program would be to address the large swath of our target demographic (as established by household income requirements) that does not qualify for traditional financing. Many Vermont households struggling with transportation insecurity experience negative impacts on their ability to earn a stable income. As a result, credit scores suffer as they bridge the gap between paychecks. Unless a buyer has access to enough cash to purchase the vehicle outright (which a few have, more on that later) they are often ineligible for traditional financing and are effectively barred from the program due to their credit history or low-income levels.

From a risk-based pricing perspective this is understandable, however these are the very households most in need of the MileageSmart program. If our aim is to stabilize low-income households by addressing transportation insecurity, we need to provide access to affordable financing for the transportation insecure.

One opportunity to address this could be partnering with lenders to buy down the risk in order for lenders to extend financing to the traditionally underqualified. The consumer supports and long-term cost savings associated with participation in the MileageSmart program helps stabilize borrowers, as opposed to the often-destabilizing nature of ill-advised vehicle purchasing behaviors characterized by inappropriate vehicles, rolling-over negative equity and predatory interest rates. Moving forward, we will continue to seek innovative approaches to financing for the most transportation insecure.

MileageSmart fills an important niche in the incremental effort to support all Vermonters' transition to a less carbon intensive future. The program faced significant start-up challenges, but with every vehicle delivered the administrative cost per vehicle delivered drops toward a sustainable percentage of ongoing expenses. The growing enthusiasm of pre-owned car dealers bodes well for improved availability of qualifying vehicles and marketing support at the easiest point to connect with eligible consumers – when they are car shopping. There will continue to be hard choices around the level of individual support we can offer to folks with a difficult history or relationship with lenders. It is too soon to project exactly where the program will be in June '21. Capstone will continue to work with VTrans and re-evaluate projected outcomes in early February.

### Emissions Repair Program

From the beginning the Emissions Repair Program presented a series of conundrums. For this reason, Capstone agreed to focus most of its resources on the development and implementation of the MileageSmart program first.

There were known to be several challenges in the design of the Emission Repair program that raise questions about whether it is an economically viable program given the resources available. The concern is that the fixed cost of start-up and monthly operations – the Administrative Costs – would not justify the dollars delivered directly to the benefit of program participants. The major challenges include:

- recruiting, management and monitoring of “in-network” emission repair providers;
- verification of the warranty status of prospective vehicles;
- complex requirements for applicants to apply for the emissions repair program;
- technical expertise required to authorize repairs and prevent fraud; and
- payment for services rendered before a vehicle’s computer achieves “readiness” and confirms successful repair through the online AVIP portal.

## **Inspection Services**

To address concerns that not all inspection stations have the capability to accurately diagnose and repair emission systems, the design team – which included DMV and DEC representatives – recommended an opt-in, “In-Network” selection of providers to participate in the program and deliver the repair services. We believe it is the role of DMV – the regulator of the vehicle inspection system – working with DEC, to recruit, train, manage and monitor a network of providers. Without oversight, we believe a program offering subsidized emissions repairs is exposed to significant risk of fraud and abuse. There are currently no resources allocated to DMV or DEC for these critical services.

## **Warranty**

The statute requires that no emission repair funds can be spent on cars that remain eligible under their original emission system warranty. However, there is no singular portal where a consumer or a program administrator can verify the warranty status of a particular vehicle. The same model car sold in one state could have a 7 year/70,000 mile warranty on the emissions system, but when sold in a state that embraces the California standards it carries a different warranty, potentially a 15 year/150,000 mile warranty. The program design requires that consumers pursue warranty claims with the manufacturer if the car is still under warranty. Capstone is concerned that in some situations warranty matters will be time consuming for program staff and present a frustrating barrier for consumers. Capstone has spent hours and hours meeting with executives from VTrans, DEC, DMV, The Attorney General’s Consumer Affairs Division, and the VADA, in a futile search for an efficient, consumer-friendly process. It would benefit both consumers and the environment if the State were to compel car manufacturers to make emissions system warranty information more accessible to consumers.

## **Applicant Eligibility**

Confirming the eligibility of the participant is relatively straight forward if they are signed up for LIHEAP and therefore verified in the Vermont Economic Services Access database.

## **Vehicle Eligibility**

Confirming the eligibility of the vehicle is more challenging. After navigating the warranty issue noted above, the car must have passed all the physical requirements of inspection (rust, brakes, suspension, lights, glass, etc.). The car must then fail the emissions test when the On Board Diagnostic computer (OBD-2 system) is “ready” and connected to the State’s AVIP Inspection computer. The applicant is required to procure and provide copies of written estimates for repairs with their application.

## **Technical Staff, Fraud Detection, Repair Negotiations**

Capstone’s most daunting barrier to implementing the current program design is recruiting and retaining staff with the technical expertise required to review and authorize repair

payment. There is serious concern that the program is vulnerable to abuse and fraud without additional resource for State oversight, management and monitoring.

Ideally, the In-Network provider accepts an out-of-network shop's diagnosis and will make repairs consistent with the written estimates. If not, program technical staff will have to negotiate how to move forward from a remote location. Since the In-Network provider will have to put a new inspection sticker on the vehicle in order to be paid with Program funds, they will also have to agree that the rest of the vehicle passes inspection (brakes, suspension, rust, etc.). This is another potentially fraught element of the program design.

### **Vehicle "Readiness"**

The In-Network provider may also have to wait until the vehicle has been driven long enough to cycle the sensors within the OBD-2 system to be "ready". This could add additional costs and/or complexity since it may require the consumer to return to the provider for another connection to the AVIP computer system.

As noted above, the administrative budget for both programs was \$150,000, which was increased by \$50,000 in FY21. To date Capstone has invested approximately \$10,000 working on the Emissions Repair effort. Capstone believes there are insufficient funds to fully develop the concept, create the web-based materials to accept and manage applications, recruit and train "in-network" providers, and most importantly, recruit and retain the technical staff required to execute the program to Capstone's standards for financial control. Capstone remains committed to partnering with VTrans, DMV, DEC and the legislature to refine the program design and possibly pilot some of the program components. However, the more we learn about this issue the less viable the subsidized repair model becomes. Based on what we have learned, a community action agency is probably not the appropriate organization to operate a statewide emissions repair program.