

**BOARD OF COUNTY COMMISSIONERS
SARPY COUNTY, NEBRASKA**

RESOLUTION AUTHORIZING THE CHAIRMAN TO SIGN THE "FUELING SARPY COUNTY WITH NATURAL GAS" GRANT APPLICATION AND LETTER OF COMMITMENT

WHEREAS, pursuant to Neb. Rev. Stat. §23-104(6) (Reissue 2012), the County has the power to do all acts in relation to the concerns of the County necessary to the exercise of its corporate powers; and,

WHEREAS, pursuant to Neb. Rev. Stat. §23-103 (Reissue 2012), the powers of the County as a body are exercised by the County Board; and,

WHEREAS, a grant is available to Sarpy County, Black Hills Energy, OFC-Schmidt Liquid Trucking, and the Cities of LaVista and Papillion through the Nebraska Environmental Trust (NET); and,

WHEREAS, the grant will be multi-partner project between Sarpy County, Black Hills Energy, OFC-Schmidt Liquid Trucking, and the Cities of LaVista and Papillion to construct a Natural Gas fueling station and convert to natural gas vehicles (NGVs); and,

WHEREAS, Sarpy County is committed to and supports the grant application for "Fueling Sarpy County with Natural Gas"; and,

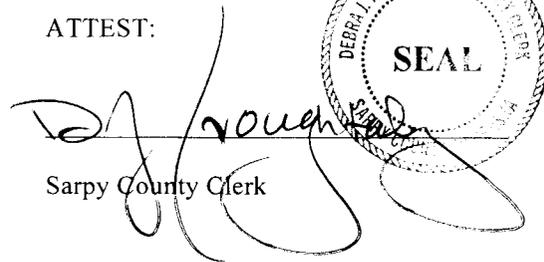
NOW, THEREFORE, BE IT RESOLVED, By the Sarpy County Board of Commissioners that the Board Chairman is hereby authorized to sign the attached "Fueling Sarpy County with Natural Gas" grant application and letter of commitment.

The above Resolution was approved by a vote of the Sarpy County Board of Commissioners at a public meeting duly held in accordance with applicable law on the 27th day of August, 2013.

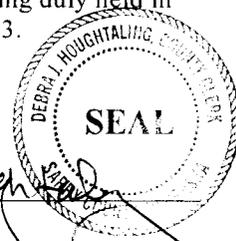
ATTEST:



Sarpy County Board Chairman



Sarpy County Clerk



Sarpy County Board of Commissioners

1210 GOLDEN GATE DRIVE
PAPILLION, NE 68046-2895
593-4155

www.sarpy.com

ADMINISTRATOR Mark Wayne

DEPUTY ADMINISTRATOR Scott Bovick

FISCAL ADMIN./PURCHASING AGT. Brian Hanson



COMMISSIONERS

Don Kelly District 1
Jim Thompson District 2
Tom Richards District 3
Brenda Carlisle District 4
Jim Warren District 5

MEMO

To: Sarpy County Board

From: Lisa A. Haire

Re: "Fueling Sarpy County with Natural Gas" Grant Application

On August 27, 2013 the County Board will be asked to authorize the Chairman to sign the "Fueling Sarpy County with Natural Gas" grant application and letter of commitment. The grant is offered through the Nebraska Environmental Trust (NET). The project will include Sarpy County, Black Hills Energy, and the cities of LaVista and Papillion, and OFC-Schmidt Liquid Trucking. The grant will focus on the deployment of natural gas vehicles (NGVs) in Sarpy County and the construction and operation of a compressed natural gas (CNG) fueling station located near 96th Street and Portal Road.

The application will request \$750,000 in funding for the conversion of vehicles to NGVs. Sarpy County, the City of LaVista, and the City of Papillion, will contribute a combined total of \$100,000 for the civil site design. Upon final determination of the site location, there will be an additional \$250,000 total as a contribution under Sarpy County, LaVista, and Papillion. Additionally, Sarpy County, Papillion, LaVista, and OFC-Schmidt Liquid Trucking will contribute vehicles over a three (3) year period for conversion to NGVs. Maintenance for the station will be either the responsibility of Sarpy County, Papillion, and LaVista or it will be contracted out to a third party. Inter-local agreements will be executed upon grant approval. Black Hills Energy will contribute \$800,000 for costs associated with producing the CNG, storage facilities and tank, gas main and service work, dryers, pump, priority panel, and compressors.

Letters of commitment are required from all partners. Black Hills Energy, LaVista, and OFC-Schmidt Liquid trucking are included. Papillion is currently working on their letter and it will be included prior to submitting the grant application. Please contact Dennis Wilson at 402-537-6908 with any questions or concerns.

August 23, 2013

Lisa A. Haire

593-1565

cc: Mark Wayne
Brian Hanson
Scott Bovick
Dennis Wilson
Deb Houghtaling

Sarpy County Board of Commissioners

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COMMISSIONERS

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Jim Thompson District 2
Tom Richards District 3
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Jim Warren District 5

August 27, 2013

Marilyn Tabor, Grants Administrator
Nebraska Environmental Trust
P.O. Box 94913
Lincoln, NE 68509-4913

RE: Nebraska Environmental Trust Grant Application
"Fueling Sarpy County with Natural Gas"

Dear Ms. Tabor:

Please accept this letter of commitment for the "Fueling Sarpy County with Natural Gas" grant application. Sarpy County supports this grant application and is pleased to submit this commitment letter to be a partner in the project. Sarpy County is committed to the future of alternative fuels, which help meet state and county objectives of improving air quality and address the nationwide concerns of developing regional economic opportunities and increasing energy security by reducing the use of imported petroleum.

Using the opportunity presented, Sarpy County would like to further those goals with the contributions of land and design work for the construction of one public Compressed Natural Gas ("CNG") fueling station in Sarpy County, Nebraska. The partners plan to begin work as soon as notified that the grant application has been successful, with project completion expected by October 31, 2014.

In the event that the "Fueling Sarpy County with Natural Gas" application is fully funded, Sarpy County pledges to contribute one-third of the cost for the land, one-third of the cost for the civil site design, and approximately twenty (20) vehicles for conversion. Additionally, Sarpy County will be the Fiscal Agent for the grant which will require some administrative work.

Sarpy County looks forward to this collaborative effort that will help create working alternative fuel corridors and networks in the Midwest, supporting a wide range of alternative fuel vehicles, and demonstrate the environmental, ecological, and economic impact of successfully reducing the region's use of imported petroleum fuels.

Sincerely,

Jim Warren

Chairman, Sarpy County Board of Commissioners



NEBRASKA ENVIRONMENTAL TRUST FUND

H1. Project Sponsor: Sarpy County

H2. Project Name: Fueling Sarpy County with Natural Gas

3. County(s) where project is located: Sarpy County 4. Nearest town: Papillion

5. Total Amount Requested: \$750,000

6. Years of funding requested (select one): 1 2 3

Contact Person:

7. Name: Denny Wilson

8. Title: Sarpy County Engineer

9. Organization: Sarpy County

10. Address, City, State & Zip: 1210 Golden Gate Drive, Papillion, NE 68046

11. Daytime Phone: 402-537-6908

12. Alternate phone: 402-537-6900

13. Fax: 402-593-4303

14. E-mail: dwilson@sarpy.com

15. Sponsor web site: <http://www.sarpy.com>

16. Is this a continuation request for a project previously funded by the Trust: YES NO: **No**

Is this a resubmission of a project application previously not funded by the Trust: YES NO: **No**

17. Please indicate which category best describes the applicant: \

Selections are: Individual **City or County** Natural Resources District Federal Agency Private for Profit
Private Nonprofit Consortium School, Irrigation, Power or Development District State Agency Other (specify):

18. Will this project receive federal funds or require a federal review or permit? YES NO: **No**

If yes, identify the agency(s) and its role:

19. Will this project receive other State of Nebraska funds or require a state review or permit? YES NO: **No**

If yes, identify the agency(s) and its role:

20. In **300 words or less** provide an overview of the project for which you seek funding. If you are asking the Trust to fund only a portion of the project, indicate the components for which you seek funding.

Sarpy County, the cities of La Vista and Papillion, and OFC-Schmidt Liquid Trucking are jointly applying for a grant from the Nebraska Environmental Trust that will improve air quality while developing regional economic opportunities and increasing energy security.

This multi-partner project will focus on the construction of a compressed natural gas (CNG) fueling station near 96th Street and Portal Road in Papillion, NE. Additionally, the project will focus on the deployment of natural gas vehicles (NGVs) in Sarpy County, and the education of Nebraskans on the numerous health and environmental benefits of CNG and NGVs. The application seeks funding for the costs associated with converting fleet vehicles from Sarpy County, the City of Papillion, the City of LaVista, and OFC-Schmidt Liquid Trucking to NGVs. A compressed natural gas fueling station will be constructed which will open up the opportunity for Sarpy County, LaVista, Papillion, and OFC-Schmidt Liquid Trucking to convert vehicles to compressed natural gas.

The grant will request \$750,000 from Nebraska Environmental Trust for costs associated with converting county and city vehicles to NGVs and for the partial construction of a compressed natural gas (CNG) fueling station which will include the canopy, paving work, dispenser, and fuel management system. Depending on the cost of conversion kits, NET will fund the conversion of approximately fifty (50) vehicles to NGVs. Black Hills Energy will contribute up to \$800,000 for the costs associated with producing CNG, including, storage vessel(s), compressor(s), dryer, priority panel, and all gas main and service work. Sarpy County, LaVista, and Papillion will contribute a combined total of \$100,000 toward civil site design work and will contribute the land for the CNG fueling station which is appraised at \$250,000. Additionally, Sarpy County, LaVista, Papillion, and OFC-Schmidt Liquid Trucking will provide fleet vehicles for conversion to NGVs.



NEBRASKA ENVIRONMENTAL TRUST FUND

H1. Project Sponsor: Sarpy County

H2. Project Name: Fueling Sarpy County with Natural Gas

Natural gas is the cleanest commercially available fuel for transportation today, reducing greenhouse gas emissions by 20-30 percent when compared to diesel and gasoline fueled vehicles. Domestic reserves of natural gas are abundant, costs are affordable, and 98 percent of all natural gas consumed in America is produced in North America. This project will continue to expand the usage of natural gas vehicles in Nebraska by constructing a new natural gas fueling station and adding more natural gas vehicles to Nebraska's highways.

21. On behalf of the sponsor(s) named above, I hereby certify that the information contained in this application, including all attachments, is true, accurate and complete.

 _____ Authorized Signature of Sponsor Organization	<u>Chairman</u> _____ Title	<u>8/27/13</u> _____ Date
<u>Jim Warren</u> _____ Typed or Printed Name of Authorized Signatory	<u>Chairman, Board of Commissioners</u> _____ Typed or Printed Title	



NEBRASKA ENVIRONMENTAL TRUST FUND NARRATIVE SECTION

H1. Project Sponsor: Sarpy County

H2. Project Name: Fueling Sarpy County with Natural Gas

In five pages or less, provide a discussion of your project. Be sure to cover the points specified in the instructions.

"Fueling Sarpy County with Natural Gas" will help to deploy natural gas vehicles (NGV's) into Nebraska. This multi-partner project will fund the construction of a compressed natural gas fueling station in Sarpy County, aid in the conversion of vehicles to natural gas, and provide education to Nebraska citizens on the numerous health and environmental benefits of compressed natural gas and natural gas vehicles. Upon completion of the station, compressed natural gas will be available for use by the project partners as well as available to the public for fueling their personal vehicles.

Natural gas vehicles have been around for several years. According to NGVAmerica, there are about 120,000 NGVs on U.S. roads today and more than 15.2 million worldwide. There are about 1,000 NGV fueling stations in the U.S., about half of which are open to the public. Natural gas as a transportation fuel is growing. According to NGV Global, the number of NGVs in use worldwide by the end of 2011 had grown to 15.2 million. Global NGV sales—according to Pike Research—are expected to rise at an annual growth rate of 7.9% to reach 19.9 million vehicles by 2016. The U.S. currently ranks 17th in the world with less than 1% of total NGVs. However, North America is expected to see some of the fastest growth due to abundant, proven natural gas reserves and the low cost of domestically produced natural gas.

Natural gas vehicles provide many benefits. The cost is very affordable- natural gas currently costs from \$1.50–\$2.00 less per gasoline gallon equivalent (GGE). NGVs are good for our environment. In the U.S. alone, NGVs offset the use of nearly 360 million gallons of gasoline in 2011. NGVs meet the strictest emission standards, including California's AT-PZEV standard. NGVs are as safe as or safer than traditional gasoline or diesel vehicles.

The infrastructure needed to fuel natural gas vehicles is expensive. It's difficult to commit funding if there are not vehicles ready to use a station; it is also difficult to commit to converting vehicles to run on natural gas if there is not a convenient place to fill them. This application seeks to address both concerns by building a compressed natural gas fueling station and provide vehicles for the station.

Design, implementation, and objectives

Grant funding will be used for the costs associated with converting vehicles provided by the county, the cities, and OFC-Schmidt Liquid Trucking to NGVs. Grant funding will also be used to partially fund the construction of a quick-fill, public access, compressed natural gas fueling station, constructed in Papillion at 96th Street and Portal Road. This location is convenient for LaVista, Papillion, Sarpy County, and OFC-Schmidt Liquid Trucking as well as convenient for residence in the area. Black Hills Energy will be responsible for a majority of the costs associated with the station equipment and for providing the natural gas to the station. Sarpy County, LaVista, and Papillion will be responsible for the civil site design and grant funding will be used for paving, canopy, and pumps. NET funding will also be used for the costs associated with converting vehicles. The land will be a contribution from Sarpy County, LaVista, and Papillion. Operation and maintenance of the facility will either be contracted out to a third party upon the completion of the station or the responsibility of the County and Cities.

This fueling station will most likely have two compressors, storage vessels, a dryer, priority panel, dispenser, canopy, and a fuel management system. Natural gas vehicles (NGVs) will be able to fill at a rate of approximately five to seven gasoline gallon equivalents (gge) per minute, which is comparable to a typical gasoline station. A natural gas vehicle will fill at this station in approximately 5-10 minutes, similar to a gasoline fueled vehicle. Like other stations, we anticipate constructing a canopy over the island to protect the equipment and the dispenser as well as the driver. The dispenser pumps and other appropriate signage will designate and identify the fuel as CNG. A dynamic message sign will display the price and indicate the fuel as compressed natural gas. Due to its location and the marketing measures the partners will have the ability to promote the use of natural gas as a transportation fuel. With consumers paying a record high average price for gasoline, the pricing signs showing CNG at a significantly lower price will hopefully catch drivers' attention sparking even more interest by both fleets and individuals, to consider using natural gas for their vehicles. Since there will be public fueling available, anyone with a natural gas vehicle will be able to fill at the public part of the station.

The partners plan to begin implementation of this project as soon as funding notification is received from Nebraska Environmental Trust. Sarpy County, as well as the municipalities of La Vista and Papillion are willing to commit to funding civil site design work and contributing the land for the station. Additionally, Sarpy County, LaVista, Papillion, and OFC-



NEBRASKA ENVIRONMENTAL TRUST FUND

H1. Project Sponsor: Sarpy County

H2. Project Name: Fueling Sarpy County with Natural Gas

Schmidt Liquid Trucking will contribute current vehicles and/or vehicles purchased under purchasing plans. Grant funds will be used to fund vehicle conversions for each entity for three years. After three years, the result will be approximately 50 vehicles running on compressed natural gas (CNG).

Project objectives are to provide the necessary CNG infrastructure to give fleets and individual vehicles the ability to use an alternative fuel that is better environmentally and economically. The best way to begin moving vehicles into a cleaner fuel is by having all necessary pieces in place—and the biggest hurdle NGVs face is infrastructure. All of the partners will have the ability to fuel vehicles at one location which will maximize the benefits of the quick-fill station, and provide a necessary link in an entity's ability to fuel their vehicles. The general public will be able to use the station for personal vehicles since it will also be a public access station.

Environmental objectives, benefits and outcomes

The environmental objectives of this project are to reduce greenhouse gas and other emissions. Advances in engines have improved vehicle performance while exceeding EPA emissions requirements ahead of schedule. Also, heavy duty natural gas vehicles have an 80-90% lower decibel level than comparable diesels.

Natural gas vehicles have tremendous environmental benefits. Natural gas is the cleanest burning alternative transportation fuel commercially available today. Natural gas primarily consists of methane (around 90%), with small amounts of ethane, propane and other gases. Methane is the simplest hydrocarbon molecule made up of one atom of carbon and four of hydrogen (CH₄). It is lighter than air and burns almost completely, with by-products of combustion being carbon dioxide and water. Fleets that use natural gas as a transportation fuel will reduce their emissions. The actual emission benefits of introducing natural gas vehicles into a fleet will vary depending on the type of NGVs used and whether the emission comparison is based on the emissions of the vehicles being replaced or new motor vehicles. Fleets that replace in-use medium and heavy duty diesel vehicles with new natural gas vehicles will see the most significant reductions in emissions since medium and heavy duty trucks put out much more emissions than light duty vehicles.

When used as transportation fuel, natural gas can reduce greenhouse gas emissions by 20 – 29 percent compared with diesel and gasoline fueled vehicles, respectively, according to studies by the California Air Resources Board and other organizations. Once the goal of 50 NGVs is achieved in Sarpy County, imported petroleum usage will then be reduced by more than 96,000 gallons per year, and greenhouse gases by more than 129 tons per year.

Emission Benefits

The transportation sector (cars, buses, trucks) is one of the greatest contributors to air pollution in the United States. Emissions from vehicles contribute to smog, low visibility, and various greenhouse gas emissions. According to the Environmental Protection Agency (EPA), compared to traditional vehicles, vehicles operating on CNG have reductions in carbon monoxide emissions of 90 to 97 percent, and reductions in carbon dioxide emissions of 25 percent. Nitrogen oxide emissions can be reduced by 35 to 60 percent and other non-methane hydrocarbon emissions could be reduced by as much as 50 to 75 percent (www.naturalgas.org/environment/naturalgas).

Exhaust emissions from NGV's are lower than those of gasoline and diesel powered vehicles. For instance, the natural gas-powered Honda Civic GX is recognized by the U.S. EPA as the cleanest commercially available, internal-combustion vehicle on earth. Compared to its companion gasoline Civic, the CNG powered Civic produces 95% fewer emissions of non-methane hydrocarbons, and 75% less emissions of nitrogen oxides – emissions that contribute to ozone formation. In fact, most available light duty NGV models have been certified to the Federal Tier 2, Bin 2 standard (only Bin 1, which requires 0 emissions, is more demanding).

While new, straight-from-the-factory natural gas fleets will see the most significant emission reductions, another effective strategy for reducing emissions is to repower or retrofit in-use vehicles with a natural gas engine. This project anticipates the use of both strategies; the purchase and immediate conversion of new vehicles, as well as the conversion of some vehicles currently in use. In addition, research and development and use of newer emission control strategies should further improve the emission profile of new natural gas engines in the coming years.



NEBRASKA ENVIRONMENTAL TRUST FUND

H1. Project Sponsor: Sarpy County

H2. Project Name: Fueling Sarpy County with Natural Gas

The Argonne National Laboratory has developed a calculator Link for Argonne National Laboratory Calculator to assist fleets that want to estimate the emission benefits of replacing existing fleet vehicles with light and heavy duty natural gas vehicles. This calculator shows that fleets can greatly reduce their overall emissions by replacing existing vehicles with natural gas vehicles. Simply by inputting the number of vehicles, the average daily miles and days of week that the vehicle is driven, the reductions in gasoline usage and greenhouse gas emissions can be determined. According to this calculator, new natural gas vehicles provide the significant benefits compared to in-use gasoline and diesel fueled vehicles. For light duty natural gas vehicles, carbon monoxide emissions and nitrogen oxide emissions are significantly lower than a gasoline or diesel powered vehicle.

The chart below is based on information prepared for the U.S. Department of Energy and California Energy Commission. The estimates compare new natural gas vehicles with new gasoline and diesel powered vehicles. The emission results include criteria pollutants and greenhouse gas emissions.

Light Duty Vehicles (full fuel cycle analysis)	TIAX - CEC Report	GREET Model
VOCs reductions	55%	45%
CO reductions	11%	1%
NOx reductions	54%	20%
PM 10 reductions	42%	9%
Air toxics	99 - 100%	NA
GHG	30%	15%
Petroleum reductions	100%	99%

Greenhouse Gas Emissions in Greater Detail

Natural gas contains less carbon than any other fossil fuel per unit of energy and thus produces lower carbon dioxide (CO2) emissions per vehicle mile traveled. While NGV's do emit methane, another principle greenhouse gas, any increase in methane emissions is more than offset by a substantial reduction in CO2 emissions compared to other fuels. The California Air Resources Board (CARB) has conducted extensive analyses on this issue and it concludes that burning CNG produces about 68.0 grams of carbon dioxide equivalent emissions per mega joule (MJ) burned (this includes all methane emissions). Gasoline and diesel fueled produce approximately 94 – 95 grams of CO2 equivalent emissions per MJ. These comparisons are well documented by CARB and are based on well-to-wheel analyses.

The conclusion of recent studies such as those conducted by CARB and others is that, when used as transportation fuel, natural gas can reduce greenhouse gas emissions by 20 – 29 percent compared with diesel and gasoline fueled vehicles, respectively. In the future, these benefits could increase as natural gas supplies increasingly may be blended with renewable natural gas, commonly referred to as biomethane. Renewable natural gas reduces carbon emissions by almost 90 percent when compared with gasoline and diesel fuel. Therefore, blending conventional supplies of natural gas with renewable natural gas holds great promise of reducing greenhouse gas emissions.

Natural gas is also much safer when it is unintentionally released. When natural gas is unintentionally released, in general, it disperses and is released into the air. It does not cause groundwater, surface water or soil contamination. The partners are confident that this project will improve the air quality of Nebraska and meet the Trust's goal of improving air quality by reducing greenhouse gases and other emissions.



NEBRASKA ENVIRONMENTAL TRUST FUND

H1. Project Sponsor: Sarpy County

H2. Project Name: Fueling Sarpy County with Natural Gas

Economic, social and/or public health impacts

Natural gas vehicles can provide significant financial savings to entities that utilize compressed natural gas (CNG), particularly in fleet applications. Fuel costs are far lower for CNG when compared to gasoline. Historically, the price of CNG has been 40% lower than the price of gasoline. This favorable price differential toward natural gas is expected to remain, due to the abundance of the United States' domestic supply of natural gas. Maintenance costs for natural gas vehicles are usually equal to or less than gasoline or diesel. Lower costs on the fuel itself and sustained or lower maintenance costs mean a reduction in transportation costs, thus savings to the bottom line of any municipality, company or individual.

Beneficial economic impacts will also result from the creation of jobs needed in the construction of the natural gas fueling station. This project brings a relatively new industry to Nebraska, particularly to the partners on this application. While it is uncertain how many new jobs will be created, individuals will be needed in conversion shops, operation and maintenance professionals will be required, individuals to install service lines and equipment will be needed, and employees will face training and educational requirements. In a study released by the Florida Natural Gas Vehicle Commission, they estimate an aggressive program to convert vehicles to cng would generate \$1 billion in economic output, \$300 million in additional wages, and 10,000 new jobs.

In addition to the environmental benefits discussed above, natural gas vehicles are cleaner and quieter. Natural gas vehicles that have a CNG engine have improved performance while exceeding EPA emissions requirements ahead of schedule. In addition, heavy duty natural gas vehicles have an 80-90% lower decibel level than comparable diesel vehicles.

Innovative features/preventive components

This project will bring a proven but underutilized transportation fuel to all of the entities involved with this project. While the usage of natural gas as a transportation fuel will be somewhat new to the community partners, Black Hills Energy has experience with natural gas vehicles in other communities and states. The fueling station will provide a similar fueling experience for the vehicle operators, except that the price should be more affordable. What makes the natural gas fueling station innovative are the public/private partnership created, as well as the opportunity to expand the number of CNG fueling stations in Nebraska. Giving motorists the ability to use natural gas with tremendous ease, more people, particularly fleet operators, will be compelled to consider using natural gas vehicles. There are many misconceptions about the safety of natural gas as a fuel or about its capacity for use as a transportation fuel. By giving drivers a very similar refueling process, many of these misconceptions will be eliminated.

In addition, the community partners all have the capacity to expand their usage of natural gas due to the number of vehicles in their fleets. Records will be kept to show the cost savings of these conversions, as well as determine the amount of greenhouse gas reductions by using cng vehicles. These measurements will show the cost-effectiveness and environmental benefits of using natural gas as a transportation fuel.

Measures taken to maximize cost effectiveness

Increasing the usage of natural gas vehicles provides so many benefits, both to the entities using them and the environment. The construction of this natural gas fueling station offers a location for the partners on this application and the public to fuel their natural gas vehicles. This alleviates the concern that many fleet operators and other drivers have when considering natural gas by giving them a place to fuel their vehicles. In addition, all of the entities on this application are within Sarpy County, so the proximity of everyone involved will allow the parties to be as financially prudent as possible. In addition, all entities will be monitoring their cost savings and environmental benefits by using cng.

Contributors to the project

All of the public applicants on this project plan to contribute funding for the design of the station. Sarpy County, LaVista, and Papillion will jointly contribute the land for the project. The commitment of each of the partners to contribute financially to the station, plus the commitment to contribute land and vehicles displays dedication to using an alternative fuel. Additionally, OFC-Schmidt Liquid Trucking's contribution of vehicles displays their dedication to using alternative fuel. Upon conversions, each entity will be able to analyze the approximate environmental benefits and economic benefits. Since the cost of vehicles, their applicable emissions levels (before and after conversion) and their fuel and maintenance costs vary, we will be able to verify our impact more precisely after the vehicles have been purchased. One of the tools will be used is



NEBRASKA ENVIRONMENTAL TRUST FUND

H1. Project Sponsor: Sarpy County

H2. Project Name: Fueling Sarpy County with Natural Gas

the calculator developed by the Argonne National Laboratory to measure the reduction in emissions and the fuel cost savings. There are several tools available that will allow measuring the reduction in emissions and the fuel cost savings.

Black Hills Energy is also showing support for this project by funding and installing the equipment necessary to produce compressed natural gas (CNG). In addition, Black Hills Energy will provide all necessary natural gas mains and service lines to serve the facility.

Federal/state permits or approvals

The project may require the involvement of and potential permits from the State Fire Marshal, various city planning/development departments, the Department of Revenue and the Department of Environmental Quality. Discussions have not been initiated with these agencies, however, upon approval of funding, meetings, agreements, and permits will be executed.

In summary, this project will result in the construction of a new compressed natural gas fueling station and facilitate the conversion of approximately fifty (50) natural gas vehicles to be used on the roads of Nebraska.

Applicability of feature program bonus points

This project is eligible for bonus points because the project falls within District 2 of the geographic distribution map. The project is also eligible for feature program bonus points. This project is based on a regional approach, with the participating entities dispersed throughout Sarpy County. With the opening of the CNG stations in Lincoln, Omaha and this new station, Nebraskans will now have several locations to fuel their natural gas vehicles. The site of this fueling station is also relatively close to the NGV corridor being developed along Interstates 80 and 29.

This application also requests funding for educating Nebraskans about the benefits of compressed natural gas and natural gas vehicles. In addition to the formal education program regarding the health benefits of cleaner burning fuels and cleaner air offered by the American Lung Association (or a similar group), we also plan to continue educating the public about the benefits of natural gas vehicles. Each time there is news coverage about CNG, phone calls and emails from individuals interested in learning more about the financial and environmental benefits of natural gas are received. It is anticipated the a significant amount of time will be spent responding to other entities, including fleet managers in both the public and private sector, individuals and other natural gas providers interested in natural gas vehicles.

The project includes public and private parties, and coordination with all parties and aspects of the project to maximize efficiencies and keep costs low. Additional agreements between the parties involved will be necessary for the construction of the station, as well as other planning and marketing activities. In addition, the operation and maintenance of the pumps will either be the responsibility of Sarpy County, the City of LaVista, and the City of Papillion jointly or it will be contracted out to a third party. The use of natural gas vehicles does represent community and economic values—through the emphasis on natural gas a domestic fuel, emphasis on using an alternative transportation fuels, and the stewardship of financial resources due to the cost saving potential of natural gas vehicles. Nebraska has already experienced the introduction of natural gas vehicles (NGVs) both private and public to their fleets. Entities such as the City of Lincoln, the State of Nebraska, the Lincoln Airport Authority, the City of Lincoln's Library bookmobile and private entities such as Eric's Electric in Lincoln are already driving natural gas vehicles. In addition, Black Hills Energy has deployed more than 35 NGVs into their fleet in Lincoln. Their actions are helping Lincoln to become a "Cleaner, Greener Lincoln" by reducing emissions.

This project will achieve significant, measurable environmental benefits, and provide a platform for further development of the natural gas vehicle market. The project also maximizes delivery options since all partners are close in proximity geographically, as well as currently served by Black Hills Energy, and the ongoing commitments among the partners will ensure a maximization of time, equipment, and other resources. The partners anticipate signing formal agreements detailing this project upon successful grant application.



**NEBRASKA ENVIRONMENTAL TRUST FUND
APPLICATION BUDGET YEAR ONE**

H1. Project Sponsor: Sarpy County

H2. Project Name: Fueling Sarpy County with Natural Gas

BUDGET YEAR: ONE

(This page is used by multi-year grants only. If your project is not a multi-year grant, then ignore or delete this page.)

Column A	Column B	Column C	Column D	Column E	Column F
1. Source of Funds ►	Nebraska Environmental Trust	Sarpy County	LaVista and Papillion	Black Hills Energy	
2. Budget Category ▼					
3. Fueling Station Costs	\$140,000	\$0	\$0	\$800,000	\$940,000
4. Vehicle conversion costs	\$200,000	\$0	\$0	\$0	\$200,000
5. Education	\$10,000	\$0	\$0	\$0	\$10,000
6. Land Costs	\$0	\$83,334	\$83,333 each	\$0	\$250,000
7. Civil Site Design	\$0	\$16,666	\$16,667 each	\$0	\$50,000
8.					
9.					
10.					
11.					
12.					
13. TOTALS ►	\$350,000	\$100,000	\$200,000	\$800,000	\$1,450,000



NEBRASKA ENVIRONMENTAL TRUST FUND APPLICATION BUDGET YEAR TWO

H1. Project Sponsor: Sarpy County

H2. Project Name: Fueling Sarpy County with Natural Gas

BUDGET YEAR: TWO
(This page is used by multi-year grants only. If your project is not a multi-year grant, then ignore or delete this page.)

Column A	Column B	Column C	Column D	Column E	Column F
1. Source of Funds ►	Nebraska Environmental Trust	Sarpy County	Cities of Bellevue, La Vista and Papillion	Black Hills Energy	
2. Budget Category ▼					
3. Vehicle Conversion Costs	\$200,000	\$0	\$0	\$0	\$200,000
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14. TOTALS ►	\$200,000	\$0	\$0	\$0	\$200,000



NEBRASKA ENVIRONMENTAL TRUST FUND

APPLICATION BUDGET YEAR THREE

H1. Project Sponsor: Sarpy County

H2. Project Name: Fueling Sarpy County with Natural Gas

BUDGET YEAR: THREE
 (This page is used by multi-year grants only. If your project is not a multi-year grant, then ignore or delete this page.)

Column A	Column B	Column C	Column D	Column E	Column F
1. Source of Funds ►	Nebraska Environmental Trust	Sarpy County	Cities of Bellevue, La Vista and Papillion	Black Hills Energy	
2. Budget Category ▼					
3. Vehicle Conversion Costs	\$200,000	\$0	\$0	\$0	\$200,000
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14. TOTALS ►	\$200,000	\$0	\$0	\$0	\$200,000



NEBRASKA ENVIRONMENTAL TRUST FUND

APPLICATION BUDGET JUSTIFICATION

H1. Project Sponsor: Sarpy County

H2. Project Name: Fueling Sarpy County with Natural Gas

1. Have other sources of funding not listed in the Budget Worksheet been approached for project support? If yes, name them and explain the outcome of your request.

No.

2. Are all of the matching funds in the Budget Worksheet confirmed? If not, please identify those entities and list the date when confirmation is expected. Explain how you will implement the project if these sources do not confirm participation.

Yes, formal Inter-local agreements will be executed between all participating parties upon grant approval.

3. If any of the project costs identified in Column B of the Budget Worksheet have been expended or if debt has been incurred for these costs or a sponsor or partner is obligated for these costs in any other way: List these costs here. Explain clearly why Trust grant funds are requested for these costs.

None.

4. For each line item in column A of the Budget Worksheet, justify the basis for the dollar amount indicated for that item.

CATEGORY/COMPONENT (from Column A of the Budget Worksheet)	BASIS USED TO DETERMINE COST	Attachment? Y or N	ATTACHMENT LABEL
1. Fueling station costs	Quote by Midwest Energy Solutions	Y	A
2. Vehicle conversion costs	Quote by Fuel Conversion Solutions, LLC. (FCS)	Y	B
3. Education	Cost based on experience with NGVi – Natural Gas Vehicle Institute, which has been used by Black Hills Energy for educational seminars and training for customers and fleet managers. NGVi – 3120 S. Durango Drive, Ste 304, Las Vegas, Nevada 89117	N	
4. Civil Site Design	Based on past engineering experience with similar facilities completed by Thompson, Dreesson & Dorner	N	
5. Land Costs	Based on an appraisal that was done as part of a previous road project. Cost of land was \$2.50/sq. ft. Parcel is approximately 2.3 acres.	N	



NEBRASKA ENVIRONMENTAL TRUST FUND PROJECT SPONSOR FINANCIAL INFORMATION

H1. Project Sponsor: Sarpy County

H2. Project Name: Fueling Sarpy County with Natural Gas

Please see the instructions for section C-3. Attachments to this document may be necessary to complete this section. Include these attachments with your hard copy submission.

Please see attachments C and D for Sarpy County financial information including current budget and levy limits.



**NEBRASKA ENVIRONMENTAL TRUST FUND
REAL ESTATE / SITE PLAN**

H1. Project Sponsor: Sarpy County

H2. Project Name: Fueling Sarpy County with Natural Gas

This section will not apply to every project. Please see instructions for section F. Attachments should be sent with the hard copy submission.

This section does not apply to the project as funding is not requested from NET for land or acquisition of land. Sarpy County, the City of LaVista, and the City of Papillion are contributing the land which is owned by the partners; however, a site map is included for reference. Please see Attachment E

Legal Description	County	#Acres



Estimate

August 22, 2013

Sarpy County – Papillion, NE Compressed Natural Gas Station Package Estimate (Fast-Fill) SPYE0822132

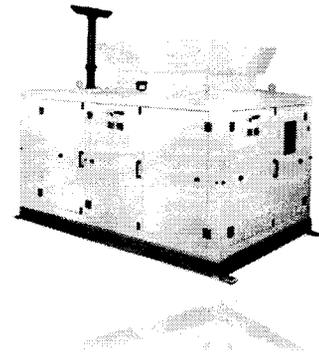
To: Black Hills Energy
1600 Windhoek Drive
Lincoln, NE 68501
(402) 437-1776
Attention: Paul Cammack

From: Midwest Energy Solutions
14725 Todd Creek Road
Platte City, MO 64079
(816) 519-9850
Contact: Michael Batten

Midwest Energy Solutions CNG Refueling Station Package Papillion, NE

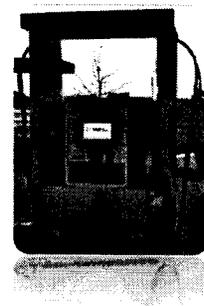
Behind the Fence Estimate - \$800,000

1. Single Compressor Skid, ANGI Compressor *(Pictured at right)*
 - Ariel recommended
2. Gas Dryer
 - Includes Cold Weather Package and Manual Regeneration
3. 3-Pack Cascade Storage Assembly
4. Electronic Priority Panel, Rated 1,000 SCFM
 - ESD Valves with manual set points
 - Temperature –Compensated PLC
5. Site Connection Materials
6. Electrical Parts & Labor
7. Mechanical Parts & Labor
 - All equipment placed, secured and plumbed to specification
8. Start-up and Training for ANGI equipment in Papillion, NE
9. Architectural, Electrical, & Mechanical Engineering
 - Station Design, preliminary & final drawings
 - Site Layouts
 - Document submittals
10. Shipping CNG Equipment Package to Papillion, NE (estimated two trucks)
11. Project Management & Supervision



Outside the Fence Estimate - \$140,000

12. Dispenser *(Pictured at bottom right)*
 - Dual Hose/Split Flow setup
 - Card reader in-dispenser
13. Freestanding CNG-designed Canopy
 - LED lighting
 - Logo graphics and LED price sign
14. Fuel Management System



Estimated Total Price \$ 940,000

Proprietary and Confidential Information

Conversion Office: 14725 Todd Creek Rd. Platte City, MO 64079 816-519-9850
Engineering Office: 2002 W.39th Ave. Kansas City, KS 66103 913-945-7845



Estimate
August 22, 2013

Price does not include:

- Meter Set Assembly or hook-up
- Utility Assemblies for gas, electrical and phone are connected and serviced by respective providers
- Point of Sale contract for outside credit card authorization
- Potential need for a Water Drainage study; may be required by City/County
- Other fees or landscaping
- All civil work

QUALITY MANAGEMENT CERTIFICATE



Certification
Awarded To

ANGI INTERNATIONAL, LLC
15 PLUMB STREET
MILTON, WI 53563 USA

Bureau Veritas Certification North America, Inc. certifies that the management system of the above organization has been audited and found to be in accordance with the requirements of the management system standards and scope of supply detailed below

STANDARDS

ISO 9001:2000

SCOPE OF SUPPLY

**THE DESIGN, MANUFACTURE AND SUPPLY OF TURNKEY
NATURAL GAS COMPRESSOR SYSTEMS**

Original Approval Date: 14 December 2006

Subject to the continued satisfactory operation of the Organization's Management System, this certificate will remain valid until: 13 December 2009

Further clarifications regarding the scope of this certificate and the applicability of the management system requirements may be obtained by consulting the organization.

Certificate No: CA 08000425
Issue Date: 1 May 2008

Certification Authority and Managing Office
Bureau Veritas Certification Canada
2550 Matheson Blvd. E. Suite 126, Mississauga,
Ontario, Canada





Fuel Conversion Solutions, llc
 Alternative Fuel Conversions, Training & Inspections

BID PROPOSAL

FROM FUEL Conversion Solutions, llc
 13667 S. 217th Street
 Gretna, NE 68028

BID PROPOSAL #: 1746
 DATE: AUGUST 23, 2013

TO Sarpy County Clerk
 1210 Golden Gate Drive
 Papillion, NE 68046

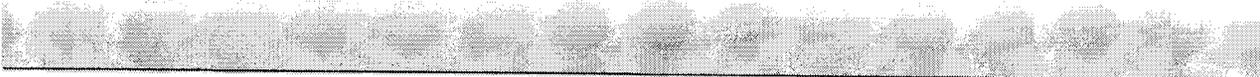
COMMENTS: Reference Sarpy County
 Grant for CNG vehicles.

DATE	DESCRIPTION	EACH	AMOUNT
13/23/13	<p>Quotes for the conversion of light/medium duty vans and pickups with unleaded engines to run on Compressed Natural Gas (CNG).</p> <p>EQUIPMENT: EPA Certified Systems</p> <p>CNG Conversion of 2011 thru 2014 Model Chevy, Ford or Dodge Vans or Pickups with available EPA Certified System.</p> <p>Under hood equipment to include injectors, regulator, fuel filter, fuel lock off, hoses, lines, wiring harness and computer reprogramming.</p>	(PRICE PER VEHICLE)	\$ 12,000.00
13/23/13	Standard in-bed, inside, or underneath tank configuration for Vans or Pickups, tank mounts, brackets, tank valves, valve vents, pressure relief valves, mounting hardware, etc.		
13/23/13	Misc. Fittings, Lines, Filters, etc... Includes fill valve, ¼ Turn Valve, and all high pressure components.		
13/23/13	<p>LABOR:</p> <p>Labor to install the fuel system, tanks, vents, lines, wiring, gas regulator, fuel filter, tank valves, etc.</p> <p>TRANSPORTATION: NO CHARGE FOR VEHICLES LOCATED IN SARPY COUNTY</p>		
BID PROPOSAL NOT TO EXCEED TOTAL:			\$ 12,000.00

COMMENTS: BID PROPOSAL DOES NOT INCLUDE APPLICABLE SALES TAX OR TRANSPORTATION FEES TO OTHER LOCATION. PROPOSAL AMOUNT GOOD TILL DECEMBER 30TH, 2014.

Please call or email with any questions: Lanny@fuelconversionsolutions.com or 816-443-2984

THANK YOU FOR THE OPPORTUNITY TO EARN YOUR BUSINESS!



Line No.	SUMMARY OF ALL FUNDS	Actual 2011-2012 (Column 1)	Actual 2012-2013 (Column 2)	Budget Proposed 2013-2014 (Column 3)	Budget Adopted 2013-2014 (Column 4)
1	Disbursements & Transfers:				
2	Operating Expenses	\$ 60,130,339	\$ 62,708,471	\$ 82,334,192	\$ 82,334,192
3	Capital Outlay	\$ 5,946,394	\$ 9,214,013	\$ 23,376,943	\$ 23,376,943
4	Debt Service	\$ 4,261,747	\$ 3,468,134	\$ 5,315,307	\$ 5,315,307
5	Transfers Out (Must agree to Transfers In Below)	\$ 9,373,794	\$ 8,568,331	\$ 7,835,504	\$ 7,835,504
6					
7					
8					
9					
10					
11	Total Disbursements & Transfers (Lines 2 to 10)	\$ 79,712,274	\$ 83,958,949	\$ 118,861,946	\$ 118,861,946
12	Balance Receipts and Transfers:				
13	Net Fund Balance	\$ 35,576,599	\$ 39,229,631	\$ 42,250,454	\$ 42,250,454
14	Intergovernmental Federal	\$ 2,042,825	\$ 2,896,380	\$ 1,849,560	\$ 1,849,560
15	Intergovernmental State	\$ 11,034,027	\$ 11,502,051	\$ 11,229,641	\$ 11,229,641
16	Intergovernmental Local	\$ 27,820,696	\$ 30,336,028	\$ 27,033,247	\$ 27,033,247
17	Personal and Real Property Taxes	\$ 33,093,964	\$ 33,676,982	\$ 34,763,540	\$ 34,763,540
18	Transfers In (Must equal to Transfers Out Above)	\$ 9,373,794	\$ 8,568,331	\$ 7,835,504	\$ 7,835,504
19	Total Resources Available (Lines 13 to 18)	\$ 118,941,905	\$ 126,209,403	\$ 124,961,946	\$ 124,961,946
20	Balance Forward/Cash Reserve (Line 19 -Line 11)	\$ 39,229,631	\$ 42,250,454	\$ 6,100,000	\$ 6,100,000

NOTE: Operating Disbursements includes Personal Services, Operating Expenses, Supplies and Materials, and Equipment Rental.

The data shown on this page must be the total of ALL funds shown in the budget document.
 Note 1: Must agree to previous column Balance Forward/Cash Reserve Amount.

SOURCES AND USES OF FUNDS

Sources:

Bond Principal \$ _____
 TOTAL \$ _____

Uses:

Refunding Deposit \$ _____
 Cost of Issuance and Underwriting _____
 TOTAL \$ _____

NEBRASKA DEVELOPMENTS RELATED TO BUDGETS AND TAXATION

The Nebraska Legislature has enacted legislation intended to reduce the level of property taxation and political subdivision expenditures in the State. The Legislature has enacted legislation to provide for budget limitations and legislation requiring reductions in the rate of taxation for general property taxes.

A limitation has been imposed on the growth of restricted funds with an adjustment factor for population growth, if any. Restricted funds include property taxes (excluding any amounts required to pay interest and principal on bonded indebtedness), payments in lieu of taxes, local option sales taxes, permit and regulatory fees, state aid and fees from enterprise funds to the extent budgeted for general purposes rather than the enterprise function.

The rates for levying property taxes are limited for each type of governmental unit in the State of Nebraska. The statutory rate for counties is limited to no more than 50¢ per one hundred dollars (\$100) of taxable value, provided that from such levy amount 5¢ may only be levied for payments due under interlocal cooperation act agreements. Up to a total of 15¢ of the county's authority may be dedicated to other political subdivisions at the discretion of the county board. Such 15¢ allocation authority applies to certain political subdivisions within the county, such as fire districts, but does not include cities, villages, school districts, community colleges, natural resource districts, educational service units and sanitary and improvement districts. Voter-approved property tax levies of the county to pay bonded debt are not included in such statutory limitation.

current tax rate
 29.99¢ / \$100
actual valuation

Ad valorem taxes levied to pay debt service on bonded indebtedness, including the Bonds, are not subject to the budget or tax levy limitations described above. However, taxes levied for the Bonds are subject to Nebraska's constitutional maximum levy of 50 cents per \$100 of taxable valuation of property subject to the levy, and the levy for the Bonds may not exceed 5.2 cents per \$100 of taxable valuation of property. See "THE BONDS: Security".

The future methods of providing financing for counties and other local units may be altered depending upon future actions to be taken by the Nebraska Legislature, possible future voter initiatives and further decisions of the Nebraska Supreme Court or of federal courts.

+ Potential Locations Owned by Cities/County





August 19, 2013

P.O. Box 83008
Lincoln, NE 68501
Tel: 888 890 5554

Marilyn Tabor, Grants Administrator
Nebraska Environmental Trust
P.O. Box 94913
Lincoln, NE 68509-4913

RE: Nebraska Environmental Trust Grant Application
"Fueling Sarpy County with Natural Gas"

Dear Mrs. Tabor:

I am writing with Black Hills Energy's financial commitment to the Sarpy County grant application, requesting funding for various natural gas vehicle projects.

Black Hills/Nebraska Gas Utility Company, LLC d/b/a Black Hills Energy ("Black Hills Energy") is pleased to submit this commitment letter to be a partner for a portion of the project. We are committed to the future of alternative fuels, which help meet state and county objectives of improving air quality and address the nationwide concerns of developing regional economic opportunities and increasing energy security by reducing the use of imported petroleum.

Using the opportunity presented with the Sarpy County project, we would like to further those goals with the installation of one public Compressed Natural Gas ("CNG") fueling station in Sarpy County, Nebraska. If funded, we plan to begin work as soon as we are notified that Sarpy County's grant application has been successful, with project completion expected by October 31, 2014.

In the event that Sarpy County's application is fully funded and Black Hills Corporation senior management approval is received, Black Hills Energy pledges a financial commitment to this project totaling \$800,000 toward the installation of one public CNG fueling station in Sarpy County, Nebraska.

Black Hills Energy looks forward to this collaborative effort that will help create working alternative fuel corridors and networks in the Midwest, supporting a wide range of alternative fuel vehicles, and demonstrate the environmental, ecological, and economic impact of successfully reducing our region's use of imported petroleum fuels. If you need additional information or have questions, please contact Mr. Paul M Cammack at (402) 437-1776 or email paul.cammack@blackhillscorp.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart Wevik".

Stuart Wevik
Vice-President Utility Operations





August 16, 2013

Lisa A. Haire
Sarpy County Grant Coordinator
1210 Golden Gate Drive
Papillion, NE 68046

RE: "Fueling Sarpy County with Natural Gas-
Nebraska Environmental Trust (NET) Grant"

Dear Ms. Haire,

I am writing with our financial intent to Sarpy County's grant application, requesting funding for a public CNG fueling station project.

The City of La Vista, Nebraska, is pleased to submit this letter of intent to be a partner for a portion of the project. We are committed to the future of alternative fuels, which help meet state, county and community objectives of improving air quality and address the nationwide concerns of developing regional economic opportunities and increasing energy security by reducing the use of imported petroleum.

Using the opportunity presented with the Sarpy County's project, we would like to further those goals with the CNG conversion of ten (10) vehicles over the next five years that will fuel at this new public CNG fueling station. The City of La Vista will be spending additional capital if new vehicles are purchased, along with the purchase of CNG conversion systems for new and/or existing vehicles, which should help demonstrate our commitment to this project and its goals.

The City of La Vista looks forward to this collaborative effort that will help create working alternative fuel corridors and networks in Nebraska, support a wide range of alternative fuel vehicles, and demonstrate the environmental and economic impact of successfully reducing our region's use of imported petroleum fuels.

If you need additional information or have questions, please contact me at (402) 331-8927 or jsoucic@cityoflavista.org.

Sincerely,

Joe Soucie, PWLF
Public Works Director

City Hall
8116 Park View Blvd.
La Vista, NE 68128-2198
p: 402-331-4343
f: 402-331-4375

Community Development
8116 Park View Blvd.
p: 402-331-4343
f: 402-331-4375

Fire
8110 Park View Blvd.
p: 402-331-4748
f: 402-331-0410

Golf Course
8305 Park View Blvd.
p: 402-339-9147

Library
9110 Giles Rd.
p: 402-537-3900
f: 402-537-3902

Police
7701 South 96th St.
p: 402-331-1582
f: 402-331-7210

Public Works
9900 Portal Rd.
p: 402-331-8927
f: 402-331-1051

Recreation
8116 Park View Blvd.
p: 402-331-3455
f: 402-331-0299

Nebraska Environmental Trust
Grant Application

OFC-Schmidt Transportation

RE: 2013 - NET Grant application
Natural Gas Infrastructure (Fill-Station / Vehicle Conversions)

We are writing with our financial intent to Sarpy County's grant application, requesting funding for a public Fueling station project and vehicle conversions to CNG.

OFC-Schmidt Trucking is pleased to submit this letter of intent to be a partner for a portion of the project. We are committed to the future of alternative fuels, which help meet state, county and community objectives of improving air quality and address the nationwide concerns of developing regional economic opportunities and increasing energy security by reducing the use of imported petroleum.

Using the opportunity presented with the Sarpy County project, we would like to further those goals with the CNG conversion of 10 vehicles over the next five years.

OFC - Schmidt Trucking, Inc. Looks forward to this collaborative effort that will help create working alternative fuel corridors and networks in Nebraska, support a range of light weight and over-the-road trucks, and demonstrate the environmental and economic impact of successfully reducing our region's use of imported petroleum fuels.

Sincerely,



Roger Schmidt - President
Josh Schmidt - General Manager
OFC-Schmidt Transportation