



**Massachusetts Bay
Transportation Authority**

Volkswagen Settlement Funds

Capital Finance & Administration

February 2026

Overview - \$23.1m in Diesel Settlement Funds

- MBTA will receive \$23.1 million plus accumulated interest from the Volkswagen Diesel Settlement fund, which is administered by the Department of Environmental Protection (MassDEP).
- Massachusetts received \$75.1 million to spend on environmental mitigation projects following the 2015 VW emissions cheating scandal.
- Settlement funds may be used for investments that improve air quality, provide cleaner transportation, and result in healthier communities across the state, including MBTA's purchase of battery electric buses.



Volkswagen Settlement Funding

- MassDEP is the lead agency under the VW Settlement and is responsible for developing the beneficiary mitigation plan (BMP) for Massachusetts, which describes how the Commonwealth will spend its funding allocation.
- MBTA's funding is part of a larger allocation of \$49 million in the BMP to support the purchase of electric transit buses and chargers for the MBTA and the RTA's.
- In June, MassDEP updated to its spending plan under the Volkswagen Settlement to direct more than \$20 million in investments to convert old, diesel MBTA buses to new, electric buses.



Funding will Support Battery Electric Bus Procurement

- This funding will support contract option for contract No. 1F-22 with New Flyer for the procurement of forty new 40-foot low-floor Battery Electric Buses. MBTA exercised this option in December 2025.
- The existing buses were procured in 2008 and are eligible to be scrapped and replaced.
- With an eligible per bus cost of \$1,399,502, MBTA will scrap at least 15 buses and procure 15 new buses with this funding.



Audit & Finance Subcommittee Vote

The Audit and Finance subcommittee hereby recommends that the Board of Directors authorize the General Manager, or his designee, to approve and execute a contract with the Massachusetts Department of Environmental Protection ("DEP") to provide \$23,100,000 plus accumulated interest from the Volkswagen Settlement Fund to support the MBTA's purchase of battery-electric buses, and to execute any necessary or ancillary documents in the name of and on behalf of the Massachusetts Bay Transportation Authority to effectuate the agreement.



Board Vote

To authorize the General Manager, or his designee, to approve and execute a contract with the Massachusetts Department of Environmental Protection ("DEP") to provide \$23,100,000 plus accumulated interest from the Volkswagen Settlement Fund to support the MBTA's purchase of battery-electric buses, and to execute any necessary or ancillary documents in the name of and on behalf of the Massachusetts Bay Transportation Authority to effectuate the agreement.

