

**THE NORTHWEST SEAPORT ALLIANCE**  
**MEMORANDUM**

**MANAGING MEMBERS**  
**STAFF BRIEFING**

**Item No.** 5A  
**Date of Meeting** January 15, 2019

**DATE:** January 7, 2019  
**TO:** Managing Members  
**FROM:** John Wolfe, CEO  
**Sponsors:** Kurt Beckett, Deputy Chief Executive Officer  
**Project Manager:** Jason Jordan, Director, Environmental and Planning Services  
**SUBJECT:** Clean Truck Program Briefing – Deadline Implementation

**A. SYNOPSIS**

The Clean Truck Program requires all trucks serving the international container terminals to have a 2007 engine or newer or equivalent verified emission controls after December 31, 2018.

The Clean Truck Program deadline was implemented at the international container terminals beginning Wednesday, January 2, 2019. Implementation of the clean truck deadline has gone mostly as expected, with an adequate number of compliant trucks available to serve NWSA terminals and with limited numbers of non-compliant trucks (orange sticker) having to be turned at the gate. Software issues related to the Radio Frequency Identification (RFID) system caused the implementation of the deadline to be initially conducted by a visual sticker check at the gates for the first few days of the program while the software provider fixed the software problem.

Bottom line: cargo is moving smoothly through the gateway, with very few interruptions due to turning trucks at the gate. In the first days of the Program, it appears that number of trucker turns have increased slightly, but more time is needed to verify any efficiencies gained because of this program.

**B. BACKGROUND**

The Ports of Seattle, Tacoma, and Vancouver, BC, collectively set a goal in 2008 of having 2007 or newer model year truck engines exclusively serving the international container terminals by January 2018 as part of the NWPCAS. In February 2018, the Managing Members took the following action:

- Effective April 1, 2018, all trucks entering NWSA international container terminals must have a 2007 engine or newer or equivalent emissions control retrofits to be considered compliant (“2007 Emission Standard”). To continue to access the terminals after

April 1, 2018, a driver with a non-compliant truck may apply for a Temporary Access Pass.

- Effective January 1, 2019, all non-compliant trucks will be turned away from NWSA international container terminals.
- Trucks meeting the 2007 Emission Standard will be able to serve the gateway until at least 2025. This provides certainty to drivers in the process of upgrading that the standard will not change in the immediate future.
- Authorization for the NWSA to spend \$1 million to develop a Clean Truck Fund Program and to partner with certified Community Development Financial Institutions (CDFI) to ensure all drivers have access to fair and affordable financing.

Staff are now no longer issuing Temporary Access Passes to non-compliant trucks or stickers and all trucks entering the international container terminals must now have a 2007 engine or newer, or have an equivalent emission control retrofit installed and approved by the NWSA. Verification is being conducted through the use of RFID tags at both the north and south harbor terminals.

### **C. PROGRAM STATUS**

Generally, last week's implementation of the Clean Truck deadline has gone smoothly, with an adequate number of compliant trucks (green sticker) available to serve NWSA terminals and with limited numbers of non-compliant trucks (orange sticker) having to be turned at the gate. Cargo is moving smoothly through the gateway, with little interruption due to turning trucks at the gate, and there is no evidence of a shortage of trucks at this time.

The main challenge the team faced with enforcement of the deadline was an Advent-based software failure that began to appear in the week of December 24<sup>th</sup>. The new system was implemented in a soft launch on December 1, and NWSA staff have been identifying errors and changes throughout December with the Advent team, before the hard launch of January 1. Through this soft launch, NWSA discovered the failure in the weekly data provided by Advent. Essentially, the software was listing some compliant trucks as non-compliant and seems to connect with an early December software update by Advent (the update serves all Advent clients, but included a custom feature for the NWSA). To maintain implementation of the Clean Truck Program deadline, staff worked with terminal operators to visually identify compliant trucks using the green stickers (which are no longer used in the South Harbor, with the introduction of RFID tags). Some compliant trucks only have RFID tags, so those trucks received green stickers to ensure they maintained terminal access, while the software issue was being fixed.

The full RFID system was rolled out, with the fix in place and stickers no longer used, on Tuesday, January 8<sup>th</sup>. All trucks now meet the 2007 emission standard and use RFID technology to enter the gates. Staff have been monitoring daily gate transaction data to ensure compliance and identify errors or problems. The first two days of data following implementation of the software fix on Friday, January 4<sup>th</sup> can be seen in Table 1.

Table 1: Clean Truck Program Results 1/4/2019 – 1/5/2019 (after Advent software fix)

<b>Terminal</b>	<b>Total # Trucks</b>	<b>Compliant Truck, green light</b>	<b>Non-compliant truck, red light</b>	<b>Compliant Truck, red light (Identified Advent bug)</b>	<b>Registration Issues (i.e. no truck info on RFID account)</b>
T-18	1065	924 (86.8%)	53 (5.0%)	1 (0.09%)	87 (8.1%)
T-30	313	261 (83.4%)	26 (8.3%)	0	26 (8.3%)
T-46	591	515 (87.1%)	38 (6.4%)	2 (0.3%)	36 (6.1%)
EST	302	260 (86.1%)	14 (4.6%)	0	28 (9.3%)
Husky	376	326 (86.7%)	14 (3.7%)	0	36 (9.6%)
WUT	504	439 (87.1%)	22 (4.4%)	0	43 (8.5%)
PCT	689	608 (88.2%)	28 (4.1%)	0	53 (7.7%)

Although a small number of non-compliant (i.e. ‘banned’ or ‘red light’) trucks have showed up at the gates, RFID readers at the out gates show these trucks are turned away by the terminal operators. This is a relatively small number do to the extensive outreach by Commissioners, NWSA staff and industry and agency partners throughout 2018, that the deadline was real and would not be moved.

It is unknown exactly how many trucks are needed to serve the gateway, however, based on 2017 feedback from marine terminal operators (MTOs) and the trucking community, both agreed that there were approximately 20% too many trucks in the system for it to operate at optimal efficiently. At that time, approximately 4,200 trucks were serving the gateway a month. Eighty percent is equivalent to 3,360 trucks. A similar comparison of the total compliant truck population can be made once the Clean Truck Program has been in place for a month.

**CLEAN TRUCK FUND:**

As approved by the Managing Members at the June 5, 2018, meeting, the Clean Truck Fund provides a level of loan loss security to qualified lenders that will ensure market rate loans are provided to truck owners serving marine terminals so that those owners can replace their older trucks and purchase trucks with 2007 and newer engines.

Staff have successfully negotiated a loan enrollment extension with the Washington State Department of Ecology that would allow non-compliant truckers to apply for a loan through the NWSA Loan Loss program through January 2019. This loan-only extension has been noticed on our website and will not change a trucker’s ability to access international container terminals without a compliant truck.

To date, a total of \$455,565 of loan funding has been distributed to truck owners by both the CDFIs, with backing by the NWSA Clean Truck Fund. \$66,000 of scrap bonuses have been distributed to truck owners receiving scrapping loans, who have submitted proof they have

scrapped their non-compliant truck. There are currently 13 truck owners going through the loan approval process, who are about to scrap their trucks.

Table 2: Clean Truck Fund contributions

<b>NWSA Clean Truck Fund</b>		
<b>Funding Source</b>	<b>Contribution</b>	<b>Use</b>
WA State Department of Ecology – VW State Fund	\$1,200,000	Scrapping and LLR
NWSA	\$1,000,000	LLR and Admin
WA State Clean Diesel Grant	\$234,000	Scrapping
PSCAA	\$200,000	LLR
City of Seattle	\$150,000	Scrapping
SCAQMD DERA 2017 Administrative Costs	\$25,000	LLR
<b>Total Funding</b>	<b>\$2,809,000</b>	

<b>Use</b>	<b>Amount</b>	<b>Source</b>
Available for Loan Loss Reserve (LLR)	\$1,625,000	WA State, NWSA, PSCAA, SCAQMD
Available for Admin – 10% cap of LLR (includes financial counselor costs)	\$242,500	NWSA
Available for Scrap Bonuses	\$941,500	Clean Diesel Grant, COS, WA State
<b>Total Use</b>	<b>\$2,809,000</b>	

The Clean Truck Fund includes grants from the State of Washington, Washington State Department of Ecology, Puget Sound Clean Air Agency, California South Coast Air Quality Management District, and contributions from NWSA.

The funds from the Department of Ecology (two sources – VW State Fund and Clean Diesel Grant) require the non-compliant truck be scrapped, and require a loan to be applied for by January 31<sup>st</sup>, 2019. Other sources of funds have no expiry date.

SECOND CHANCE TRUCKS:

The NWSA entered into an ILA with PSCAA in 2018 to assume responsibility of administering a DERA grant with South Coast Air Quality Management District (SCAQMD), where ten trucks from Southern California are sold at a below-market price to PNW drivers. The NWSA was responsible for identifying ten NWSA non-compliant truck owners, to be matched up with the Southern Californian fleet owners, to negotiate a price (capped at \$30,000). Once a price was agreed, the PNW non-compliant (pre-2007 engine) truck is scrapped, and the PNW driver takes delivery of the new compliant truck.

The NWSA drivers are finalizing their transactions with the Southern Californian fleet owners, and are currently taking delivery of their new trucks. Representatives of the NWSA and SCAQMD physically inspected the non-compliant trucks in December 2018 to ensure they were road-worthy. A local scrap yard, Simon Metals, will scrap the non-compliant trucks to

EPA's requirements in the coming weeks. The NWSA received \$25,000 to administer the program, which has been put back into the Clean Truck Fund for the loan loss reserve.

CERTIFIED RETROFITS:

The NWSA will accept an equivalent emission control system on an older model year truck (certified by EPA or CARB). To be approved for entry to NWSA international container terminals, NWSA staff review documentation provided by the retrofit installer to ensure it is compliant. As of January 7th, there are 71 approved retrofit trucks who have been through this process and are able to continue working at the NWSA, with 57 of these retrofits submitted in the past 2 weeks – staff are working diligently to review the documentation as quickly as possible to ensure drivers are able to use their retrofit truck.

DOMESTIC TERMINALS:

Domestic terminals are not currently included in the NWSA Clean Truck Program. Staff have been analyzing camera data for trucks entering two domestic terminals in the South Harbor – West Sitcum and TOTE – for the past year. The most recent data for November 2018 can be seen below in Table 3. There are two truck populations entering domestic terminals – a majority also work in the international container terminals, and are part of the current Clean Truck Program. There is a smaller population of trucks who have never come to the international container terminals. Overall, the size of the truck population is much smaller than the international container terminals, and is already at a much higher compliance rate (77% overall). Staff will continue to monitor this data into 2019 to observe any shifts in truck age.

Table 3: Domestic Terminal Truck Data November 2018

<b>In International CTP</b>	
Total # trucks	356
# trucks meeting standard	301
# trucks not meeting standard	55
% trucks meeting standard	<b>84.6</b>
% trucks not meeting standard	<b>15.4</b>
<b>Not in International CTP</b>	
Total # trucks	168
# trucks meeting standard	103
# trucks not meeting standard	65
% trucks meeting standard	<b>61.3</b>
% trucks not meeting standard	<b>38.7</b>
<b>TOTAL</b>	
Total # trucks	524
# trucks meeting standard	404
# trucks not meeting standard	120
% trucks meeting standard	<b>77.1</b>
% trucks not meeting standard	<b>22.9</b>

**D. NEXT STEPS**

Monitor recently implement RFID technology across North and South Harbors. Staff will manage implementation and provide guidance to drivers needing help with their online registration.

Staff will increase communications throughout January to ensure drivers know that time is running out to apply for a scrap bonus under the Clean Truck Fund (January 31st).

Return to Managing Members to review domestic terminal information and to make a formal domestic terminal clean truck recommendation Q2 of 2019.

**E. PREVIOUS ACTIONS OR BRIEFINGS**

<u>Date</u>	<u>ACTION</u>
December 4, 2018	Clean Truck Program Update
November 6, 2018	Clean Truck Program Update
October 2, 2018	Clean Truck Program Update  Managing Members approved ILA with City of Seattle to accept \$150,000 contribution to scrapping bonuses under Clean Truck Fund
September 4, 2018	Clean Truck Program Update
August 14, 2018	Clean Truck Program Update  Managing Members approved ILA with Ecology to accept \$234,000 Clean Diesel Grant for scrapping bonuses under Clean Truck Fund
July 17, 2018	Clean Truck Program Update  Managing Members approved ILA with PSCAA to receive \$200,000 for Clean Truck Fund, and ILA with PSCAA to accept 10 CA trucks from SCAQMD  Air Quality Grant Funding Update

(table continued)

<u>Date</u>	<u>ACTION</u>
June 5, 2018	Clean Truck Program Update  Managing Members approved Clean Truck Fund program design, approval of contract extension and expansion to S Harbor for RFID technology with Advent
May 1, 2018	Clean Truck Program Update
April 3, 2018	Clean Truck Program Update  Puget Sound Emissions Inventory and Greenhouse Gas Inventory Results
March 20, 2018	Clean Truck Program Update  Managing Members approved \$2,264,000 funding for Clean Drayage System
February 6, 2018	Managing Members approved adoption of NWSA Clean Truck Program  Managing Members authorized the CEO to negotiate and enter into lease amendments to carry out the Clean Truck Program in the South Harbor  Managing Members authorized contribution of \$1,000,000 to the Clean Truck Fund
January 16, 2018	Clean Truck Program Briefing and draft Policy Motion
November 7, 2017	Clean Truck Policy Update Briefing