

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No. 8C
Date of Meeting December 7, 2021

DATE: November 22, 2021

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Jason Jordan, Director, Environmental and Planning Services

Project Manager: Nicola Graham, Environmental Project Manager I

SUBJECT: Authorization to accept \$719,957 EPA DERA Grant for truck scrapping bonuses

A. ACTION REQUESTED

Request authorization for CEO to accept EPA DERA Grant in the amount \$719,957 to provide an additional 32 truck scrapping bonuses in the existing Domestic Scrapping Program.

B. SYNOPSIS

If accepted, this DERA grant will help fund the scrapping of an additional 32 pre-2007 trucks in the existing Domestic Truck Scrapping Program, which is currently scrapping trucks using funds from the City of Seattle. These additional funds will be plugged into the existing program, which has been providing scrap bonuses to truck owners serving domestic container terminals since 2019.

Thirty-two pre-2007 drayage trucks serving the NWSA domestic container terminals will be scrapped and replaced with newer, cleaner diesel versions with 2015 or newer engines. The NWSA will provide up to \$20,000 of DERA grant funds to eligible truck owners and manage the grant. The trucks currently serve the domestic container terminals, TOTE and SSA-West Sitcum, in Tacoma, WA, moving containerized cargo between terminals, rail yards and regional warehouses. Replacing these 32 trucks with newer, cleaner diesel versions will reduce Diesel Particulate Matter emissions by 1.1 tons per year and 16 tons total over the 14-year projected lifetime of the replacement trucks.

C. BACKGROUND

The NWSA Clean Truck Program is a multi-year, multi-dimensional initiative to reduce air and climate pollution from drayage trucks serving the gateway. Key program elements include:

- Implementation of a requirement, put in place in January 2019, that all drayage trucks serving NWSA's international terminals must be Model Year 2007 or newer.

- A scrap-and-replace incentive program to reduce the number of pre-2007 trucks serving the NWSA's domestic terminals.
- A trucker outreach and assistance program to help truckers participate in the program, for example, by providing free training on diesel particulate filter maintenance.

The Clean Truck Program is a core element of the Northwest Ports Clean Air Strategy (NWPCAS), a voluntary collaboration of the four port authorities – NWSA, Port of Tacoma, Port of Seattle, and Vancouver-Fraser Port Authority. The aim is to reduce air and climate pollution from seaport activities across the four ports and throughout the Georgia Basin-Puget Sound airshed. As of 2016, trucks accounted for about 20 percent of the diesel particulate matter (DPM) and greenhouse gas (GHG) emissions, for which the NWSA, Port of Tacoma, and Port of Seattle are responsible under the Strategy. Due to the success of the Clean Truck Program to date, that percentage is smaller now, but still significant.

The 2020 update to the NWPCAS, which was adopted by the Managing Members at the April 6, 2021, meeting, sets the aspirational goal of phasing out DPM and GHG emissions from seaport activities (including drayage trucks) by 2050. NWSA staff are developing a 5-Year NWPCAS Implementation Plan, which will outline the next steps for the Clean Truck Program. The implementation plan is slated for adoption at the December 2021 Managing Members meeting.

The NWSA and the home ports (Seattle and Tacoma) have operated previous drayage truck scrapping programs over the past 12 years using state and federal grant funds. However, these programs had eligibility requirements for participants to have a truck serving the international container terminals, to prepare them for the January 1, 2019 Clean Truck deadline, when the requirement was implemented for all trucks serving the international container terminals had to have a 2007 engine or newer. Truck owners serving the domestic terminals were not eligible for these previous programs and so could not access any financial assistance to upgrade their trucks. Since the 2019 deadline, the NWSA has focused its outreach and funding efforts towards cleaning up this much smaller truck fleet (i.e. approximately 500 trucks total serve the domestic terminals vs. approximately 4000 trucks serving the international container terminals). As can be seen in Figure 1, the Q3 2021 domestic fleet has approximately 102 pre-2007 trucks entering the TOTE and SSA-West Sitcum terminals, at an 86% compliance rate of the domestic fleet.

Since the program launched in 2019, a Clean Diesel grant of \$234,000 from the WA Department of Ecology was used to scrap and replace 31 pre-2007 trucks. The program is currently offering truck owners serving the domestic terminals a scrap bonus towards the purchase of a new truck using a \$113,000 contribution from the City of Seattle – these City

funds will scrap 11 trucks. This additional DERA grant will join the existing City funds and allow the program to scrap an additional 32 trucks by the end of 2023.

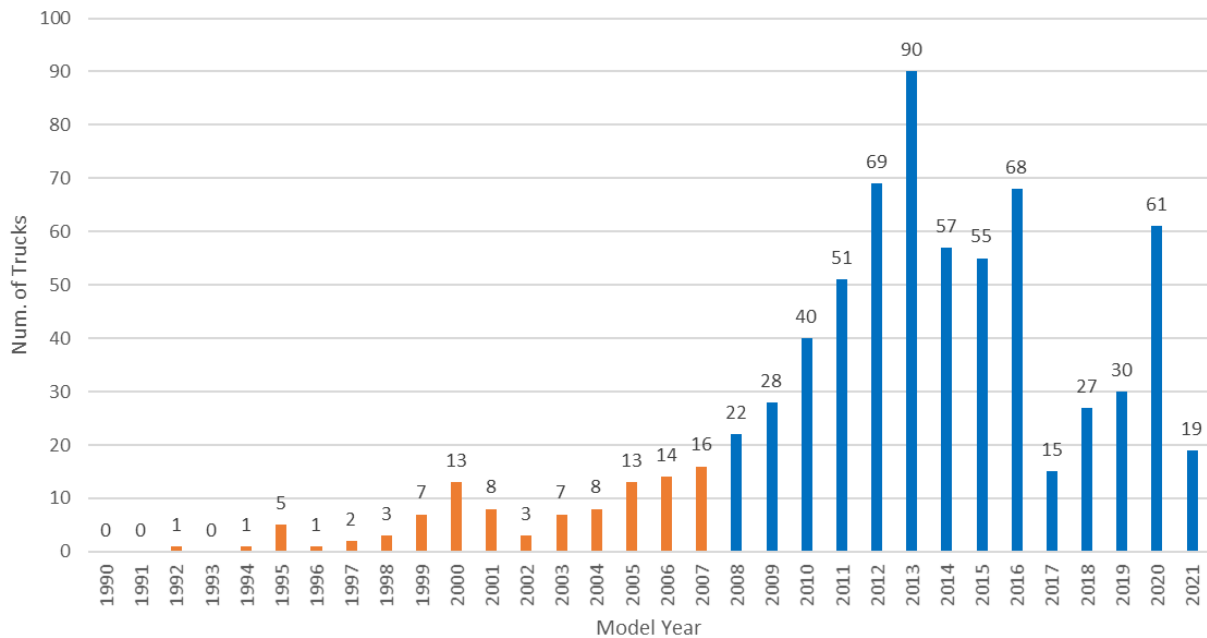


Figure 1: Q3 2021 Domestic truck fleet (TOTE and West Sitcum, data collected from OCR gate cameras)

D. PROJECT DESCRIPTION AND DETAILS

This DERA funding would allow domestic terminal truck owners to access financial assistance towards the purchase of a newer, cleaner diesel truck, that they have not previously been able to access. As the average cost of a 2016 diesel truck is approximately \$40,000, this is a significant financial investment that is beyond the reach of many in the drayage community.

This DERA grant will provide up to 50% of the cost of a replacement 2015 or newer truck, capped at \$20,000. The truck owner would also be able to keep any scrap value from the scrap yard. In the current program, truck owners typically receive \$100-\$200 in scrap value from their old truck. By providing up to 50% of the cost of a cleaner, newer replacement truck, the financial burden of paying the remaining 50% is much more affordable for the 32 truck owners selected.

In total, this DERA funding will scrap an additional 32 trucks, alongside the 31 trucks already scrapped by the Department of Ecology Clean Diesel grant, and 11 trucks to be scrapped by the City of Seattle funds. In total, by the end of 2023, the Domestic Scrapping Program is on target to have scrapped 74 pre-2007 trucks serving the domestic terminals.

As the program has been open since 2019, this funding will extend the lifetime of the program to the end of 2023. A program website and online application portal already exist, so staff are ready to use these funds immediately.

E. FINANCIAL IMPLICATIONS

The NWSA will be the recipient of this grant and will pass on EPA DERA funding to truck owners to purchase a 2015 or newer replacement truck. The NWSA will assess suitability of applicants before acceptance to the Domestic Scrapping Program, based on ownership and use criteria (i.e., truck must have entered the domestic terminals in the past 2 years, and the recipient must be the truck owner). Once approved, the truck owner will be responsible for selecting and purchasing a suitable replacement truck and scrapping the old drayage truck. The NWSA Air Quality and Sustainable Practices team will assess all paperwork submitted and issue the participant support costs to the truck owner. The NWSA Air Quality and Sustainable Practices team will manage and administer the grant and will submit all necessary project reports and invoices to EPA. As with the management of the existing program, the NWSA will contribute staff time to manage the grant and the program, which has been budgeted for in the 2022 Clean Truck program MID 201050.TBD. The grant will cover the lesser of 50% or \$20,000 of each replacement truck purchase, and the rest by the truck owner.

F. ATTACHMENTS TO THIS REQUEST

- Computer slide presentation.
- Draft DERA grant agreement with EPA