

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

**MANAGING MEMBERS**  
**ACTION ITEM**

<b>Item No.</b>	<u>4D</u>
<b>Date of Meeting</b>	<u>July 17, 2018</u>

**DATE:** July 3, 2018

**TO:** Managing Members, The Northwest Seaport Alliance

**FROM:** John Wolfe, Chief Executive Officer  
**Sponsor:** Jason Jordan, Director, Environmental and Planning Services  
**Project Manager:** Sara Cederberg, Environmental Senior Project Manager

**SUBJECT:** Dual Vote NWSA/POT/POS: Northwest Ports Clean Air Strategy ILA – Vancouver Fraser Port Authority

**A. ACTION REQUESTED**

As referenced in NWSA Resolution No. 2016-04, Exhibit A, Delegation of Authority Master Policy, Paragraph 8.b.i. requires authorization from Managing Members to enter into Interlocal Agreements (ILAs) with other public agencies.

Request authorization for the NWSA CEO, POS Executive Director, and POT CEO to each enter into an agreement in the amount C\$16,845.36 (~\$13,000 USD) each for work associated with the Northwest Ports Clean Air Strategy Interlocal Agreement (ILA) – Vancouver Fraser Port Authority, NWSA Master Identification No. 201007.01, POS Project Number 105760, POT Master Identification Number 101044.01.

**B. SYNOPSIS**

The costs of the services being provided by the consultant to manage the development of the Northwest Ports Clean Air Strategy 2019 Update will be shared with the Vancouver Fraser Port Authority (VFPA) paying 33.3% of the costs, and the Northwest Seaport Alliance, the Port of Tacoma, and the Port of Seattle each paying 22.2% of the costs.

The consultant will invoice VFPA directly for the costs of providing the services. VFPA will invoice the Northwest Seaport Alliance, Port of Tacoma, and Port of Seattle for its portion of the costs. The three U.S. port entities share of costs of the services shall not exceed C\$16,845.36 (~\$13,000 USD), unless the parties otherwise agree in writing.

**C. BACKGROUND**

The original Northwest Ports Clean Air Strategy (NWPCAS) was developed in 2007 and published in 2008 in collaboration amongst Port of Vancouver (POV), the Port of Seattle

(POS), and the Port of Tacoma (POT), with the aim of reducing air emissions from maritime and port-related activities, such as vessels, trains, trucks and terminal equipment, that affect air quality and contribute to climate change in the Puget Sound-Georgia Basin air shed. The Northwest Seaport Alliance (NWSA) became a full member upon its formation in 2015. It remains a strong example of collaboration across commercially competing ports to achieve common environmental goals.

Several government agencies take part in the development and implementation of the NWPCAS, including the US Environmental Protection Agency (EPA), the Washington State Department of Ecology (Ecology), the Puget Sound Clean Air Agency (PSCAA), Environment Canada, and Metro Vancouver. Each agency has provided comments on the proposed NWPCAS Update workplan.

The NWPCAS sets direction and helps staff prioritize emission reduction projects. While the U.S. ports have adopted their own ambitious climate targets, the NWPCAS complements those commitments by providing different strategies and techniques for achieving those targets. This update cycle provides the opportunity to align the NWPCAS with the longer-term air quality objectives established in the GHG Reduction Resolutions of the NWSA, the POT Strategic Plan, and the POS updated Century Agenda goals, consistent Energy and Sustainability committee recommendations, as well as the opportunity to better align the NWPCAS with the strategic objectives of the ports.

The NWPCAS was most recently updated in 2013 and this update is scheduled to begin in 2018. This update will develop new goals for emission reductions through at least 2025. There are several opportunities for improvement within the NWPCAS, including, for example, broader stakeholder engagement both developing the NWPCAS and during its implementation, a clear prioritization of strategies including having a better accounting of exposure to contaminants, and increasing flexibility in achieving performance-based targets.

This interlocal agreement will establish a cost-sharing structure for consultant support to develop and publish the next update to the NWPCAS.

#### **D. PROJECT DESCRIPTION AND DETAILS**

The 2013 NWPCAS is approaching the end of its 5-year implementation period, and the four port partners will be engaging a consultant to support a review of the existing strategy and the development of an updated strategy. This will be an opportunity to review the challenges and opportunities of this collaborative program, articulate an updated future direction (vision, goals, objectives), identify an updated framework for action (including, as appropriate, sector-level goals, targets, activities), and define the process for reviewing and reporting progress over the next 5-year period. This process will also provide an opportunity for ports to obtain input from a wide range of stakeholders, including industry and near-port communities that will inform the development of the 2018 NWPCAS.

The NWSA has established several guiding principles to inform this work:

1. **Focus.** Prioritize policy based on cost effectiveness, resource efficiency, and long-term sustainable funding. Create policy that is fit for purpose, that is, policy that addresses the most significant impacts of a process and only includes requirements that deliver measurable, quality outcomes.
2. **Balance.** Optimize policy based on multiple factors including the best available scientific understanding of technology, efficiency measures, international industry norms, first costs, life cycle costs, and environmental, health and social impacts.
3. **Inclusive Engagement.** Follow a multi-stakeholder development process to create policy that is representative of the industry and community and builds a sense of ownership by the stakeholders.

The maritime industry is made up of a diverse stakeholder body including local, state, federal government agencies, labor, multiple industries, near-port communities, and environmental non-profits. These various stakeholders are experts in their fields and bring a diversity of ideas to help the US Ports (the Northwest Seaport Alliance, the Port of Seattle and the Port of Tacoma) achieve our objective of creating a voluntary, joint strategy to reduce port-related air emissions that affect air quality and climate change in the Puget Sound/Georgia Basin Airshed.

Staff will engage multiple consultants to aid in facilitation and work with our agency partners to bring together a balanced and representative group of interested stakeholders for deliberation in the drafting process, paying particular attention to those stakeholders who will be directly affected by implementation. Extra efforts will be made to engage stakeholder groups that are underrepresented or disadvantaged. The US Ports will make public the feedback received and how comments were taken into account. Port of Vancouver will follow their own process for consultation. In order to engage a wide variety of stakeholders, outreach will be undertaken in multiple phases.

#### *Phase 1*

The four port entities (NWSA, POS, POT, POV) have engaged a consultant to conduct background research to identify regulatory, policy and technical context, and best practices. The consultant will summarize current initiatives happening at the four port entities as well as identify broader regulatory, policy, and technology trends. They will also conduct a desktop review of current initiatives underway by other ports, local and state governments and private organizations.

The NWSA will stand up an internal Steering Committee to regularly meet and provide direction on the NWPCAS. This committee will be comprised of management from Environmental, Operations, Business Development, Real Estate, and Public Affairs.

In addition, the US ports have engaged the same consultant to conduct targeted interviews with stakeholders in order to identify industry and community concerns, priorities and related

projects underway in the community. This work is scheduled to be complete by early September.

NWSA and POS staff have developed a draft outreach plan to identify the relevant groups for this background research. The consultant will not be able to interview all of these groups, hence staff or additional resources will be used to make sure everyone is reached.

This research will inform the first NWPCAS partner workshop, tentatively scheduled for the second week of September. At this workshop, the partners will discuss the trajectory of the new NWPCAS. The result of that workshop will be an updated vision and goals/objectives that support the vision. This will be presented to the Managing Members at the October or November public meeting.

### *Phase 2*

Once the vision is established, the next phase of development will focus on content development and reporting. Staff have budgeted six months and three iterations of the strategy document for this phase. Staff will consult with multiple stakeholders in this phase to align policy with current industry best practices and represent community feedback.

In addition to the internal NWSA and POS Steering Committees, the US Ports will establish a balanced Stakeholder Committee including 2-3 representatives from:

1. Trucking
2. Terminal Operators
3. BCOs
4. Shipping Lines
5. Labor
6. Partner Regulatory Agencies
7. Community Organizations
8. Environmental Groups

Some sectors will require additional expert feedback outside of this committee, e.g. locomotives, and those groups will be established on an ad hoc basis. Any recommendations from those ad hoc groups will be shared with the Stakeholder Committee for review.

The Stakeholder Committee will make recommendations on content based upon agreed upon priorities, data, and qualitative feedback. The US Ports will make all feedback and proposals public as well as responses on how the feedback was incorporated. The four port entities will ultimately decide on the content included in the NWPCAS.

Staff anticipate one in-person kick off meeting and biweekly conference calls during the six month development process. Some meetings may be held outside of work hours to accommodate schedules. Staff request the two representatives from the Commission be engaged throughout the process and participate in these meetings as able.

Once a first draft of the NWPCAS is complete, the draft will be available for public comment for at least 45 days. Staff will review and prioritize the comments received and share this

feedback with the internal Steering Committees and Stakeholder Committees for incorporation into the second draft. All comments and responses will be posted publicly.

### **Schedule**

- **Phase 0: Project management & project initiation (July – August 2018).** This phase will establish the governance structure for the development, including project teams, roles and responsibilities for ports and other agencies, process and timeframes to set the stage for a successful project.
- **Phase 1: Setting the stage – background & context (July – August 2018).** The first phase of the project will be an opportunity to reflect on all the changes that have occurred over the last 10 years since the first Northwest Ports Clean Air Strategy was developed, and to research and identify where changes are anticipated over the next 5 to 10 years. This includes highlighting key findings from previous implementation reports, and identifying relevant changes in policy, technology, regulation and industry trends in place now or in the near future in relation to air and GHG emissions. This is when interviews with the community will be conducted, to identify community concerns, priorities and related projects underway in the community.
- **Phase 2: Establishing the vision and framework – where do we want to be? (September – October 2018)** The second phase will involve reflecting on the last 10 years of Clean Air Strategy collaboration, identifying successes and challenges, and charting a course for the next 5 years. This will provide an opportunity to redefine the framework, if and as needed, to ensure the NWPCAS remains relevant and aligned with each port's vision for clean air in the region. After this phase, staff will present the recommendation to the Managing Members.
- **Phase 3: Defining the plan – how do we get there? (October 2018 – March 2019)** The third phase involves developing a plan for achieving the vision, goals/objectives identified during Phase 2, and conducting outreach with stakeholders on the vision and goals, as well as obtaining input to inform plan development. This is the phase when the U.S. ports will launch the stakeholder committee and seek public comment. Staff will present the draft to the Managing Members upon completing this phase.
- **Phase 4: Establishing monitoring and reporting (December 2018 – March 2019).** Phase 4 will occur simultaneously to some tasks in Phase 3. The purpose of Phase 4 is to define how the goals or objectives will be monitored and reported with an emphasis on streamlining the reporting process, including specific definitions of any targets developed, and a template or mock report demonstrating how these will be reported, and timelines for reporting.
- **Phase 5: Preparing and delivering final strategy (February – June 2019).** The final phase involves writing the full draft Strategy, building from the preliminary plan developed and approved in Phase 3, and incorporating the monitoring and reporting elements defined during Phase 4. Staff will present the final NWPCAS to the Managing Members for adoption via Resolution upon completion.

Staff recommends one representative from each of the two commissions participate in the development process by joining the external stakeholder committee and participating in the development workshops. Staff will brief the Managing Members on progress after the

completion of Phase 2 and Phase 4 and seek adoption by Resolution once the NWPCAS is complete.

The development process will include background research on industry trends, benchmarking against other ports, and community feedback before beginning a review of the structure of the NWPCAS. In Phase 2, the port partners and agencies will decide whether to continue with the same strategy framework as in the past, move to something more expansive (e.g., including water quality) or switch to simply a joint reporting effort without aligned goals.

This phase will help the ports to evaluate their internal capacity to deliver and not the content of the strategy. Once that direction is established and reviewed by the Managing Members, the development of the specific content of the NWPCAS will begin in Phase 3. This phase will include several iterations of the NWCPAS, solicitation and incorporation of ideas from external stakeholders, and result in a final draft. Concurrently, the consultant will develop the associated reporting requirements for the content in the NWPCAS to insure it is as streamlined and automated as possible, thus reducing the time and effort needed to report out annually on progress. Finally, a final document will be presented to the Managing Members for adoption via Resolution.

#### **E. FINANCIAL IMPLICATIONS**

The cost of the support to the U.S. entities (NWSA, POS, POT) is capped at C\$16,845.36 (~\$13,000 USD) each. The total estimated cost of the update is \$60,000 USD.

Each participating US Port entity will expense these costs as incurred.

##### ***Source of Funds***

The current NWSA Capital Investment Plan allocates \$750,000 for this project under MID 201007.01 Northwest Ports Clean Air Strategy.

The current POT Capital Investment Plan allocates \$130,000 for this project under MID 101044.01 POT Environmental Sustainability Initiatives.

The current POS Expense Budget allocates \$35,000 for this project under Project #105760 Air Program.

#### **F. ATTACHMENTS TO THIS REQUEST**

- Memorandum of Agreement – VFPA – NWSA
- Memorandum of Agreement – VFPA – POS
- Memorandum of Agreement – VFPA – POT

#### **G. PREVIOUS ACTIONS OR BRIEFINGS**

<u>Date</u>	<u>Action</u>
May 1, 2018	Staff Briefing