

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

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

<b>Item No.</b>	<u>4E2</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:** Authorize the NWSA CEO to enter into an Interlocal Agreement with the Puget Sound Clean Air Agency (PSCAA) to transfer to the NWSA the responsibility for implementing the tasks required of PSCAA in Agency Contract 2018-035 (SCAQMD Agreement #C18221) between PSCAA and the California South Coast Air Quality Management District (SCAQMD).

**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 to enter into an Interlocal Agreement with the Puget Sound Clean Air Agency (PSCAA) to transfer to the NWSA the responsibility for implementing the tasks required of PSCAA in Agency Contract 2018-035 (SCAQMD Agreement #C18221) between PSCAA and the California South Coast Air Quality Management District (SCAQMD).

**B. SYNOPSIS**

This project will transfer ten 2011-2014 MY trucks from Southern California to the Pacific Northwest and scrap 10 pre-2007 PNW trucks. The NWSA will help match truck owners in the PNW to Southern California fleets. Southern California fleet owners receive a \$100,000 grant toward a near zero truck and retain the proceeds of selling their truck in the PNW, capped at \$30,000. Retail value of second-hand trucks is approximately \$45,000-\$60,000.

The NWSA will receive \$2,500 per truck to administer the program which will be put back into the Clean Truck Fund for the loan loss reserve. The project will be complete by December 31, 2018.

### **C. BACKGROUND**

In 2017, the California South Coast Air Quality Management District (SCAQMD), in partnership with the Puget Sound Clean Air Agency and Oregon Dept of Environmental Quality, successfully applied for a DERA grant for scrapping and replacing drayage trucks. Since the project was awarded, Oregon DEQ has backed out of the agreement, cutting the available funding in half.

The State of California and the San Pedro Bay ports have more aggressive truck requirements than the NWSA's 2007 engine standard – moving to a 2014 model year (MY) this summer and near zero standard by 2023. Several drayage companies in California had recently upgraded trucks to 2012 MY or newer and are reluctant to scrap what is still a useable and valuable truck. SCAMD received a \$1 million DERA grant in 2017. Under this program, SCAQMD will reimburse Southern California fleet owners \$100,000 for purchasing a low NOx emission truck. In addition, their 2012 MY truck will be sold in WA to replace a pre-2007 truck and the pre-2007 truck will be scrapped. The total selling price of the 2012-compliant truck cannot exceed \$30,000. The Washington truck purchaser will pay the SoCal fleet owner up to \$30,000 for the sale of the 2012-compliant truck.

PSCAA was originally going to administer this program in Washington, but is no longer able to and approached NWSA to take over the project. Ten trucks are available and, based on local estimates from dealerships, are valued at least \$15,000 below market rate. The price of the trucks is capped at \$30,000.

Staff proposes accepting these trucks. The NWSA is responsible for identifying eligible candidates operating at the NWSA. NWSA shall compile and review eligible Southern California trucks to make sure they fit the needs of Washington drivers. The NWSA will receive \$2,500 per truck to administer the program which will be put back into the Clean Truck Fund for the loan loss reserve.

The NWSA shall inspect each noncompliant Washington truck to be replaced for drivability and operability and send the result of the inspection to SCAQMD. A non-drivable or inoperable truck is ineligible for this project.

Upon the completion of each purchase by a Puget Sound truck owner of a transferred truck and the scrapping of the truck owner's older truck, the NWSA shall provide to PSCAA documentation of the transaction and the scrapping at the same time this documentation is sent to SCAQMD. Documentation will include photographs and a certificate signed and dated by an authorized scrap yard that the MY 1995-2006 along with the engine has been destroyed or rendered useless by:

- Cutting a three-inch by three-inch hole in the engine block (the part of the engine containing the cylinder); and
- Disabling the chassis by cutting through the frame/frame rails on each side at a point located between the front and the rear axles.

These transactions will be completed before the end of 2018.

**D. FINANCIAL SUMMARY**

<b>NWSA Clean Truck Fund</b>	
<b>Funding Source</b>	<b>Contribution</b>
WA State Department of Ecology – VW State Fund	\$1,200,000
NWSA	\$1,000,000
WA State Clean Diesel Grant*	\$216,000
PSCAA*	\$200,000
City of Seattle (pending FY19 budget approval)	\$150,000
SCAQMD DERA 2017 Administrative Costs (this request)**	\$25,000
<b>Total Funding</b>	<b>\$2,791,000</b>

\* Pending Managing Member authorization.

\*\*does not include full DERA grant (\$1M)

Master Identification Number 201050.02 has been assigned to the Clean Truck Fund.

**E. NEXT STEPS**

1. NWSA will identify candidates for this program and connect them to the two Southern California fleets participating in the program.
2. The funds will be invoiced by the NWSA as each truck is scrapped (\$2,500 per truck) and paid within 30 days of receiving the NWSA's invoice for payment.
3. The ILA will be effective upon the signature of both Parties and will terminate March 31, 2019, unless mutually extended by the Parties.

**F. ATTACHMENTS TO THIS REQUEST**

- Interlocal Agreement 2018-044