



Item No.: 5E Supp
Date of Meeting: June 5, 2018

Clean Truck Fund Program Design Request

Project Authorization

Clean Truck Fund Program Design

Request Managing Members' authorization for the Chief Executive Officer or their delegate to:

- a) Develop and execute the Clean Truck Fund Program design as currently proposed by staff :
 1. The Clean Truck Fund will provide equal access to market rate truck loans by providing a loan loss reserve for Community Development Financial Institutions (CDFIs). Loans issued through the program will be pegged to market rate interest and loan terms.
 2. Highest priority for loans will be given to drivers who have frequently called the gateway over the past two years and have the largest limitations for access to fair lending.
 3. NWSA will procure a nonprofit agency skilled in financial counseling to coordinate the program through March 2019.



Project Authorization

Clean Truck Fund Program Design

Request Managing Members' authorization for the Chief Executive Officer or their delegate to:

4. Loans will be made by CDFIs who meet NWSA criteria.
 5. Less than 10 percent of the total fund will be used toward administration, loan vetting and financial counseling.
 6. The balance of funds will be held in an NWSA account as loan guarantees through the life of the loans. Once the loan is fully repaid, the guarantee is released and the NWSA will be free to invest funds in other emission reduction strategies.
- b) Enter into a new Interlocal Agreement with the Washington State Department of Ecology for a \$1,200,000 contribution to the Clean Truck Fund.



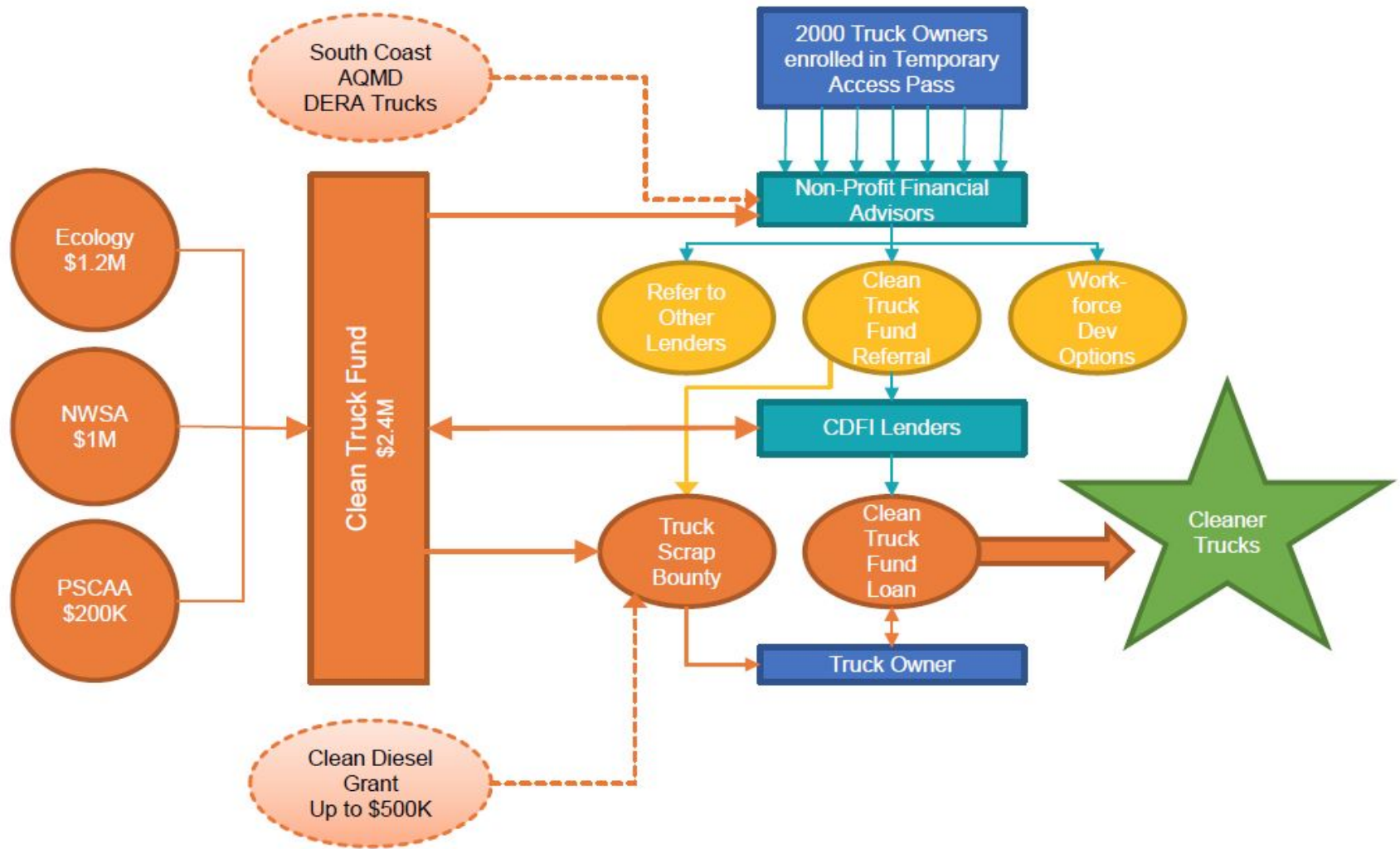
Background

Clean Truck Fund Program Design

- **2/6/18 Managing Members action and direction to staff**
 - *Requested Managing Members authorization to establish a Clean Truck Fund to support the NWSA Clean Truck Program in 2018, for an amount of \$1,000,000, and solicit requests for proposals (RFP) from certified Community Development Financial Institutions conditioned upon passage of authorizing state legislation.*
- **Recent actions:**
 - Passage of state legislation
 - Grant of \$1.2 million from state and proposed \$200K from PSCAA
 - Creation of the non-compliant truck database
 - Ongoing truck owner engagement and outreach
 - Funders meeting – 4/26/18
 - Clean Truck Fund workshop – 5/17/18



Draft NWSA Clean Truck Fund Concept



Background

Clean Truck Fund Program Design

- **~2000 trucks are in the temporary access pass system.**
 - 1250 cited that their primary duty cycle is short haul (less 50 miles) or local rail ramps (SIG/ARGO yards).
 - When asked why their truck is not in compliance, 477 of the 1250 cited, “Unable to finance a newer truck at market rate.”
- **Based on feedback from CDFIs, staff recommends a 10% loan loss reserve, per loan.**
- **Staff estimates the \$2.4 million in the Clean Truck Fund would provide a 10% guarantee for 446 loans.**



Dept. of Ecology ILA

Clean Truck Fund Program Design

- The program is statutorily required by the overarching budget section to replace and scrap old vehicles.
- NWSA staff will report the emission reductions from converted trucks associated with Ecology funding.
- NWSA will agree to spend any funds not used to guarantee loans on projects and vehicle replacement that will result in commensurate emission reductions.
- NWSA will provide Ecology with a reporting of other matching funds in program and their sources.



Other Funding Opportunities

Clean Truck Fund Program Design

Washington State Department of Ecology Clean Diesel Grant

- \$500,000 available for scrap incentives for heavy-duty on-road vehicles and buses
 - Assuming an average voucher of \$6,000, at least **90 trucks** could be served if the full \$500,000 award is granted.
 - If one third of the grant is awarded, at least **35 trucks** would be served.
- Applications due June 7. Notice of award July 19.



Other Funding Opportunities

Clean Truck Fund Program Design

South Coast Air Quality Management District 2017 DERA Grant

- The State of California and the San Pedro Bay ports will require a 2014 MY truck this summer and near zero standard by 2023.
- SCAQMD will reimburse Southern California fleet owners \$100,000 for purchasing a low NOx emission truck. 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.
 - Ten trucks are available and all have very low mileage, 50,000-100,000, are 2012 or newer.
- SCAQMD board review early July. Presented to the Managing Members in July or August.



Financial Impacts

Clean Truck Fund Program Design

Financial Impacts

Funding contributions from other agencies will be recognized as grant income when received.

Administrative costs and guarantees paid-out will be operating expenses in the period incurred.

If any grant funds remain at the conclusion of the program, they will be internally restricted for future eligible environmental projects.



Source of Funds

Clean Truck Fund Program Design

Source	Amount for Loan Loss Reserve	Amount for Scrap Bounty	Cost of Administration
NWSA	\$830,000	-	\$145,000
Dept of Ecology	\$1,200,000	-	-
PSCAA	\$200,000	-	-
Clean Diesel Grant*	-	Up to \$500,000	\$15,000
SCAQMD DERA*	-	-	\$25,000
TOTAL	\$2,230,000	Up to \$500,000	\$185,000 (6.8%)
Number of Trucks Served	446 @ \$5,000 reserve	Up to 92 @ \$6,000 bounty	

*Pending grant award and Managing Member approval.



Alternatives Considered and Implications

Clean Truck Fund Program Design

- **No Action Alternative:**

- Truckers will be required to find trucks and appropriate financing without support from the Alliance. Some truckers will be left without access to market rate financing and be forced to leave the business.

- **Recommended Action:**

- Authorize the draft program design.



Conclusion

Clean Truck Fund Program Design

Request Managing Members' authorization for the Chief Executive Officer or their delegate to:

- a) Develop and execute the Clean Truck Fund Program design as currently proposed by staff :
 1. The Clean Truck Fund will provide equal access to market rate truck loans by providing a loan loss reserve for Community Development Financial Institutions (CDFIs). Loans issued through the program will be pegged to market rate interest and loan terms.
 2. Highest priority for loans will be given to drivers who have frequently called the gateway over the past two years and have the largest limitations for access to fair lending.
 3. NWSA will procure a nonprofit agency skilled in financial counseling to coordinate the program through March 2019.



Conclusion

Clean Truck Fund Program Design

Request Managing Members' authorization for the Chief Executive Officer or their delegate to:

4. Loans will be made by CDFIs who meet NWSA criteria.
 5. Less than 10 percent of the total fund will be used toward administration, loan vetting and financial counseling.
 6. The balance of funds will be held in an NWSA account as loan guarantees through the life of the loans. Once the loan is fully repaid, the guarantee is released and the NWSA will be free to invest funds in other emission reduction strategies.
- b) Enter into a new Interlocal Agreement with the Washington State Department of Ecology for a \$1,200,000 contribution to the Clean Truck Fund.

