



P.O. Box 1209
Seattle, WA 98111-1209
Tel: (206) 787-3000

www.portseattle.org

August 26, 2013

Ms. Carrol Johnston
Clean Diesel Grant Program Coordinator
Washington State Department of Ecology
Air Quality Program
PO Box 47600
Olympia, WA 98504-7600

Dear Ms. Johnston:

RE: Clean Diesel Grant Application for Port of Seattle Clean Truck Program

Please consider the enclosed application for a Washington State Clean Diesel Grant of \$475,000.

Summary of Proposal: The proposed project will replace 19 older (model years 1994 – 2006) privately-owned drayage trucks that serve Port of Seattle marine terminals with trucks having a 2007 model year engine or newer, or replacement engines meeting the 2007 emission standard. This will be accomplished by providing financial incentives of up to \$20,000 per truck. Administrative costs to administer this program will be approximately 20% of the total cost, or about \$5,000 per truck, for a total cost of \$25,000 per truck. Old trucks will be scrapped. The estimated project duration is 18 months, with expected completion by March, 2015. This project will run concurrently with a parallel, federally funded Congestion Mitigation Air Quality project to scrap/replace or retrofit 160 trucks serving the Port of Seattle.

Project Need: The project will implement components of a larger effort, the Northwest Ports Clean Air Strategy to reduce port-related diesel emissions, including those from drayage trucks serving marine terminals. Currently, all trucks calling at the Port of Seattle container terminals must meet the federal emission standards for engine-year 1994. On January 1, 2018, all drayage trucks entering Port of Seattle container terminals will be required to have model-year 2007 or newer engines or equivalent. The 2007 year engines emit one-tenth the particulate matter of pre-2007 engines.

The project will reduce diesel emissions in Seattle's Duwamish Valley, the hub of most of the Port of Seattle marine terminals that are also in close proximity to residential areas.

There are about 2,500 trucks calling routinely at container terminals. About 15% of those trucks are already equipped with model year 2007 engines or newer, and it is expected that normal fleet turnover will occur before the 2018 deadline, increasing the proportion of newer trucks in the fleet. In addition, 160 trucks will be replaced or retrofitted via a joint federal/Port of Seattle-

funded project. There are well over 19 remaining truck owners that would benefit from Ecology funding to provide additional truck upgrade incentives.

Partnerships: The Port of Seattle is the recipient of a federal Congestion Mitigation Air Quality (CMAQ) grant per the enclosed Local Agency Agreement with the Washington Department of Transportation and Federal Highways Administration. These funds will be used to replace or retrofit 160 older polluting drayage trucks that serve Port of Seattle marine terminals with newer model year trucks and/or EPA-certified emission reduction retrofits to render them equivalent to a 2007 model year truck. This will be accomplished by providing financial incentives of up to \$20,000 per truck to truck owners. Trucks that are not retrofitted will be scrapped. We are in the planning stage of this project and expect to begin accepting applications for the financial incentive in early 2014. The incentives are expected to be offered through the end of 2014, with project closeout in early 2015. A more detailed description of work and budget for the CMAQ-supported project are enclosed.

The CMAQ-funded project description encompasses retrofits to older trucks, which could include exhaust retrofits, engine replacement with newer diesel or CNG engines, and other alternatives that may come on the market in the future. We are currently defining conditions, if any, under which we would allow reimbursement for retrofits such as Diesel Particulate Filters, due to concerns about their performance and maintenance needs in typical drayage operations.

We propose to administer a single truck scrapping/replacement program to meet the requirements of both the CMAQ and Ecology Clean Diesel grant programs. This would be accomplished by:

- Incorporating both federal and state requirements into contract advertising and award;
- Utilizing a single truck incentive application/processing system that meets both CMAQ and Ecology requirements; and
- Implementing cost-tracking and invoicing systems to ensure that grant reimbursements align with both the CMAQ and Ecology requirements. One way to achieve this would be to assign grant-eligible expenses to the respective agencies based on a formula that proportions costs according to the relative contribution of each grant-funded project.

Thank you for considering this application. If you have any questions or need any additional information, please contact Janice Gedlund, Seaport Air Quality Program Manager at (206) 787-7924 or gedlund.j@portseattle.org.

Sincerely,



Linda Styrk
Seaport Managing Director

Enclosures: 5



**Department of Ecology
Air Quality Program**

FOR Ecology Use Only

Application # _____

Application for Clean Diesel Grant Program

(Please provide a cover letter with your application that briefly describes your project)

1). Applicant Name: Port of Seattle, Seaport Division	
Address: P.O. Box 1209 Seattle, WA 98111	Federal Tax Identification Number: 91-6001-025 DUNS Number: 009483694
2). Number of Heavy-Duty Diesel Vehicles/Equipment Pieces in Your Fleet: 19	
3). Please indicate the type of clean diesel project(s) you are interested in (Check as many as apply and describe in more detail in the cover letter)	
<p>a) Exhaust retrofit ____</p> <p>b) Idle reduction ____</p> <p>c) Engine rebuild ____</p> <p>d) Engine repower <u>X</u></p> <p>e) Vehicle/equipment replacement <u>X</u></p> <p>f) Other (provide brief description below) ____</p>	
4). Applicant Authorized Signatory: <i>(person listed here must sign Section 9 of this application)</i>	5). Applicant Staff Contact: <i>(please complete both items 4 and 5)</i>
Name: Linda Styrk	Name: Janice Gedlund
Title: Managing Director, Seaport Division	Title: Air Quality Program Manager
Phone: (206) 787-3873	Phone: (206) 787-7924
Fax: (206) 787-3280	Fax: (206) 787-3707
Email: styrk.l@portseattle.org	Email: gedlund.j@portseattle.org
6). Project Duration: 15 months	
7). Diesel Vehicle/Equipment List: Use the Diesel Grant Equipment List (EXCEL spreadsheet) posted on Ecology's Diesel Grants website to provide complete fleet information. All heavy-duty diesel vehicles/equipment owned and/or registered and operated by the applicant organization should be listed as part of your fleet. For example, one fleet might include three refuse trucks, two dump trucks and fourteen transit buses. If a vehicle has already been retrofitted, please indicate the type of emission control device installed. Previously retrofitted vehicles/equipment may be eligible for an additional emission control device.	

8). Certification and Agreement: The undersigned representative certifies that the information submitted herewith is true and correct to the best of their knowledge and belief, and that they are authorized to submit this application.

The applicant agrees that if a grant is awarded on the basis of this application or any revision or amendment thereof, it will comply with all applicable statutory provisions, and with the applicable terms, conditions, and procedures of the Department of Ecology grant regulations and of the grant agreement.


Signature of Authorized Signatory

8/29/13
Date Signed

9). Application *Deadline*: Please refer to separate funding availability announcement(s) for specific deadlines associated with current funds.

IMPORTANT NOTE: *Because additional funds may be available at later dates, Ecology will continue to accept applications after the deadlines noted in the funding announcement(s). Please do not hesitate to submit an application at any time.*

10) Submit Your Application to the Following Address:

(U.S. Postal Mailing Address)

Washington State Department of Ecology

Air Quality Program

PO Box 47600

Olympia, WA 98504-7600

Attention: Carrol Johnston, Clean Diesel Grant Program Coordinator

(Overnight Mail or Hand-Delivery Address)

Washington State Department of Ecology

Air Quality Program

300 Desmond Drive

Lacey, WA 98503

Attention: Carrol Johnston, Clean Diesel Grant Program Coordinator



**Washington State
Department of Transportation**

Lynn Peterson
Secretary of Transportation

Transportation Building
310 Maple Park Avenue S.E.
P.O. Box 47300
Olympia, WA 98504-7300
360-705-7000
TTY: 1-800-833-6388
www.wsdot.wa.gov

August 9, 2013

Mr. Tay Yoshitani
Chief Executive Officer
Port of Seattle
PO Box 1209
Seattle, Washington 98111-1209

RECEIVED
AUG 14 2013
LOCAL PROGRAMS

**Port of Seattle
Puget Sound Regional
Clean Truck Program
CM-1140(055)
Advance Construction Authorization**

Dear Mr. Yoshitani:

We have received FHWA Advance Construction fund authorization, effective August 2, 2013, for this project as follows:

PHASE	TOTAL	AC-FEDERAL SHARE
AC-Construction	\$4,087,281	\$3,535,498

Advance Construction authorization means you may proceed with this phase of work, but all costs incurred that are eligible for federal reimbursement must be covered with local funds until additional federal funds are made available by FHWA. We anticipate converting your project to regular funding in October 2013. You will be notified when this has occurred, at which time billings can be processed for federal reimbursement.

Enclosed for your information and file is a fully executed copy of Local Agency Agreement LA-8219 between the state and your agency. All costs exceeding those shown on this agreement are the sole responsibility of your agency.

Your project has been assigned construction contract number TA-5263.

You may proceed with the administration of this project in accordance with your WSDOT approved Certification Acceptance agreement.

Sincerely,

Stephanie Tax
Manager, Program Management
Highways & Local Programs

ST:dk:ac
enclosure

cc: Ed Conyers, Northwest Region Local Programs Engineer, MS NB82-121



Local Agency Agreement

Agency Port of Seattle
 Address P. O. Box 1209
Seattle, WA 98111

CFDA No. 20.205
 (Catalog of Federal Domestic Assistance)
 Project No. CM-1140/055
 Agreement No. PA 8219
 For OSC WSDOT Use Only

The Local Agency having complied, or hereby agreeing to comply, with the terms and conditions set forth in (1) Title 23, U.S. Code Highways, (2) the regulations issued pursuant thereto, (3) 2 CFR 225, (4) Office of Management and Budget Circulars A-102, and A-133, (5) the policies and procedures promulgated by the Washington State Department of Transportation, and (6) the federal aid project agreement entered into between the State and Federal Government, relative to the above project, the Washington State Department of Transportation will authorize the Local Agency to proceed on the project by a separate notification. Federal funds which are to be obligated for the project may not exceed the amount shown herein on line r, column 3, without written authority by the State, subject to the approval of the Federal Highway Administration. All project costs not reimbursed by the Federal Government shall be the responsibility of the Local Agency.

Project Description

Name Puget Sound Regional Clean Truck Program Length N/A
 Termini N/A

Description of Work

This project will result in air quality benefits by replacing or retrofitting 160 or more older polluting drayage trucks that serve Port of Seattle marine terminals with newer model years trucks and/or EPA-certified emission reduction retrofits to render them equivalent to a 2007 model year truck. Trucks that are not retrofitted will be scrapped.

Type of Work	Estimate of Funding		
	(1) Estimated Total Project Funds	(2) Estimated Agency Funds	(3) Estimated Federal Funds
PE			
<u> </u> %			
a. Agency			
b. Other			
c. Other			
Federal Aid Participation Ratio for PE			
d. State			
e. Total PE Cost Estimate (a+b+c+d)			
Right of Way			
<u> </u> %			
f. Agency			
g. Other			
h. Other			
Federal Aid Participation Ratio for RW			
i. State			
j. Total RW Cost Estimate (f+g+h+i)			
Construction			
k. Contract			
l. Other (Consultants: Administration & Audit)	\$ 727,281	\$ 98,183	\$ 629,098
m. Other (Truck replacement/retrofit incentives)	\$ 3,260,000	\$ 440,100	\$ 2,819,900
n. Other			
o. Agency	\$ 100,000	\$ 13,500	\$ 86,500
p. State			
q. Total CN Cost Estimate (k+l+m+n+o+p)	\$ 4,087,281	\$ 551,783	\$ 3,535,498
r. Total Project Cost Estimate (e+j+q)	\$ 4,087,281	\$ 551,783	\$ 3,535,498
<u>86.5%</u> Federal Aid Participation Ratio for CN			

Agency Official
 By [Signature]
 Title TBy Yoshitani, Chief Executive Officer

Washington State Department of Transportation
 By [Signature]
 Director of Highways and Local Programs
 Date Executed 1/30 022013

Construction Method of Financing (Check Method Selected)

State Aid and Award

- Method A - Advance Payment - Agency Share of total construction cost (based on contract award)
- Method B - Withhold from gas tax the Agency's share of total construction cost (line 4, column 2) in the amount of \$ _____ at \$ _____ per month for _____ months.

Local Force or Local Aid and Award

- Method C - Agency cost incurred with partial reimbursement

The Local Agency further stipulates that pursuant to said Title 23, regulations and policies and procedures, and as a condition to payment of the federal funds obligated, it accepts and will comply with the applicable provisions set forth below. Adopted by official action on

March 4, 2013, Resolution/Ordinance No. Ord 6103

Provisions

I. Scope of Work

The Agency shall provide all the work, labor, materials, and services necessary to perform the project which is described and set forth in detail in the "Project Description" and "Type of Work."

When the State acts for and on behalf of the Agency, the State shall be deemed an agent of the Agency and shall perform the services described and indicated in "Type of Work" on the face of this agreement, in accordance with plans and specifications as proposed by the Agency and approved by the State and the Federal Highway Administration.

When the State acts for the Agency but is not subject to the right of control by the Agency, the State shall have the right to perform the work subject to the ordinary procedures of the State and Federal Highway Administration.

II. Delegation of Authority

The State is willing to fulfill the responsibilities to the Federal Government by the administration of this project. The Agency agrees that the State shall have the full authority to carry out this administration. The State shall review, process, and approve documents required for federal aid reimbursement in accordance with federal requirements. If the State advertises and awards the contract, the State will further act for the Agency in all matters concerning the project as requested by the Agency. If the Local Agency advertises and awards the project, the State shall review the work to ensure conformity with the approved plans and specifications.

III. Project Administration

Certain types of work and services shall be provided by the State on this project as requested by the Agency and described in the Type of Work above. In addition, the State will furnish qualified personnel for the supervision and inspection of the work in progress. On Local Agency advertised and awarded projects, the supervision and inspection shall be limited to ensuring all work is in conformance with approved plans, specifications, and federal aid requirements. The salary of such engineer or other supervisor and all other salaries and costs incurred by State forces upon the project will be considered a cost thereof. All costs related to this project incurred by employees of the State in the customary manner on highway payrolls and vouchers shall be charged as costs of the project.

IV. Availability of Records

All project records in support of all costs incurred and actual expenditures kept by the Agency are to be maintained in accordance with local government accounting procedures prescribed by the Washington State Auditor's Office, the U.S. Department of Transportation, and the Washington State Department of Transportation. The records shall be open to inspection by the State and Federal Government at all reasonable times and shall be retained and made available for such inspection for a period of not less than three years from the final payment of any federal aid funds to the Agency. Copies of said records shall be furnished to the State and/or Federal Government upon request.

V. Compliance with Provisions

The Agency shall not incur any federal aid participation costs on any classification of work on this project until authorized in writing by the State for each classification. The classifications of work for projects are:

1. Preliminary engineering.
2. Right of way acquisition.
3. Project construction.

In the event that right of way acquisition, or actual construction of the road, for which preliminary engineering is undertaken is not started by the closing of the tenth fiscal year following the fiscal year in which the agreement is executed, the Agency will repay to the State the sum or sums of federal funds paid to the Agency under the terms of this agreement (see Section IX).

The Agency agrees that all stages of construction necessary to provide the initially planned complete facility within the limits of this project will conform to at least the minimum values set by approved statewide design standards applicable to this class of highways, even though such additional work is financed without federal aid participation.

The Agency agrees that on federal aid highway construction projects, the current federal aid regulations which apply to liquidated damages relative to the basis of federal participation in the project cost shall be applicable in the event the contractor fails to complete the contract within the contract time.

VI. Payment and Partial Reimbursement

The total cost of the project, including all review and engineering costs and other expenses of the State, is to be paid by the Agency and by the Federal Government. Federal funding shall be in accordance with the Federal Transportation Act, as amended, 2 CFR 225 and Office of Management and Budget circulars A-102 and A-133. The State shall not be ultimately responsible for any of the costs of the project. The Agency shall be ultimately responsible for all costs associated with the project which are not reimbursed by the Federal Government. Nothing in this agreement shall be construed as a promise by the State as to the amount or nature of federal participation in this project.

Description of Work – Port of Seattle CMAQ-funded Clean Truck Program

Key Tasks	Schedule
Grant obligation a) NEPA environmental documentation b) Commission authorization c) Local Agency Agreement executed	Jun-Jul 2013
Program design a) Develop program parameters i. Eligibility criteria for truck owners to receive financial incentive ii. Eligibility criteria for truck technologies/retrofits equivalent to 2007 engine emissions	Jul– Sep 2013
Contracting a) Conduct acquisition planning process i. Program Administrator contract (see tasks below) ii. Program Auditor contract (see tasks below) b) Advertise and award contracts	Jul–Nov 2013
Implementation – project administration contract a) Open truck outreach center for potential applicant, to be in place for duration of program b) Conduct outreach campaign to advertise program c) Develop application forms & recordkeeping systems d) Process applications for financial assistance, including these steps: i. Assist truck owner in understanding program options ii. Verify truck owner and truck information on application forms iii. Obtain verification from truck owner that they will purchase eligible replacement truck and/or retrofits iv. Obtain other verification (affidavit) from truck owner indicating that eligibility criteria met v. Inspect vehicle and engine to verify odometer, engine serial number, date of manufacture of engine to be scrapped vi. Conduct lien search to verify ownership status of truck being scrapped or retrofit vii. Verify that registration and insurance coverage is up-to-date and active e) Process scrapping/retrofitting and incentive payout, including these steps i. Determine total allowable scrapping fee to be paid to truck owner (\$20,000 for truck replacement, may be less for retrofits) ii. Obtain proof of purchase of replacement truck iii. Inspect replacement truck to verify program eligibility iv. Work with scrapping company to ensure/verify full destruction of truck engine v. For retrofits, work with truck owner to determine appropriate technology and installation vi. Pay out clean truck incentive fee f) Maintain up-to-date records and reports	Dec 2013- Dec 2014
Implementation – project auditing contract a) Audit performance of project administration contractor on a routine basis i. On-site review of truck owner application processing and recordkeeping ii. On-site review scrapping, truck replacement inspection/verification processing and recordkeeping iii. On-site review of payout processes and recordkeeping iv. Review of project progress tracking (number of vehicles scrapped and retrofitted, number and value of incentives paid out, calculations of associated air emission reductions) b) General support to Port Project Manager as needed	Dec 2013- Dec 2014
Closeout activities	Jan 2015

551783

COST ESTIMATE - Port of Seattle CMAQ-funded Puget Sound Regional Clean Truck Program

PROJECT BUDGET	Dollars	Percent	Comments
grant request	\$ 3,535,498	86.5%	
PO S 13.5% match	\$ 551,783	13.5%	
Total Grant Project Cost	\$ 4,087,281	100%	
Non-Eligible Costs	\$ 115,000		
	\$ 4,202,281		

PROJECT ADMINISTRATION	Dollars	Comments
Consultant Contract - program administrator	\$ 652,281	Program management including staffing trucker outreach center, truck evaluations, replacement, retrofit, scrappage. This figure does not include truck scrap incentives.
Consultant Contract - program auditor	\$ 75,000	Provide technical program mgmt assistance including program audits, records, projection on number of trucks & assoc. emission reductions as program evolves
POS staff time	\$ 100,000	Developing contracts, processing invoices, etc. (based on City of Tacoma's costs for similar program in 2012)
total admin cost	\$ 827,281	

TRUCK INCENTIVES	Dollars	Comments
Paid to truck owner as truck replaced	\$ 3,260,000	Assume 160 trucks at \$20,000/truck, this may be paid directly by POS or by Consultant program administrator
total incentives	\$ 3,260,000	\$ 3,269,824.80

NON-eligible Port of Seattle costs (overhead & legal)	Dollars	Percent
Seaport Environmental overhead	\$ 65,000.00	65%
Other ineligible costs	\$ 50,000.00	
total non-eligible costs	\$ 115,000.00	

TRUCK SCRAPPAGE REVENUE	Dollars	Comments
Received from scrapping co's as trucks scrapped	\$ (84,000.00)	REVENUE, NOT COST. Assume 120 trucks @ \$700/truck (some trucks may be retrofitted instead of scrapped.) Program administrator to contract with scrapper.

IS replaced

