

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 6b
Date of Meeting December 10, 2013

DATE: November 18, 2013
TO: Tay Yoshitani, Chief Executive Officer
FROM: Stephanie Jones Stebbins, Director Seaport Environmental and Planning
Janice Gedlund, Seaport Air Quality Program Manager
SUBJECT: Northwest Ports Clean Air Strategy Update Adoption

ACTION REQUESTED

Request Commission adoption of the Northwest Ports Clean Air Strategy 2013 Update. No funding is associated with this request.

SYNOPSIS

The Northwest Ports Clean Air Strategy 2013 Update is a revision to the Northwest Ports Clean Air Strategy adopted by the Port of Seattle Commission on January 22, 2008.

The strategy, a voluntary, collaborative effort between the Ports of Seattle, Tacoma, and Metro Vancouver (B.C.) is being updated to incorporate what was learned from the 2011 emissions inventory, which showed considerable across-the-board reductions in pollutants since the base year of 2005. The strategy update includes establishment of additional reduction goals for diesel particulate matter (DPM) and greenhouse gases (GHG); revised 2015 performance targets; establishment of 2020 performance targets; and an increased commitment to conduct pilot and demonstration projects.

BACKGROUND

The Port of Seattle, Port of Tacoma, and Port Metro Vancouver are continuing their collaborative efforts on the Northwest Ports Clean Air Strategy to reduce maritime-related emissions from global marine trade and port operations in the Georgia Basin–Puget Sound airshed. In developing and implementing the 2007 strategy and this 2013 strategy update, the three ports partnered with government agencies including Environment Canada and Metro Vancouver in Canada and the U.S. Environmental Protection Agency, Washington State Department of Ecology, and Puget Sound Clean Air Agency in the United States. The port partners and governmental agencies worked together between January 2012 and May 2013 to develop the draft strategy update.

Public Outreach on the Northwest Ports Clean Air Strategy 2013 Update

The Port conducted various stakeholder outreach efforts between September 2012 and May 2013 to get input on key elements of the strategy update. This included meetings with industrial

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

November 18, 2013

Page 2 of 8

stakeholders such as trucking companies, truck drivers, cruise lines, container lines, and marine terminal operators; as well as with community groups and the Seattle City Council.

On June 11, 2013, a public review draft of the strategy update was released. The Ports of Seattle and Tacoma's public comment period ran from June 11 through July 31, 2013. Port Metro Vancouver accepted public comments between June 21 and August 9, 2013. Comments were accepted at open houses, in person, by mail, and on-line.

The Port of Seattle hosted two public meetings (June 26 and June 27). During that time, briefings on the strategy update were also given at a number of community council and neighborhood association meetings.

The three ports received comments from 45 respondents. The Port of Seattle received 26 of those comments, 20 of which focused on trucks.

The 45 comments covered:

- Truck owners' inability to afford the price and maintenance of a 2007 or newer trucks, especially in light of the reduced volume of cargo at the port.
- Appreciation for the Port of Seattle's proposed truck scrapping incentive program; but concern that the grant-funded project to provide incentives to scrap and replace 160 trucks does not help enough truck owners, and does not provide a high enough level of financial assistance.
- Concern regarding truck parking in Seattle neighborhoods.
- Concern that the reduction goals should be absolute rather than per ton of cargo.
- A need for a mandatory approach to emission reduction; and appreciation for aligning some targets, such as for ocean-going vessels, with regulations and established third-party certification programs.
- A need for greater financial support to meet targets.
- Suggestion to increase focus on alternative fuels such as natural gas and hydrogen fuel cells.
- A suggestion to expand the scope of the strategy (e.g., fugitive emissions, noise).
- Overall there was positive support of the strategy update and goals, and the pilot studies and demonstration projects.

Revisions Made to the Draft Northwest Ports Clean Air Strategy 2013 Update

The changes made following internal and public review of the document are listed below:

- The 2015 interim goal of having 80% of trucks meet the 2007 emission standards was eliminated. A single target was set for the end of 2017 for trucks to meet or surpass EPA emission standards for model year 2007.
- Actions and targets for clean construction standards for engines used on port-led construction projects were clarified.
- It was clarified that the goal and target due dates refer to the end of the stated year (i.e. 2015 target means December 31, 2015).
- A statement was added to acknowledge that reduction of black carbon emissions, which contribute to climate change, is a co-benefit of reducing diesel particulate matter (DPM);

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

November 18, 2013

Page 3 of 8

however, black carbon emissions have not been quantified in the ports' emission inventories or in this strategy update.

A summary of the public review process and a summary of the key points made by reviewers were added to the document.

PROJECT JUSTIFICATION AND DETAILS

The Puget Sound Clean Air Agency's first Air Toxics Evaluation (2003) showed that 78% of the public health risk from air pollution in Puget Sound comes from diesel. Following that finding, the Port of Seattle voluntarily initiated and managed the first effort to quantify sources of maritime air emissions in the Puget Sound region. The result was the 2005 Puget Sound Maritime Air Emissions Inventory (2005 EI) which was developed by a forum of regulatory agencies, ports, industry, and non-governmental organizations. The 2005 EI, published in 2007, was a comprehensive baseline of all maritime-related emission sources (ocean-going vessels, cargo-handling equipment, trucks, rail and harbor vessels) in the greater Puget Sound region.

Since the adoption of the Northwest Ports Clean Air Strategy in 2008, the ports, stakeholders and partners have achieved considerable progress toward emission reduction measures. The ports will continue to encourage the spirit of collaboration and cooperation among their partners to promote proactive engagement of stakeholders and implement innovative approaches for reducing emissions. The ports also recognize the need to review and adjust the strategy on a regular basis in light of new standards, technology advancement, air emissions data, and evolving climate change policy frameworks.

Project Objectives

To reduce emissions in advance of and complementary to regulations, the strategy update focuses on voluntary actions to address three primary objectives:

1. Reduce maritime-related air quality impacts from diesel particulate matter (DPM) emissions to decrease immediate and long-term health effects on human health, the economy, and the environment in the airshed.
2. Reduce greenhouse gas (GHG) emissions to limit contributions to climate change and reduce associated environmental, health, and economic impacts.
3. Help meet air-quality standards and objectives for the airshed.

Scope of Work

The strategy update contains airshed-wide goals for reducing maritime-related DPM and GHG emissions. To develop these goals, the strategy partners considered data collected through implementation since 2007, advances in emission-reduction technology, actions taken, and changes in the regulatory landscape.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

November 18, 2013

Page 4 of 8

The strategy partners updated the previous 2015 performance *measures* (now called performance *targets*) and set new performance targets for 2020. The strategy update includes new and updated actions and performance targets for the following sectors:

1. Ocean-going vessels
2. Harbor vessels
3. Cargo-handling equipment
4. Trucks
5. Locomotives and rail transport
6. Port administration

The strategy update calls for pilot studies and demonstration projects designed to advance emission-reduction technologies for the maritime and port industry.

Each year, the strategy partners publish an implementation report that summarizes emission-reduction activities and tracks progress on performance targets. The annual report presents progress and compares results with previous years. Every five years, the ports will update their air emissions inventories and analyze progress toward emission-reduction goals.

Schedule

Performance targets are set for the years 2015 and 2020. Port staff will continue ongoing efforts to meet these targets, and work will continue through December 31, 2020. Annual progress reports will be published each year.

FINANCIAL IMPLICATIONS

The following table summarizes outside costs included in the 2013 and 2014 operating budgets to support the Northwest Ports Clean Air Strategy.

<i>Outside Cost Breakdown</i>	2013 Budget	2014 Budget
Operating Expenses: Outside service contracts to provide technical services in support of the program.	\$245,000	\$299,000
Non-Operating Expenses:		
ABC Fuels	625,000	400,000
Cargo Handling Equipment	100,000	100,000
Truck Related Initiatives	325,000	3,392,000
Total Expenditures	1,295,000	4,191,000
Less: Grant Revenues	(0)	(2,689,000)
Net Cost to Port	\$1,295,000	\$1,502,000

Budget Status and Source of Funds

Funds to implement the strategy update have been included in the Port's 2013 and 2014 operating budgets and the related forecasts used in developing the plan of finance. This includes expenditures

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

November 18, 2013

Page 5 of 8

of funds classified as operating expenses and non-operating expenses and the offsetting receipt of funds from grants. The net cost to the Port is funded from the Seaport General Fund.

Lifecycle Cost and Savings

Seaport Environmental and Planning Department will continue its ongoing Air Quality Program, which will be tailored to specific emission reduction initiatives designed to achieve the goals and targets established in the strategy update. This program has ongoing operational costs related to environmental investments, including initiatives such as the current At-Berth Clean Fuels program, the Clean Truck program (including a grant-funded truck scrap/replace project, and a pilot project to convert diesel-powered dray trucks to run on compressed natural gas), the Green Gateway Partners Awards program, an idle-reduction project for cargo-handling equipment.

STRATEGIES AND OBJECTIVES

Adoption of the Northwest Ports Clean Air Strategy 2013 Update aligns with the following Port strategic objectives:

- The Century Agenda strategy to be the greenest and most energy-efficient port in North America, and associated objective to reduce air pollutant emissions and greenhouse gases. The strategy update sets goals and targets to continue to reduce emissions of diesel particulate matter and greenhouse gases per ton of cargo over the next seven years.
- The Century Agenda strategy to position the Puget Sound region as a premier international logistics hub. Implementation of the strategy update will result in a greener supply chain for goods movement.
- The project supports the Port-wide strategy to manage our finances responsibly. The strategy update promotes collaboration with neighboring ports and regulatory agencies, thereby achieving economies of scale in assessing and implementing new approaches to reduce air emissions, and positioning the Port to compete successfully for government grant funding.

TRIPLE BOTTOM LINE

Economic Development

Reducing diesel particulate matter and greenhouse gases can have a positive net economic benefit, due to savings from energy efficiency, as well as new “green” job opportunities in the energy, carbon technology, pollution control and related sectors of the economy.

Environmental Responsibility

The primary purpose of the Northwest Ports Clean Air Strategy 2013 Update is to reduce air emissions, which will ultimately protect public health and the environment.

Community Benefits

The community will benefit from cleaner air. The strategy update incorporates a commitment to manage future growth in a way that improves air quality and supports sustainable port operations.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

November 18, 2013

Page 6 of 8

This includes collaboration with port tenants, customers, and other stakeholders who manage port activities and equipment that produce air emissions, as well as regional transportation agencies that can influence freight movement.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – No action – do not adopt the strategy update. In this case, the Port would not be part of a collaborative effort with neighboring ports and regulatory agencies, and would not realize the benefits of a joint approach. This is not the recommended alternative.

Alternative 2) – Adopt the strategy update. Results of the 2011 Puget Sound Maritime Emissions Inventory, as well as annual implementation reports, indicate that the program has been successful to date. The basic objectives of the updated strategy have not changed from the original version. It advances the harmonized approach of improving air quality and reducing maritime impacts to public health and the environment while supporting economic growth. **This is the recommended alternative.**

ATTACHMENTS TO THIS REQUEST

- Final version of the Northwest Ports Clean Air Strategy 2013 Update

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- December 3, 2013 – the Commission was briefed on the Northwest Ports Clean Air Strategy 2013 Update.
- June 25, 2013 – the Commission was briefed on the draft 2013 update to the Northwest Ports Clean Air Strategy.
- December 4, 2012 – the Commission was briefed on the results of the 2011 Puget Sound Maritime Air Emissions Inventory and options for accelerating the NWPCAS truck goals.
- May 1, 2012 – the Commission authorized to sign agreement 20090046 Amendment 5 with the Puget Sound Clean Air Agency to transfer \$1,050,000 in funds to support the implementation of the Northwest Ports Clean Air Strategy. Amendment 5 increased the total amount transferred from the Port to PSCAA since 2009 to \$5,216,250.
- February 7, 2012 – the Commission was briefed on the Northwest Ports Clean Air Strategy and on the Port's current air quality program effort, and draft recommendations on options for accelerating Seaport Clean Air Strategy goals.
- July 12, 2011 – the Commission was briefed on the Northwest Ports Clean Air Strategy 2010 Implementation Report and interim report on Accelerating Clean Air Goals.
- February 1, 2011 – the Commission authorized to sign agreement 20090046 Amendment 4 with the Puget Sound Clean Air Agency to transfer \$1,160,250 in funds to support the implementation of the Northwest Ports Clean Air Strategy, and to extend the end date from June 30, 2011, to June 30, 2013. Amendment 4 increased the total amount transferred from the Port to PSCAA since 2009 to \$4,166,250.
- January 4, 2011 – the Commission adopted the “Motion to Accelerate Seaport Clean Air Goals to 2015.”

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

November 18, 2013

Page 7 of 8

- December 7, 2010 – the Commission was briefed on the Northwest Ports Clean Air Strategy Implementation Status.
- November 9, 2010 – the Commission authorized to increase the amount of the At-Berth Clean Fuels Vessel Incentive Program by \$110,250, for a total 2010 annual program budget of \$951,750, to cover participation by the projected number of qualifying vessel visits for the remainder of the year.
- June 8, 2010 – the Commission authorized to supplement the value of the At-Berth Clean Fuels Vessel Incentive Program by \$541,500, for a total 2010 annual program budget of \$841,500. Within the \$541,500, \$135,000 represents funds that were originally approved in 2009, but were not used until 2010.
- January 12, 2010 – the Commission was briefed on the Seaport’s Air Quality Program.
- August 25, 2009 – the Commission received a Clean Air Update.
- August 25, 2009 – the Commission authorized a revised Customer Support Package lease amendment with Total Terminals Inc.; and authorized the Port to purchase energy efficient light fixtures and related equipment for T-46, for an amount not to exceed \$680,000.
- June 23, 2009 – the Commission received a briefing on the Northwest Ports Clean Air Strategy 2008 Implementation Report.
- April 14, 2009 – the Commission authorized an agreement with Puget Sound Clean Air Agency, to transfer \$2.3 million (\$1.15 million in 2009 and \$1.15 million in 2010) from the Port’s operating budget to support the implementation of the Northwest Ports Clean Air Strategy.
- April 14, 2009 – the Commission authorized the execution of lease agreements with Total Terminals Inc. for Terminal 46, SSAT (Seattle) for Terminal 25/30, SSA Terminals for Terminal 18, and Eagle Marine for Terminal 5, to incorporate the Customer Support Package and the Ports Clean Air Program into those leases.
- March 31, 2009 – the Commission was briefed on the customer support package and the Clean Air Program.
- February 10, 2009 – the Commission held a policy roundtable discussion of the Clean Air Program.
- December 2, 2008 – the Commission authorized a transfer of \$500,000 to the Puget Sound Clean Air Agency for the At-Berth Clean Fuels Vessel Incentive Program.
- November 11, 2008 – the Commission was briefed on the Port’s Clean Truck Program.
- September 2, 2008 – the Commission was briefed on the Port’s Clean Truck Program for drayage operations at West Coast Seaports.
- July 8, 2008 – the Commission was briefed on the Port’s Clean Truck Program.
- April 1, 2008 – the Commission and the public were briefed on the Northwest Ports Clean Air Strategy implementation.
- January 22, 2008 – the Commission adopted the Northwest Ports Clean Air Strategy.
- December 6, 2007 – the Commission was briefed on the revised draft of the Northwest Ports Clean Air Strategy.
- August 28, 2007 – the Commission adopted Resolution No. 3585, endorsing the U.S. Proposal to the International Maritime Organization seeking more stringent air emissions standards for ocean going vessels.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

November 18, 2013

Page 8 of 8

- April 10, 2007 – the Commission was briefed on the Puget Sound Maritime Air Emissions Inventory Project.
- March 27, 2007 – the Commission authorized the amendment of the existing contract for the Air Emission Inventory in the amount of \$25,000, and to receive and spend supplemental funding for the Puget Sound Maritime Air Emissions Inventory Project.
- February 16, 2007 – the Commission passed a series of environmental motions that required, in part, that staff present an air quality action plan for Commission approval.
- April 26, 2005 – the Commission authorized joint development of the Puget Sound Maritime Air Emissions Inventory and \$500,000 for support and implementation of the project.
- February 9, 2005 – the Commission adopted Resolution No. 3534, expressing its commitment to Maritime Air Quality.