

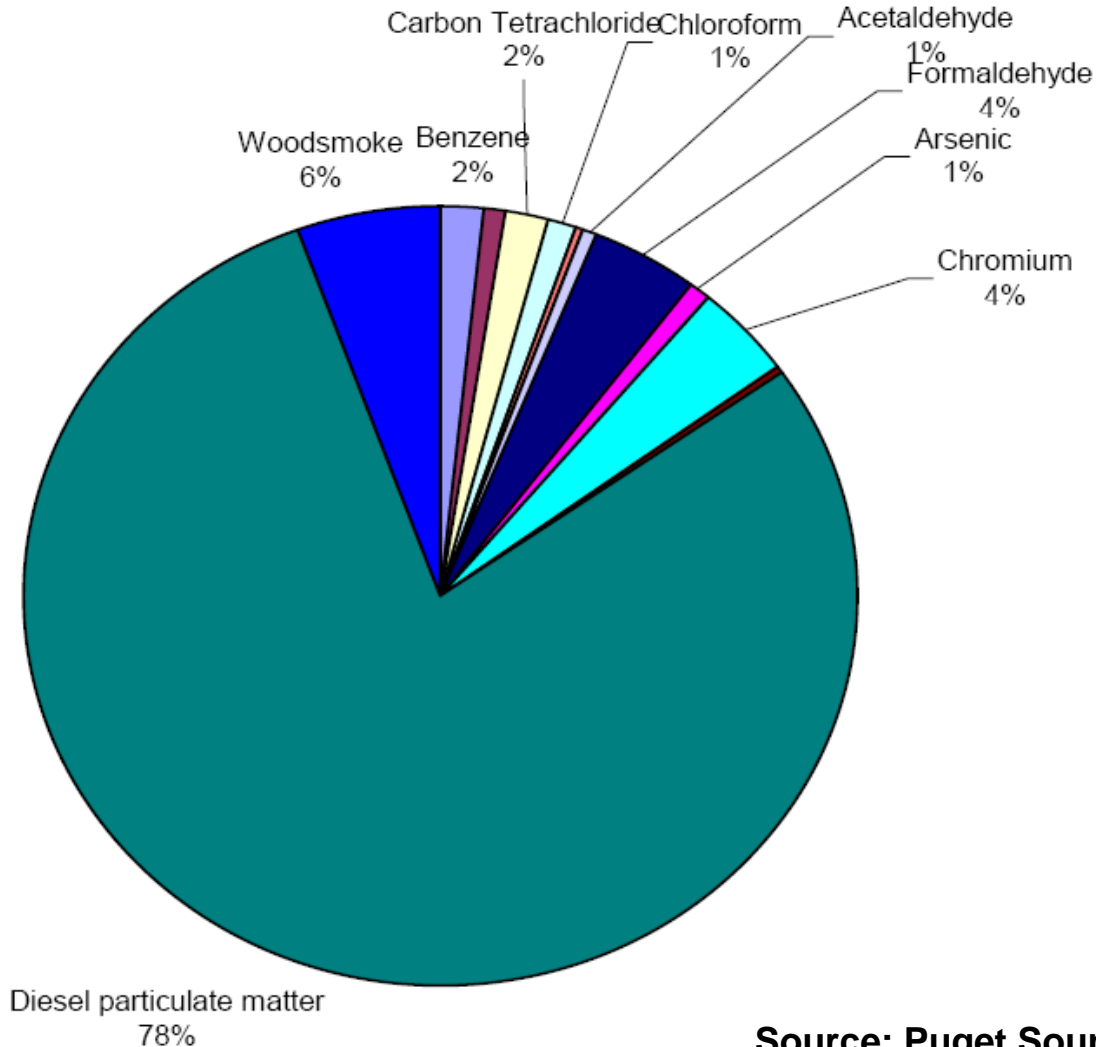
Briefing on Truck Program Development

Briefing Overview

- Background: The Data
- Northwest Ports Clean Air Strategy
- Stakeholder Outreach
- Staff Program Analysis
- Next Steps and Schedule

Puget Sound Region Air Toxics Risk Apportionment

Figure ES-2: Contributions to Potential Cancer Risk at Beacon Hill (2001)

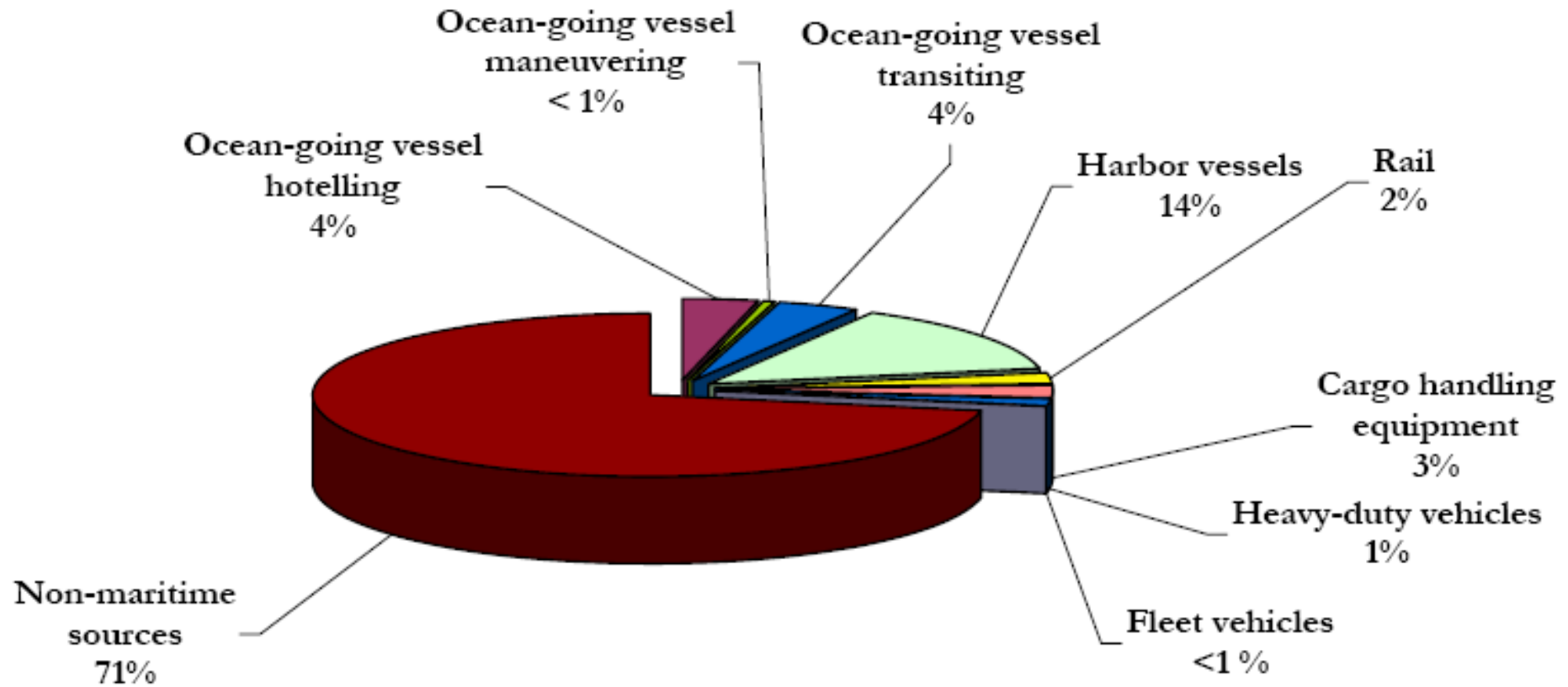


Puget Sound Maritime Air Emissions Inventory

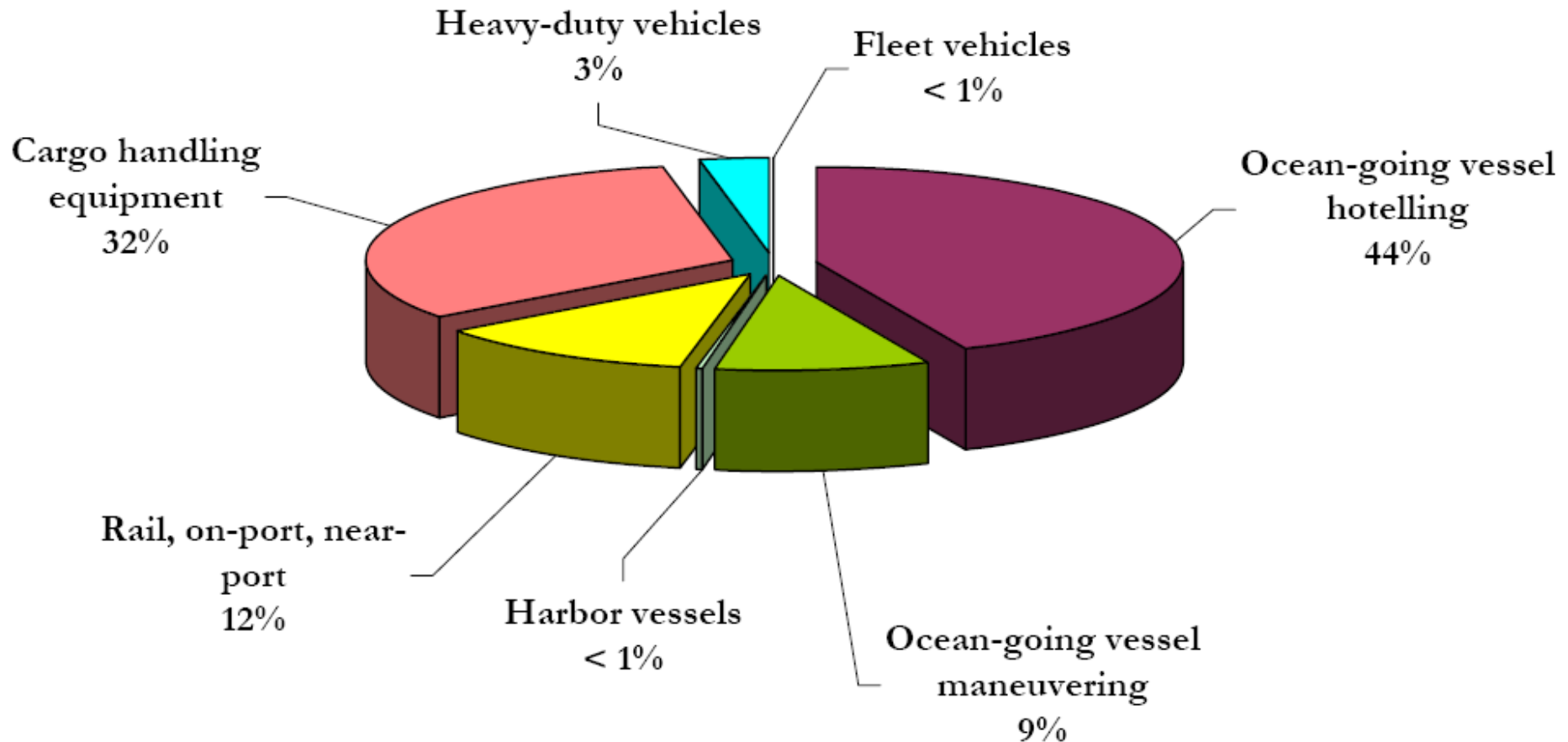
- 2005 activity based inventory
- Spans ~140 miles south-to-north; 160 miles west-to-east
- Close coordination Canada
- First to include greenhouse gases



Diesel Particulate Matter Puget Sound Clean Air Agency Region

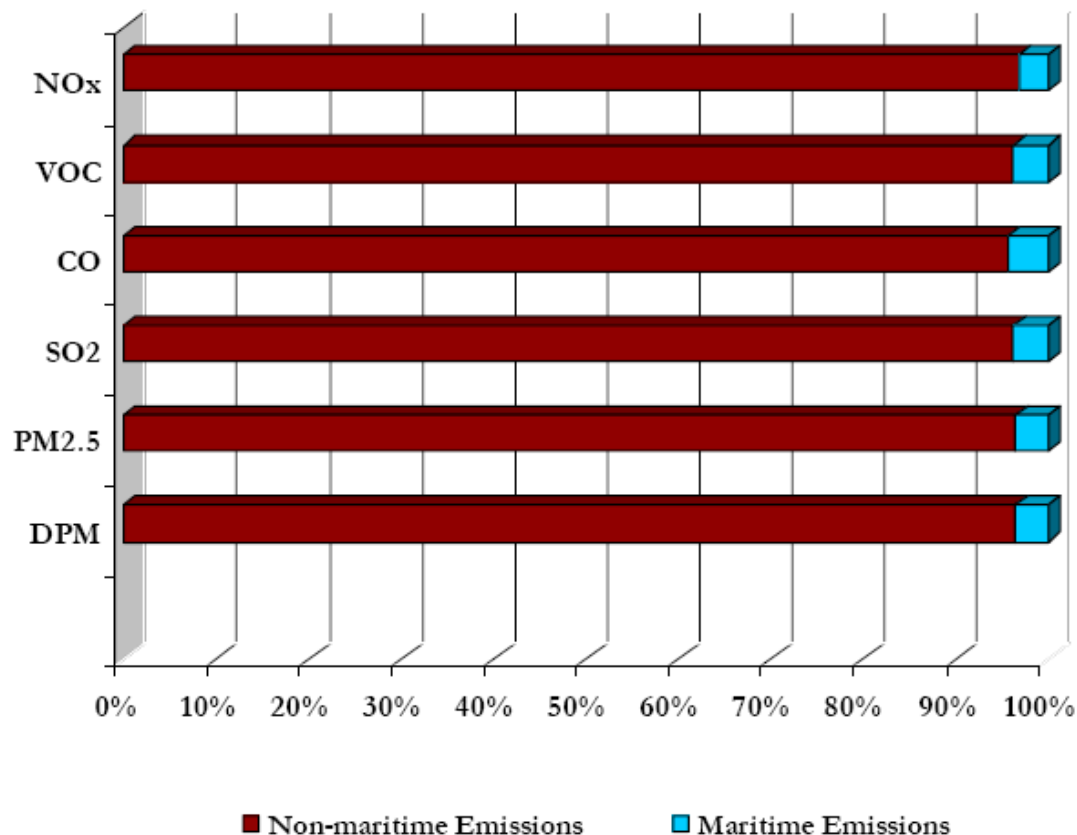


Diesel Particulate Matter Port of Seattle



Comparison of 2005 Puget Sound Clean Air Agency Region Heavy-Duty Vehicle Emissions, %

- In the Puget Sound, drayage operations represent:
 - 3% of all DPM emissions from heavy-duty trucking
 - 3% of all heavy-duty vehicle miles traveled



Drayage Fleet Age Analysis

- Updated in 2008
- Estimated drayage fleet size: 1,800 - 2,000 trucks
- Average model year
 - Port of Seattle drayage trucks: 1996
 - Statewide Class 8 heavy-duty vehicles: 1996
 - PSCAA region Class 8 heavy-duty vehicles: 1998
- 24% of known fleet are older than 1994

Northwest Ports Clean Air Strategy

- 2010 performance measure for trucks:
 - “Reach the equivalent PM emissions level of 1994 or newer heavy-duty truck engine model year”
- 2015 performance measure for trucks:
 - “80% of trucks reach the equivalent PM emissions level of 2007 or newer heavy-duty truck engine model year; 100% meet 2007 by 2017”

Current Staff Focus

- Implement mandatory program beginning 12/31/2010
- Financial assistance and incentives to encourage early adoption
- Verification

Stakeholder Outreach

- South Harbor Truck Parking Work Group
- NW Ports Clean Air Strategy Truck Work Group
- Clean Air Prosperity Partnership (CAPP)
 - Supply chain work group to support cleaner trucks and increased efficiencies in the entire container drayage system
- Seaport Air Quality Program Advisory Group *new*

Seaport Air Quality Program Advisory Group

- Purpose:
 - To provide input on truck program implementation options
- 2-3 representatives from:
 - Trucking
 - Terminal Operators
 - Shippers
 - Shipping Lines
 - Labor
 - Regulatory Agencies
 - Community Organizations
 - Environmental Groups

Data Analysis

- Puget Sound Air Toxics Risk Apportionment
- Puget Sound Maritime Air Emissions Inventory
- Drayage truck fleet age analysis

Staff Program Analysis To Date

- Internal and external stakeholder work groups
- Evaluated a range of options for:
 - Funding
 - Financial Assistance
 - Legal and Legislative

Staff Identified Priorities

- Focus on NW Ports Clean Air Strategy 2010 performance measure for trucks
- Create a mandatory program
- Deliver cleaner air now
- Keep the plan simple
- Fee free
- Advance business & environmental needs
- Work within the legal authorities of WA State and local government
- Factor in the NW ports' market conditions
- Give the industry time to adjust
- Incentives for early adoption

Staff Program Analysis Criteria

Definition	Importance
Meets Strategy Goals (i.e. emission reductions)	10
No Cargo Diversion	9
Social Equity	6
Affordability (Port)	5
Minimizes Legal Risk	4
Administrative Simplicity	1

Program Analysis Funding Options

- State bonds with Port funding match
- Use tax levy
- Container fee
 - To be paid by beneficial cargo owner
- Fee paid by terminal operators/carrier
- “Pay to pollute”
 - Fee for non-compliant trucks

Pros and Cons

	Use Tax Levy	Fees Paid by Industry (Container/Other)	“Pay to Pollute”	State Bonds with Port Funding Match
Pros	<ul style="list-style-type: none"> Increases ability to get State/Federal grants Immediate and direct Simple to administer Reduces social justice issues No cargo diversion, may actually attract cargo Wouldn't increase cost of doing business 	<ul style="list-style-type: none"> Costs and administrative burden borne by industry Reduces impacts to the Port's budget 	<ul style="list-style-type: none"> Fees paid for by offenders Good way to handle non-frequent callers Consistent with CARB Drayage Truck Rule 	<ul style="list-style-type: none"> Supports meeting Strategy goals No cargo diversion, may actually attract cargo Wouldn't increase cost of doing business
Cons	<ul style="list-style-type: none"> Gift of public funds issue Not consistent with Commission direction to reduce tax levy Limits the Port's ability to invest in other projects 	<ul style="list-style-type: none"> Fee doesn't hit beneficial cargo owners or consumers, who are recipients of low cost transportation Legal issues Container diversion impact on revenue/jobs Port does not have authority to implement Strains relationships with those the Port has direct business agreements with 	<ul style="list-style-type: none"> Gift of public funds issue Not really a financing mechanism Administratively complex Doesn't support Port's goal of being clean and green Legal issues Port does not have authority to implement Lease implications as a result of cargo diversion Potential social justice issues 	<ul style="list-style-type: none"> Gift of public funds issue Administratively complex

Program Analysis Financial Assistance Options

- State bonds with Port funding match
- Provide funding via restricted vouchers
 - In partnership with PSCAA
- Purchase brand new trucks
- \$0 in Port funding

Pros and Cons

	\$0 in Port Funding	Provide Funding via Restricted Vouchers	Purchase Brand New Trucks	State Bonds with Port Funding Match
Pros	<ul style="list-style-type: none"> • Avoids gift of public funds issue • No financial benefits given to some drivers over others • More legally defensible 	<ul style="list-style-type: none"> • Supports meeting or exceeding Strategy goals • Minimizes business interruption • Guarantees that funds will be spent for intended purposes • Minimizes impact to drivers • Ability to address social justice issues in a way that works for our business model 	<ul style="list-style-type: none"> • Guarantees meeting the 2015 Strategy performance measure 	<ul style="list-style-type: none"> • Supports meeting Strategy goals • Likely wouldn't increase cost of doing business and create cargo diversion • Minimizes impact to drivers • Ability to address social justice issues in a way that works for our business model
Cons	<ul style="list-style-type: none"> • May have social justice implications • Unlikely to meet Strategy goals • Would increase cost of doing business • Likely diversion of cargo 	<ul style="list-style-type: none"> • Gift of public funds issue • Difficult to track that funds invested stay here • Administratively complex • Potential tax impacts for drivers 	<ul style="list-style-type: none"> • Gift of public funds issue • Very expensive • Not cost effective • Supply of new trucks will not meet demand • One time answer • Administratively complex 	<ul style="list-style-type: none"> • Gift of public funds issue • Administratively complex

Program Analysis Legal & Legislative

- Overarching legal issues:
 - Any state legislation still leaves certain federal issues unaddressed
 - Some of these issues are the subject of litigation involving the Ports of L.A. and Long Beach in their truck program
 - The Port needs to proceed very carefully and be prepared to modify the plan to comply with legal requirements

Program Analysis

Legal & Legislative Options

- Pursue State-wide heavy-duty vehicle rule
- PSCAA regulates trucks
- Pursue State authority for Ports to regulate
- “Pay to Pollute” with eventual ban
- Adopt Truck Licensing System
- City of Seattle regulates trucks
- Ban non-compliant trucks at terminal gates
- Adopt employer-based model

Pros and Cons

	City of Seattle Regulates Trucks	PSCAA Regulates Trucks	Pursue State Authority for Port to Regulate Trucks	Pursue State-Wide Heavy-Duty Vehicle Rule
Pros	<ul style="list-style-type: none"> • City is an inherent regulator • City has more clear authority over matters affecting public health and safety 	<ul style="list-style-type: none"> • PSCAA has authority to regulate general air quality in King, Kitsap, Pierce and Snohomish Counties • Would address truck operations at Port of Tacoma • Port's strong collaborative relationship with PSCAA 	<ul style="list-style-type: none"> • Clarifies Port authority to regulate • Creates an opportunity to develop a solution that fits our program • Lessens risk of challenge based on authority 	<ul style="list-style-type: none"> • Greater benefit to air quality and public health • Creates a level playing field • Fewer equity issues
Cons	<ul style="list-style-type: none"> • City of Seattle regulation wouldn't address truck operations at Port of Tacoma • City may have to go to Legislature for authority • City would probably look to Port for financial assistance • Unintended consequences - Port may lose control of outcome • Overarching legal issues 	<ul style="list-style-type: none"> • PSCAA does not have authority to regulate mobile sources • PSCAA would need to get Legislative authority • Unintended consequences - Port may lose control of outcome • PSCAA would look to Port to provide financial assistance • Overarching legal issues 	<ul style="list-style-type: none"> • Could lose control of process and end up with something we don't want • Creates regulatory inequity between port drayage vs. non-port heavy duty trucks • Risk of social inequity for port drivers • Overarching legal issues 	<ul style="list-style-type: none"> • Difficult to achieve quickly • Expect a lot of opposition • Chance of passing is slim • Potential conflict - Federal vs. State • Overarching legal issues

Pros and Cons

	Ban Trucks at Terminal Gates	“Pay to Pollute” with Eventual Ban	Adopt Truck Licensing System	Adopt Employer-Based Model
Pros	<ul style="list-style-type: none"> • Fewer players - Port and terminal operators • Less administrative complexity • Could move more quickly 	<ul style="list-style-type: none"> • Fees paid for by offenders • Good way to handle non-frequent callers • Consistent with CARB Drayage Truck Rule 	<ul style="list-style-type: none"> • Ability to address social justice issues • Could allow grandfathering of independent owner/operators • Greater long term sustainability • Easier to achieve Strategy goals • Ability to limit number issued to manage fleet size 	<ul style="list-style-type: none"> • Ability to address social justice issues • Greater long term sustainability • Avoids gift of public funds issue • Easier to achieve Strategy goals • Ability to limit number of concessions issued and manage fleet size
Cons	<ul style="list-style-type: none"> • Likely to cause delays in sending/receiving containers • Unhappy customers and truckers • Potential anti-trust considerations • Could be seen as Port exceeding authority • Terminals want “hold harmless” from Port • Overarching legal issues 	<ul style="list-style-type: none"> • Gift of public funds issue • Would increase cost of doing business, but not likely to divert cargo • Doesn’t meet the Port’s goal of being clean and green • Administratively complex • Port would need Legislative authority • Overarching legal issues 	<ul style="list-style-type: none"> • Very administratively complex • Port would need Legislative authority • Overarching legal issues 	<ul style="list-style-type: none"> • Possible interference with National Labor Relations Act • Very administratively complex • Port would need Legislative authority • Overarching legal issues

Next Steps and Schedule

- November 2008
 - First meeting of Advisory Group
- December 2008
 - Second meeting of Advisory Group
- January 2009
 - Third meeting of Advisory Group (if needed)
 - 1-2 briefings to Commission (as needed)
 - Public comment period starts
- February/March 2009
 - Staff presents final recommendations to Commission