

April 7, 2009

Sarah Flagg  
Port of Seattle  
YO Box 1209  
Seattle, WA 98111

Dear Ms. Flagg:

Port Truck Removal Program

The purpose of this letter is to propose a design for a port truck removal (buy-back and scrappage) program to support the Port of Seattle's commitment to the Northwest Ports Clean Air Strategy. The Northwest Ports Clean Air Strategy, which was adopted by the Port of Seattle Commission in January 2008, contains truck emission reduction performance measures. By 2010, the strategy requires port trucks to reach the equivalent particulate matter (PM) emissions level of the 1994 or newer heavy-duty truck engine model year through vehicle purchase or by using approved retrofit packages. By 2015, 80% of heavy-duty drayage trucks are expected to reach the equivalent PM emissions level of 2007 or newer engine model year through vehicle purchase or by using approved retrofit packages. This is an interim objective on the way to the goal of 100% of heavy-duty drayage trucks meeting 2007 model-year levels by 2017.

On March 31, 2009, Port of Seattle staff proposed to the Commission and the public, a port truck plan with four elements:

- Terminal operators will enforce at gates – trucks that enter terminals must be 1994 or newer starting January 1, 2011 (may exempt occasional visitors).
- Port to fund removal program for older trucks – \$1.5 million in 2009 (unbudgeted).
- Continued support for Cascade Sierra Solutions' project to replace older trucks w/newer retrofitted trucks.
- Continue small business assistance program for owner/operators.

We recommend that the second element of this plan, the removal program for older trucks, meet the following design parameters in order to achieve the 2010 performance measure:

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**Provide a reasonable incentive for participation in the program.**

We have determined, based upon the retail value of trucks older than 1994, a reasonable incentive is the greater of \$5,000 or the fair market value. The commercial truck "blue book" does not provide values for trucks older than the 1992 model year. For the 1992 model year, the range of values, based upon condition, is from \$2,900 (rough condition wholesale) to \$8,325 (average retail). The average wholesale value is \$5,375. We are unable to predict with accuracy the number of owners who will choose to scrap their trucks. Based upon multiple surveys by Port of Seattle staff, the number of eligible vehicles is approximately 300. We recommend that the Port of Seattle budget approximately \$1.5 million, as discussed at the March 31, 2009 Commission meeting. This amount would fund the buy-back of the majority of trucks in the pre-1994 model years.

We suggest providing a process for resolving disagreements over the buy-back amount, e.g., when an owner believes a truck is worth more than "blue book". The process would require the applicant to provide values for similarly equipped trucks of the same model year with appropriate references.

**Ensure participants are actively operating at Port of Seattle terminals.**

A document summarizing the truck's port drayage activity during the past year and the past 30 days would provide the information necessary to verify operation at the Port of Seattle. A requirement to provide this information should eliminate participants that are not regular customers or have recently ceased operations because of the downturn in the economy. The information should be available from the truck owners' records, beneficial cargo owners, terminal operators, or third-party logistics companies.

**Include both owner/operators and truck companies.**

According to the Port's surveys, owner/operators and company-operated trucks are approximately evenly split in the fleet. To be equitable and successful, the truck buy-back program should be available to both individuals and companies.

**Align with options for truck replacements and retrofits.**

As trucks are removed from the road through the buy-back program, an opportunity exists to provide a cleaner, retrofitted replacement truck to the owner or company. We recommend the integration of the buy-back program with our partnership with Cascade Sierra Solutions to provide more efficient, cleaner late-model trucks as replacements.

**Transition to the 2015/2017 performance measure.**

Removal of pre-1994 trucks from the road and replacement of those trucks with later-model, clean trucks sets the stage for achievement of the 2015/2017 performance measure.

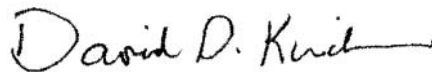
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As Cascade Sierra Solutions and our Agency gain experience with truck replacement, and affordable 2007-compliant trucks become available on the used market, we will be prepared for the next phase of the **truck** component of the Northwest Ports Clean Air Strategy.

The Puget Sound Clean Air Agency is a strong advocate for clean port trucks and the Northwest Ports Clean Air Strategy. We are prepared to manage a truck buy-back and replacement program on behalf of the Port of Seattle to meet the port truck performance standards.

Please let either Paul Carr or me know if you have any questions or concerns about these recommendations.

Sincerely,

A handwritten signature in black ink that reads "David S. Kircher". The signature is written in a cursive style with a long horizontal flourish at the end.

**David S. Kircher,**  
Manager, Air Resources Department

lh

cc: Paul Carr  
Amy Fowler