

Interlocal No. 2015-085  
April 22, 2015 version

## **INTERLOCAL AGREEMENT BETWEEN THE PORT OF SEATTLE AND THE PUGET SOUND CLEAN AIR AGENCY FOR A MULTI-PORT DRAYAGE TRUCK REPLACEMENT PROGRAM**

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This Interlocal Agreement (“Agreement”) is entered into between the **Puget Sound Clean Air Agency**, (hereinafter referred to as the “Agency”), a municipal corporation under the laws of the State of Washington, and the **Port of Seattle** (hereinafter referred to as “Port”), a Washington municipal corporation, located at Pier 69, 2711 Alaskan Way, Seattle, WA 98121.

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**WHEREAS**, the Agency is working with the Ports of Seattle and Tacoma (collectively referred to as “both ports”) to reduce air emissions from current and future maritime port operations in the Pacific Northwest as part of their commitments to the Northwest Ports Clean Air Strategy; and

**WHEREAS**, drayage trucks working at both ports contribute to local and regional air pollutant emissions; and

**WHEREAS**, the Northwest Ports Clean Air Strategy requires that 100% of the trucks entering port marine terminals meet or surpass US Environmental Protection Agency (EPA) emission standards for 2007 heavy-duty truck engines by the end of 2017; and

**WHEREAS**, the Agency and the Ports of Seattle and Tacoma jointly developed an Agency application for federal funding for a regional drayage truck scrappage and replacement program to replace older, higher-polluting vehicles with trucks that meet the United States Environmental Protection Agency’s (EPA’s) 2007 engine emission standards; and

**WHEREAS**, this regional drayage truck scrappage and replacement program shall be referred to as the Multi-Port Scrappage and Replacement for Air in Puget Sound (“Multi-Port ScRAPs”) Program; and

**WHEREAS**, the U.S Department of Transportation Federal Highway Administration Congestion Management and Air Quality (CMAQ) Program, through the Washington State Department of Transportation (WSDOT), awarded \$3,200,000 to the Agency to administer the Multi-Port ScRAPs Program; and

**WHEREAS**, the CMAQ funding awarded by WSDOT required that matching funds be provided by the Ports of Seattle and Tacoma; and

**WHEREAS**, the Multi-Port ScRAPs Program is listed as Project No. PSCAA-01 in the federally approved Statewide Transportation Improvement Plan (STIP) 2015-2018; and

**WHEREAS**, the Port of Seattle (Port) has committed \$249,711 in matching funds to Project No. PSCAA-01; and

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**WHEREAS**, the Port has agreed to lease to the Agency office space for an outreach truck center (if available) that meets the Program’s needs, the costs of which shall be paid for by the federal grant and matching funds from both ports; and

**WHEREAS**, the Port of Tacoma (POT) has also committed \$249,711 in matching funds to Project No. PSCAA-01 and will enter into a separate Interlocal Agreement (ILA) with the Agency; and

**WHEREAS**, the Agency must have signed ILAs with the Port and the POT showing a commitment for matching funds prior to signing a final Local Agency Agreement with WSDOT; and

**WHEREAS**, the Board of Directors of the Agency deems it desirable to enter into an Agreement with the Port for the purposes of developing and implementing the Multi-Port ScRAPS Program; and

**WHEREAS**, the Agency is qualified and available to administer Project No. PSCAA-01 and develop and implement the Multi-Port ScRAPS program; and

**WHEREAS**, the parties enter into this Agreement pursuant to RCW 39.34 et seq.;

**NOW, THEREFORE**, the Agency and the Port mutually agree as follows:

- 1. Purpose and Scope of this Agreement.** The purpose of this Agreement is to describe the Multi-Port ScRAPS program, hereinafter referred to as “the Program,” and define the roles and responsibilities of the Agency, the Port, and POT with respect to the Program.

The Program is intended to replace 115 or more older drayage trucks (i.e., those that have pre-2007 model year engines) that serve marine terminals at either or both ports with newer trucks that have engines that meet 2007 model year or newer EPA emissions standards for heavy-duty diesel highway vehicles (or alternative-fuel heavy-duty trucks with equivalent or cleaner emissions). Truck owners will be offered financial incentives to scrap and replace their old drayage trucks. Replacement trucks may include trucks whose engines have been converted to use alternative fuels through an EPA-approved conversion process, provided the converted engines meet the EPA 2007 or 2010 emission standards.

Funding for this work is provided by WSDOT under federally approved Project No. PSCAA-01; the two ports (the Port and POT) are providing the federally required matching funds.

- 2. Duties of Agency.**

- A. Comply with WSDOT requirements for Project No. PSCAA-01.**

Comply with the WSDOT requirements for Project No. PSCAA-01 before and after the signing of the final Local Agency Agreement with WSDOT and throughout the term of the Project. The final Local Agency Agreement will not be signed until after the Agency executes ILAs with the Port and POT. The Agency will send the final signed copy of the Local Agency Agreement to both ports per Section 2.M.

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B. Obtain WSDOT approval on required submittals for Project No. PSCAA-01.

Obtain approval on all required documentation necessary to enter into a Local Agency Agreement with WSDOT to implement the Project No. PSCAA-01, including but not limited to a Buy America Waiver Request.

C. Develop Program work plan.

Develop, in collaboration with the Port and POT, a detailed Program work plan to include, but not be limited to, a description of following project components:

- 1) The Program's budget, consistent with the grant and the two ports' not-to-exceed matching funds contributions of \$249,711 each.
- 2) The Program's eligibility criteria.
- 3) A Program menu listing options and tools for outreach by the ports and the Agency.
- 4) The procedure for identifying locations, determining the lease conditions and determining necessary preparations for the ScRAPS truck center, either at the current Program's location adjacent to Port's Terminal 5 or at an alternative location.
- 5) The procedure for processing applications from truck owners for financial assistance.
- 6) The procedure for assessing the suitability of trucks with pre-2007 model year engines that are proposed to be scrapped, to verify program eligibility.
- 7) The procedure for assessing the suitability of proposed replacement trucks having a 2007 or newer model year engine or an alternatively fueled engine that meets EPA 2007 engine standards, to verify program eligibility.
- 8) The procedure for coordinating scrapping and associated documentation for trucks being scrapped and replaced.
- 9) The procedure for processing scrapping incentive payouts.
- 10) The procedure for tracking emission reductions associated with each truck replacement.
- 11) The procedure for maintaining up-to-date records and report on the above actions.

**Deliverable date:** Two months after the Local Agency Agreement between the Agency and WSDOT is executed.

D. Assist with outreach to truck owners.

Assist the Port and the POT in conducting an outreach campaign to truck owners that will promote the Program.

**Deliverable date:** One month prior to the Program's launch date (Section 2.G).

E. Secure office space for the Program office.

The Agency shall enter into a lease agreement with the Port for space occupied by the ScRAPS 2 Program office (under License Agreement Number 002512, dated December 31, 2013, at the Port's Terminal 5), if that space is not otherwise committed to another port user. Alternatively, the Port may find other suitable space on Port property, if available. The Port

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shall have the right to terminate the new Lease Agreement upon written notice, delivered or mailed to the Agency not less than ninety (90) days before the termination date specified in the notice.

**Deliverable date:** One month prior to the Program's launch date (Section 2.G).

F. Select partner truck dealers and truck scrapping service providers.

- 1) Identify and contract with truck scrapping service providers via a competitive process that meets applicable WSDOT and Agency procurement requirements.
- 2) Identify and contract with truck dealers via a competitive process that meets WSDOT and Agency procurement requirements. All agreements with the dealers must state that all dealers agree to honor the Program vouchers issued by the Agency that are redeemable as individual incentive payouts for specific, pre-approved trucks and specific, pre-approved truck owners.

**Deliverable date:** One month prior to the Program's launch date (Section 2.G).

G. Launch the Program.

Launch Program at the truck outreach center to the drayage truck community and accept and process truck replacement authorization requests

**Deliverable date:** Launch date to be determined by the Agency upon receipt of an approved Buy America Waiver, signed Agreements with the Port and POT, and signed Local Agency Agreement with WSDOT.

H. Operate truck outreach center.

Complete all incentive processing for approved truck replacements within 17 months after the Program is launched. If funds available for the Program are exhausted prior to 17 months, the Agency will end the Program earlier unless additional funding is provided.

**Deliverable date:** 17 months after the Program's launch date (Section 2.G).

I. Develop sample invoice packages for review.

Develop a sample invoice package including all forms and information that will be included in monthly invoices for the Port to review.

**Deliverable date:** Two months after the Local Agency Agreement between the Agency and WSDOT is executed.

J. Submit invoices.

Submit monthly invoices to WSDOT, POT, and the Port as set forth in Section 4 of this Agreement.

**Deliverable dates for invoices:** Monthly throughout the term of this Agreement.

K. Develop audit system.

Develop and implement a system to audit the documents and processes used to implement the Program, such as truck evaluation, scrapping, and replacement processes, cash flow tracking,

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lien and insurance search procedures and scrap yard coordination, and compliance with grant requirements.

**Deliverable date:** Two weeks prior to the Program's launch date (Section 2.G).

L. Reporting.

- 1) Submit periodic project reports to WSDOT, POT, and the Port, including the number of trucks replaced, the reimbursable costs for each truck, program income due to scrapping replaced trucks and emission calculations showing the annual reduction attributable to each replaced truck.
- 2) Submit a final project report summarizing results of program and project costs. Verify all files are complete.

**Monthly report deliverable dates:** Monthly throughout the term of this Agreement.

**Final report deliverable date:** 18 months after the Program's launch date (Section 2.G).

M. Recordkeeping.

Keep records of all project documentation per federal grant requirements, and provide copies of all signed agreements to all other funding partners.

**Final agreements deliverable dates:** Two weeks after Agency receives signed copies.

**All other documentation deliverable dates:** Two weeks after Agency receives request for document.

3. Duties of the Port.

A. Comply with WSDOT requirements.

The Port shall comply with all applicable WSDOT requirements with respect to Project No. PSCAA-01.

B. Review Program work plan.

Review and provide feedback on the Agency's draft work plan.

**Deliverable date:** Two weeks after the date the Agency provides the draft work plan.

C. Provide outreach to truck owners.

Partner with POT to lead an outreach effort to engage candidate drayage truckers in the Program.

**Deliverable date:** One month prior to the Program's launch date (Section 2.G) and ongoing thereafter.

D. Approve invoice package.

Review and approve invoice package format and documents prior to actual invoices to minimize any issues or questions with invoice packages.

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**Deliverable date:** Two weeks after receipt of the sample invoice package from the Agency per Section 2.I.

E. Pay invoices.

Make payments as set forth in section 4 of this Agreement.

F. Identify whether suitable Port space is available and enter into a lease agreement with the agency.

The Port shall enter into a lease agreement with the Agency for space occupied by the ScRAPS 2 Program office (under License Agreement Number 002512, dated December 31, 2013, at the Port's Terminal 5, if that space is not otherwise committed to another port user. Alternatively, the Port may find other suitable space on Port property, if available. The Port shall have the right to terminate the new Lease Agreement upon written notice, delivered or mailed to the Agency by not less than ninety (90) days before the termination date specified in the notice.

**Deliverable date:** Ninety days prior to the launch of the Program (Section 2.G) and ninety days prior to termination of a Lease Agreement.

4. **Compensation.** The total amount paid by the Port to the Agency for satisfactory performance of the work under this Agreement shall not exceed two hundred and forty-nine thousand, seven hundred eleven dollars (\$249,711). The Agency will invoice the Port for 6.75% of all program-eligible costs, including truck replacement incentives and administrative costs. The Agency will bill the remaining program-eligible costs to WSDOT (86.5%) and POT (6.75%). The income from truck scrappage will be used by the Program to pay for additional incentives or pay for administrative costs, as necessary.

The Agency will submit separate invoices for incentives and administrative costs to the Port monthly using a template approved by the Port as described in Sections 2.I and 3.D of this Agreement. The Agency will also submit a monthly written report describing the progress made on each task that the Agency is administering under Section 2 of this Agreement, for reimbursement for work performed during the preceding month. Invoices will list the name of the person(s) who performed the work; the actual wages and benefits per hour for the persons(s) who provided the services; and the specific number of hours spent within a given billing period (monthly). Indirect charges shall utilize the Agency's federally approved indirect rate, which shall be applied to direct wages and benefits. Direct expenses shall be supported by actual receipts. The Agency shall submit invoices to the Port's Project Manager listed in Section 5. The Port will send its payments within fifteen (15) business days of receipt of the Agency's invoice to the Puget Sound Clean Air Agency, attention Finance Department, 1904 3rd Ave., Suite 105, Seattle, WA 98101.

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5. **Communications.** The following persons shall be the contact persons for all communications regarding the performance of this Agreement.

<b>The Agency Project Manager is:</b>	<b>The Port of Seattle Project Manager is:</b>
Kathy Boucher ScRAPs Program Manager Puget Sound Clean Air Agency 1904 3 <sup>rd</sup> Ave., Suite 105 Seattle, WA 98101 206-689-4019 <a href="mailto:kathyb@pscleanair.org">kathyb@pscleanair.org</a>	Janice Gedlund Air Quality Program Manager Port of Seattle P.O. Box 1209 Seattle, WA 98111-1209 206-787-7924 <a href="mailto:gedlund.j@portseattle.org">gedlund.j@portseattle.org</a>

6. **Term.** The effective date of this Agreement is the date of the final signature. The termination date of this Agreement is December 31, 2017.
7. **Changes.** The parties may, from time to time, require changes in the scope of services performed under this Agreement. The parties shall mutually agree to the changes by written amendment to the Agreement.
8. **Cancellation.** Either Party may elect to cancel this Agreement without cause with a 30-day written notice.
9. **Subcontracting.** With the exception of subcontracting with partner truck dealers, truck retrofitters, and truck scrapping service providers, the Agency shall not enter into subcontracts for any of the services or work contemplated under this Agreement without obtaining prior written approval of the Port. In no event shall the existence of any subcontract operate to release or reduce the liability of the Agency to the Port for any breach in the performance of the Agency's duties.
10. **Indemnification/Hold Harmless.** Each party to this Agreement shall be responsible for its own acts and/or omissions and those of its officers, employees and agents. No party to this Agreement shall be responsible for the acts and/or omissions of entities or individuals not a party to this Agreement.
11. **Assignment.** The work provided under this Agreement, and any claim arising thereunder, is not assignable or delegable by either party, in whole or in part, without the express prior written consent of the other party.
12. **Attorneys' Fees.** In the event of litigation or other action brought to enforce the terms of this Agreement, each party agrees to bear its own attorneys' fees and costs.
13. **Compliance with All Laws and Regulations.** The parties shall comply with all applicable local, state, and federal laws, regulations and standards necessary for the performance of this Agreement.

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**THIS Agreement** is executed by the persons signing below, who warrant they have the authority to execute this Agreement.

**PUGET SOUND CLEAN AIR AGENCY**

**PORT OF SEATTLE**

By: \_\_\_\_\_  
Paul Roberts  
Board of Directors, Chair

By: \_\_\_\_\_  
Ted J. Fick  
Chief Executive Officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Attest:

By: \_\_\_\_\_  
Craig T. Kenworthy  
Executive Director

Date: \_\_\_\_\_

Approved as to Form:

By: \_\_\_\_\_  
Laurie Halvorson  
Director of Compliance and Legal

By: \_\_\_\_\_  
Tom Tanaka  
Senior Port Counsel

Date: \_\_\_\_\_

Date: \_\_\_\_\_