

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	<u>4d</u>
Date of Meeting	<u>May 26, 2015</u>

DATE: May 19, 2015

TO: Ted Fick, Chief Executive Officer

FROM: Stephanie Jones Stebbins, Director Maritime Environmental and Planning
Janice Gedlund, Maritime Air Quality Program Manager

SUBJECT: Approval of Amendment 2 of Interlocal Agreement 2014-052 with Puget Sound Clean Air Agency relating to the Clean Truck Program ScRAPs 2 Project

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute Amendment No. 2 to Interlocal Agreement No. 2014-052 (ILA) with the Puget Sound Clean Air Agency for administering the ScRAPs 2 drayage truck replacement program to add work associated with Local Agency Agreement LA-8464 between the Port and Washington State Department of Transportation (WSDOT) under a federal Congestion Mitigation and Air Quality (CMAQ) Supplemental grant No. CM-1140(060). There is no funding request as part of this authorization, because the Commission authorized the budget for this grant on July 22, 2014.

SYNOPSIS

This second amendment to ILA No. 2014-052 with the Puget Sound Clean Air Agency (Agency) for ScRAPs 2 drayage truck replacement services adds tasks and funding to implement the CMAQ Supplemental grant No. CM-1140(060). The Commission authorized acceptance of this grant, and associated funding of \$763,000, at its July 22, 2014, meeting. Therefore, there is no new funding request as part of this authorization.

The ILA with the Agency was originally executed in January 2014 for a total amount of \$4,275,000 for implementing the ScRAPs 2 drayage truck replacement program per a prior CMAQ grant and a Department of Ecology grant which collectively involve scrapping and replacing 183 older drayage trucks serving the Port. Services performed by the Agency include operating the ScRAPs 2 trucker outreach center, processing applications for the financial incentives, approving old trucks for scrapping and the new replacement trucks, contracting with participating truck dealers and scrapyards, issuing incentive vouchers, and assisting the port with program outreach. Amendment 1 to this ILA was executed in October 2014 to add \$1,361,000 for a total amount of \$5,636,000 and revised the scope of work to include implementing the U.S. Environmental Protection Agency Diesel Emissions Reduction Act (DERA) grant. Amendment 2 to this ILA would increase the total contract amount by \$712,000, for a revised total of \$5,636,000.

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BACKGROUND

Per the Northwest Ports Clean Air Strategy, the next phase of the Clean Truck Program will require trucks to meet the 2007 model year engine emission standards or equivalent by January 1, 2018. Model year 2007 engines are ten times cleaner than pre-2007 engines. To help meet this target, the Port partnered has obtained multiple grants and partnered with the Agency to implement the second phase of the Scrappage and Retrofits for Air in Puget Sound (ScRAPs 2) program.

On June 25, 2013, the Commission authorized the Port to proceed with a \$4,202,000 drayage truck replacement project utilizing a \$3,535,000 CMAQ grant, administered by Washington State Department of Transportation with USDOT funding and \$667,000 of Port funding. This amount provides resources to offer 163 truck incentives at \$20,000/truck.

On December 10, 2013, the Commission authorized an additional \$525,000 for the project to provide incentives for 20 additional trucks. Of the \$525,000, \$500,000 is from a State of Washington Department of Ecology Clean Diesel Grant of \$500,000, and a Port match of \$25,000. These two grant elements were combined into one project for 183 trucks, and an ILA was executed between the Port and Puget Sound Clean Air Agency

On June 24, 2014, the Commission authorized an additional \$1,608,000 for the project, utilizing \$1,200,000 in EPA DERA funds and \$408,000 of Port funding. This element of the project will provide resources to scrap and replace 40 additional trucks to those meeting 2010 emission standards, Incentive levels were set at 50% of the purchase price of the replacement price, capped at \$30,000/truck. Amendment 1 to the ILA was executed in October 2014 to include this grant element.

On July 22, 2014, the Commission authorized an additional \$763,000 for the project, utilizing \$638,000 in CMAQ grant funds and \$125,000 in Port funding. This element of the project will provide resources to scrap and replace 19 additional trucks with those meeting 2010 emission standards. Incentive levels will be set at 50% of the purchase price, capped at \$30,000/truck.

As of April 27, 2015, 107 trucks have been scrapped and replaced under the ScRAPs 2 program, and approximately 30 more applications have been pre-approved.

Since Commission authorized the CMAQ Supplemental grant-funded project in July 2014, pre-planning work to implement the grant has been performed by Port staff; for example a "Buy America" waiver has been obtained from the Federal Highway Administration, a 6 month process.

PROJECT JUSTIFICATION AND DETAILS

Authorization of this ILA Amendment will enable the Port to meet its commitments under the CMAQ Supplemental grant and provide financial incentives for an additional 19 older drayage

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trucks to be scrapped and replaced. Having newer trucks serving our terminals will reduce air emissions and help implement our clean air strategy. Additionally, by amending the ILA the Port will continue utilizing the services of the Puget Sound Clean Air Agency to implement the various grant-funded elements of the ScRAPs 2 drayage truck replacement program in a unified fashion.

Project Objectives

- Supplement the currently funded Clean Truck Program's truck scrapping project to add incentives to replace 19 additional older, polluting trucks serving Port marine terminals with trucks meeting model year 2007 or 2010 emission standards or equivalent by December 31, 2017.
- Utilize grant funding and Port funding in the most economical manner.
- Complete project in compliance with federal grant guidelines, on time and within budget.

Scope of Work

The scope of work approved previously by the Commission included incentivizing truck scrapping and replacement, or installing EPA-certified emission reduction retrofits, to render trucks equivalent to the emission standards of a 2007 model-year truck, for at least 180 trucks (160 trucks funded by the CMAQ grant and 20 trucks by the state grant) serving Port of Seattle marine terminals, and to scrap and replace at least 59 trucks (40 trucks funded by the DERA grant and 19 funded by the supplemental CMAQ grant) with trucks meeting model-year 2010 emission standards. Truck owners have expressed interest in the higher incentive level towards the purchase of 2010 model-year engine trucks vs. model-year 2007 trucks, citing a greater pool of newer trucks on the market, longer life-span (having lower miles) and reduced maintenance requirements.

Schedule

Task	Start	Finish
Pre-planning work including obtaining Buy America Waiver	August 2014	March 2015
Execute ILA Amendment 2	April 2015	June 2015
Advertise project	June 2015	June 2016
Offer truck scrap/replacement incentives under CMAQ supplemental grant (concurrent with ScRAPs 2 incentives from other grant-funded elements of the program)	July 2015	January 2016

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FINANCIAL IMPLICATIONS

There is no new funding request associated with this authorization.

STRATEGIES AND OBJECTIVES

This ILA Amendment is necessary to continue implementing the ScRAPs 2 project, and 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 by 50% from 2005 levels. Model year 2007 engines emit ten times less particulate matter than 1994-2006 engines. Model year 2010 engines emit five times less oxides of nitrogen.
- The Century Agenda strategy to position the Puget Sound region as a premier international logistics hub. Newer trucks will be cleaner, safer, and more reliable.
- The project supports the Port-wide strategy to manage our finances responsibly. This project leverages Port dollars with federal and state grant monies.

TRIPLE BOTTOM LINE

Economic Development

The Seaport business plan notes that environmental stewardship provides a business advantage. Implementing another truck-scraping program will help the Port meet the goals of the Northwest Ports Clean Air Strategy, which is incorporated into the Seaport's Green Gateway Strategy. Newer trucks will be cleaner, safer and more reliable.

Environmental Responsibility

The purpose of the ILA Amendment is to augment the ScRAPs 2 project to replace older trucks with models that produce ten times less pollution. This aligns with the Century Agenda goal to reduce air emissions. Old trucks that are replaced will be required to be scrapped so that they cannot be used elsewhere. The scrapping process maximizes reuse of materials.

Community Benefits

The project helps to clean the environment and protect public health by reducing diesel exhaust emissions from 239 older trucks and assists truck owners and operators who are Port business partners to upgrade their trucks to newer models that will enable them to continue working when restrictions on pre-2007 engine trucks go into effect. Many of the local trucking companies that will benefit are small businesses. Many of the independent owners and operators are immigrants with limited English language proficiency and lower incomes. The public health benefit of the avoided particulate emissions from all 239 trucks is valued at approximately \$ 3.9 million per year (based on USEPA's Diesel Emission Quantifier Health Benefits Methodology). This aligns with the Century Agenda commitments to steward the environment, partner with communities and promote social responsibility.

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Conduct the work required under the CMAQ Supplemental grant using Port resources without the services of the Agency. The Port does not have sufficient staff resources and expertise to conduct this work. This is not the recommended alternative.

Alternative 2) – Undertake a procurement process to enter into a consultant contract to implement the CMAQ Supplemental grant project. Given that similar grant-funded elements of the program are currently being administered successfully by the Agency, it would not be cost-effective, timely or efficient to create a parallel project run by another administrator. This is not the recommended alternative.

Alternative 3) – Execute an amendment to the ILA with the Agency so that the existing clean truck ScRAPs 2 program can administer the CMAQ supplemental grant element. The Agency has been operating the other elements of the ScRAPs 2 program effectively and efficiently, and would operate other grant-funded elements concurrently with the CMAQ Supplemental work. Additionally, a consolidated model provides the best customer service to the trucking community. **This is the recommended alternative.**

ATTACHMENT TO THIS REQUEST

- Draft Interlocal Agreement with Puget Sound Clean Air Agency

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- July 22, 2014 – the Commission authorized executing an agreement with the Washington State Department of Transportation to accept a supplemental Congestion Mitigation and Air Quality grant and to proceed with the grant-funded project to provide incentives for replacing or upgrading 119 or more drayage trucks to meet 2010 emission standards.
- June 24, 2014 – the Commission authorized acceptance of a US Environmental Protection Agency Diesel Emission Reduction Act grant for the ScRAPs 2 project and to increase the project budget with grant and Port funds.
- December 10, 2013 – the Commission authorized executing an agreement with the State of Washington Department of Ecology to accept a Clean Diesel grant for the ScRAPs 2 project and to increase the project budget with grant and Port funds.
- June 25, 2013 – the Commission authorized executing an agreement with the Washington State Department of Transportation to accept a Congestion Mitigation and Air Quality grant and to proceed with the grant-funded project to provide incentives for replacing or upgrading 160 or more drayage trucks to meet 2007 emission standards.