

Date: September 12, 2017

To: Interested Financial Institutions

Subject: Request for Information (RFI)

Purpose for this Request for Information:

The Northwest Seaport Alliance (NWSA) is seeking information from financial institutions interested in providing market-rate financing with a loan loss reserve fund program to assist drayage truck drivers lacking collateral and/or credit history, to purchase newer trucks (2007 engine year trucks or newer) in order to comply with the NWSA Clean Truck program (<http://www.portseattle.org/Environmental/Air/Seaport-Air-Quality/Pages/Clean-Trucks.aspx> and <https://www.portoftacoma.com/shipping/trucks/clean-truck-stickers>).

The Port is interested in understanding the risks, logistics, experience, capability, and costs for qualified financial institutions to provide market-rate loans to high-need, high-risk owner-operators using loan loss reserve funds from the NWSA to offset these risks.

The NWSA will use the information to make an informed decision how best to proceed in obtaining its services.

We will inform those who respond to this RFI of our intentions no later than thirty (30) days following the response due date stated below. This action is intended to seek information regarding options of providing market-rate financing to high-need owner-operator drayage truck drivers.

Background:

Truckers who serve NWSA terminals are a vitally important link in the Pacific Northwest's seaport operations. The NWSA's Clean Truck Program aims to keep trucking partners in business while supporting clean air for our communities. As part of the Northwest Ports Clean Air Strategy, the ports of Seattle, Tacoma and now the NWSA (alongside Port Metro Vancouver) adopted guidelines in 2008 for reducing the air emissions from trucks, in addition to ships and cargo handling equipment operating in and around our harbors. The next phase of the NWSA's Clean Truck Program has the goal that 100% of drayage trucks entering container terminals will have 2007 or newer engines (2008 model year trucks).

The local pool of drayage truck owner-operators and fleet truck drivers consists predominantly of immigrants from Eastern Europe, Africa and Asia, many of whom come from low-income households and have low English-language proficiency. These owners-operator truck drivers can struggle to obtain traditional forms of credit to purchase a new compliant truck (i.e. a 2007 or newer engine year truck) and the

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associated maintenance costs, so continue to drive non-compliant, pre-2007 engine year trucks into the port.

Although some of the drayage fleet serving the gateway have already upgraded their trucks to be compliant with the next phase of the Clean Truck Program, 47% of the approximately 4500 trucks serving the gateway meet the 2007 engine or equivalent standard. Part of the NWSA's efforts to increase this level of compliance, to make enforcement of the goal achievable, is to create a loan loss reserve fund to help owner-operators upgrade their truck with market-rate financing. Approximately 2000-2500 newer trucks still need to be purchased to be compliant with the program. This loan loss reserve will help some of these drivers purchase newer trucks – the fund is not expected to help all 2000-2500 trucks.

The creation of this loan loss reserve would help owner-operators secure fair financing to purchase a new truck and continue coming into the port, and will help the NWSA achieve the goals of the Clean Truck program, and of the Northwest Ports Clean Air Strategy (NWPCAS). However, the average cost of a 2012 engine-year truck is approximately \$58,000 which is far beyond the means of many of these drivers.

The Ports of Seattle and Tacoma, and subsequently the NWSA, have operated a truck scrapping scheme (ScRAPS) for a number of years, using a mixture of grant funding and port funds administered by the Puget Sound Clean Air Agency (PSCAA). Granting agencies included EPA, WSDOT and Department of Ecology. Eligible drayage truck drivers who met the requirements would receive a voucher for up to 50% of the purchase price, capped at \$20,000-\$27,000, towards the cost of a new truck, with the old truck being scrapped. Over 400 trucks have been scrapped through the program. The ScRAPS program provided financial assistance to drivers who struggled to access financing to purchase a new truck either outright or through a loan. ScRAPS funding was fully distributed by summer 2017. The NWSA has submitted an application for further DERA funding for the ScRAPS program with PSCAA. The results of this funding round are expected at the end of 2017.

The ScRAPS program is an excellent way for the NWSA to assist drayage drivers already serving our marine terminals who cannot access traditional forms of credit, but have some capital of their own to invest in a new truck. The program also helps the NWSA ensure cleaner air around our terminals, and the removal of older, dirtier trucks from the roads and our communities.

However, the ScRAPS program has restricted funds, dependent on availability of grant funding. It also only provides funding for up to 50% of the cost of a new truck – the driver still has to secure funding for the remaining cost of the new truck. The NWSA is keen to assist drivers who cannot access financing for this other 50%, and therefore cannot access the ScRAPS program.

The NWSA has examined potential ways to provide financial assistance to help the drayage community meet the 2007 truck engine year goal, while protecting the NWSA and the home ports of Seattle and Tacoma from adverse risk. The NWSA's ultimate goal is to facilitate market-rate financing to the drayage community, although the NWSA

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cannot administer the fund themselves.

The intended result of this RFI:

The overall aim of this RFI is to determine how best to establish a loan loss reserve program for the NWSA to assist the above mentioned operators. The NWSA would provide a lump sum of approximately \$1 million to a financial institution (subject to Commission approval), who will administer market-rate loans to the port drayage community. The financial institution will provide their own funds to the overall pool of funds available, and the NWSA funds will account for the risk to the financial institution. The NWSA will provide approximately 20-25% of the total funding pool available in the loan loss reserve. The remaining funds would be provided by the financial institution. The contract for the loan will be between the drayage driver and the financial institution.

Once established with lender and NWSA funds, the NWSA wishes the loan loss reserve pool to be self-sustaining in the future, as repaid loan funds are put back into the fund. Any additional funding, from the NWSA or other granting agencies, could be added to the fund in the future, with further matching funds from the financial institution. The initial fund would be expected to provide market-rate financing to purchase at least 100 trucks (in the first initial year). As the fund was more established, with funds self-sustaining following repayments, this number would be expected to increase, to support the goals of the NWSA Clean Truck Program.

As the NWSA has not worked with a program like this before, it recognizes there are a number of potential ways to administer the new program. For example, the NWSA may transfer funds to the financial institution in the form of a one-time grant, with a contract between the NWSA and the lender agreeing to matching funds. Alternatively, NWSA funds could also be transferred to the lender in the form of a bond. When responding to the RFI, respondents are encouraged to provide further details on how they would administer a grant, or bond, from the NWSA into the program, or whatever different method of funding and administration they think would be sustainable.

This RFI is to identify well-qualified financial institutions, non-profit organizations and Community Development Financial Institutions who can recommend and provide options for establishing and administering market-rate financing to drayage truck owner-operators who lack collateral/credit history. The solution(s) will minimize risk to the NWSA, account for the nature of the transfer of funds from the NWSA to the lender, and will be administered by the financial institution directly to the truck driver. The solution(s) will also outline how funding would be transferred, and roles and responsibilities of the relevant parties (lender, NWSA and driver). The solution(s) will also outline how driver needs and access to funds would be assessed and prioritized (the criteria used in the ScRAPs program could be incorporated i.e. number of trips into NWSA terminals).

The results of this RFI may be used to develop a formal solicitation should the NWSA determine sufficient interest exists in providing the needs of the NWSA.

Performance Expectations:

The ideal firm would:

- Provide recommendations for a program to administer market-rate loans to high-risk borrowers (independent truck driver owner-operators)
- Provide recommended timeline and level of funding required
- Provide information as to how the loan program could be expected to perform and potentially grow over time
- Account for risk for both the lender and the NWSA
- Establish eligibility criteria to ensure that the limited funds would go to drayage drivers serving NWSA terminals who cannot access traditional forms of credit
- Have at least five (5) years of experience providing similar solution(s) it is recommending.
- Is licensed to do business in the state of Washington and bonded.
- Able to show similar project examples.
- Start to develop program as soon as possible of contract issuance.
- Provide a budgetary estimate to operate what is recommended and what the NWSA would be responsible for based on recommended solution(s)

Response Requirements:

In responding to this RFI, please provide general information about the following:

- Your recommended solution, funding requirements, expected growth profile and timeline
- Describe at a high level your experience with:
 - o Working with public agencies
 - o Working with immigrant and minority communities
 - o Administering alternate and affordable forms of financing
- Provide contract samples

Questions:

Firms are encouraged to be creative and candid in their responses. Should you have any questions, please submit them by 5:00 PM PST September 20, 2017. Questions received after this date cannot be considered.

Questions are to be submitted electronically to:

Mark Little
Director, Contract and Purchasing
mlittle@portoftacoma.com

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Response date:

Interested firms must provide their responses, by electronic means in Microsoft Word and or Excel, by 12:00 PM (noon) PST, on October 13, 2017.

Responses are to be returned to:

Mark Little
Director, Contract and Purchasing
mlittle@portoftacoma.com

NOTE: ALL COST INFORMATION IS FOR BUDGETARY PURPOSES ONLY AND NO CONTRACT OR PURCHASE ORDER WILL BE ISSUED AS A RESULT OF THIS RFI. SHOULD ANY OF YOUR RESPONSE BE CONSIDERED A TRADE SECRET OR OTHERWISE NOT FOR PUBLIC DISEMINATION PLEASE ANNOTATE YOUR RESPONSE ACCORDINGLY.