



DEPARTMENT OF  
**ECOLOGY**  
State of Washington

RECEIVED NOV 07 2018

**IAA No. C1900059**

**INTERAGENCY AGREEMENT (IAA)**

**BETWEEN**

**THE STATE OF WASHINGTON, DEPARTMENT OF ECOLOGY**

**AND**

**THE NORTHWEST SEAPORT ALLIANCE**

**THIS INTERAGENCY AGREEMENT** ("Agreement" or "IAA") is made and entered into by and between the state of Washington, Department of Ecology, hereinafter referred to as "ECOLOGY," and the Northwest Seaport Alliance hereinafter referred to as the "NWSA" and "CONTRACTOR," pursuant to the authority granted by Chapter 39.34 RCW.

**THE PURPOSE OF THIS AGREEMENT** is for support of NWSA's Clean Truck Fund (CTF). ECOLOGY funding support for the CTF will provide the following:

- Access to market rate financing via loan loss reserves (or loan guarantees); and
- Incentives to scrap older trucks that are replaced with CTF loans.

The CTF will assist qualified truck drivers with the greatest need (and challenge) in obtaining the financing necessary to replace their older drayage trucks and purchase trucks with 2007 and newer engines as part of the NWSA Clean Truck Program's larger effort to achieve air quality objectives under the Northwest Ports Clean Air Strategy.

**WHEREAS**, ECOLOGY has legal authority under RCW 70.94 to undertake the actions in this agreement, and ESSB 6095, Chapter 298, Laws of 2018, Section 3010 directs ECOLOGY to provide \$1,200,000 of funds in the Air Pollution Control Account to NWSA for a clean truck fund.

**WHEREAS**, NWSA has legal authority under ESSB 6095, Chapter 298, Laws of 2018, Section 3010 to undertake the actions in this agreement.

**WHEREAS**, NWSA can affect improvements to public health by reducing public exposure to harmful pollutants and help address climate change by reducing air pollution from vehicles used in cargo transport to, from, and within NWSA's Port facilities.

**THEREFORE, IT IS MUTUALLY AGREED THAT:**

**1) SCOPE OF WORK**

NWSA shall furnish the necessary personnel, equipment, material and/or service(s) and otherwise do all things necessary for or incidental to the performance of the work set forth in Appendix A, Statement of Work and Budget, attached hereto and incorporated herein.

**2) PERIOD OF PERFORMANCE**

The period of performance of this IAA shall commence on November 1, 2018, or the date of final signature, whichever occurs later, and be completed by June 30, 2026 unless terminated sooner as provided herein. Amendments extending the period of performance, if any, shall be at the sole discretion of ECOLOGY.

**3) COMPENSATION**

Compensation for the work provided in accordance with this IAA has been established under the terms of RCW 39.34.130 and RCW 39.26.180(3). This is a performance-based agreement, in which payment is based on the successful completion of expected deliverables.

The source of funds for this IAA is from the Air Pollution Control Account, a State fund source. Both parties agree to comply with all applicable rules and regulations associated with these funds.

The parties have determined that the cost of accomplishing the work identified herein will not exceed **\$1,200,000 (One million and two-hundred thousand dollars)**. Payment for satisfactory performance of the work shall not exceed this amount unless the parties mutually agree via an amendment to a higher amount. Compensation for services shall be based on the terms and tasks set forth in Appendix A, Statement of Work and Budget. ECOLOGY will not make payment for invoices until it has reviewed and agreed that the work for which payment is being sought has been completed.

**4) BILLING AND PAYMENT PROCEDURE**

Payment requests shall be submitted on state form, Invoice Voucher A19-1A. The Invoice Voucher packet should also include supporting documentation specified in Appendix A. Invoices shall describe and document to ECOLOGY's satisfaction a description of the work performed, the progress of the work, and related costs. Each invoice voucher shall reference the Agreement (IAA) number and clearly identify those items that relate to performance under this Agreement. Payment will be made within thirty (30) days of submission of a properly completed invoice (including form A19-1A) with supporting documentation. All expenses invoiced shall be supported with documentation of loan obligations and scrap incentive payments.

Send invoices to:

State of Washington Department of Ecology Attn: Air Quality Program, Carrol Johnston P.O. Box 47600 Olympia, WA 98504-7600
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Payment requests may be submitted on a monthly basis following obligation of Loan Loss Reserve (LLR) funds and payments for scrap incentives. Upon expiration of this Agreement, any claim for payment not already made shall be submitted to ECOLOGY within 30 days after the expiration date or the end of the fiscal year, whichever is earlier.

Payment will be issued through Washington State's Department of Enterprise Services Statewide Payee Desk. To receive payment you must be registered as a statewide vendor. To register submit a state-wide vendor registration form and an IRS W-9 form at website, <http://www.des.wa.gov/services/ContractingPurchasing/Business/VendorPay/Pages/default.aspx>. If you have questions about the vendor registration process you can contact DES at the Payee Help Desk at (360) 407-8180 or email [payeehelpdesk@watech.wa.gov](mailto:payeehelpdesk@watech.wa.gov).

#### **5) ALTERATIONS AND AMENDMENTS**

This Agreement may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

#### **6) ASSIGNMENT**

The work to be 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, which consent shall not be unreasonably withheld.

#### **7) ASSURANCES**

Parties to this Agreement agree that all activity pursuant to this agreement will be in accordance with all the applicable current federal, state, and local laws, rules, and regulations.

#### **8) CONFORMANCE**

If any provision of this Agreement violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

#### **9) DISPUTES**

Parties to this Agreement shall employ every effort to resolve a dispute themselves without resorting to litigation. In the event that a dispute arises under this Agreement that cannot be resolved among the parties, it shall be determined by a Dispute Board in the following manner. Each party to this Agreement shall appoint one member to the Dispute Board. The members so appointed shall jointly appoint an additional member to the Dispute Board. The Dispute Board shall review the facts, agreement terms, and applicable statutes and rules, and then make a determination of the dispute. The determination of the Dispute Board shall be final and binding on the parties hereto, unless restricted by law. The cost of resolution will be borne by each party paying its own cost. As an alternative to this process, if state agencies, either of the parties may request intervention by the Governor, as provided by RCW 43.17.330, in which event the Governor's process will control. The parties may mutually agree to a different dispute resolution process.

#### **10) FUNDING AVAILABILITY**

ECOLOGY's ability to make payments is contingent on availability of funding. In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date and prior to completion or expiration date of this Agreement, ECOLOGY, at its sole discretion, may elect to terminate the Agreement, in whole or part, for convenience or to renegotiate the Agreement subject to new funding limitations and conditions. ECOLOGY may also elect to suspend performance of the Agreement until ECOLOGY determines the funding insufficiency is resolved. ECOLOGY may exercise any of these options with no notification restrictions, although ECOLOGY will make a reasonable attempt to provide notice.

In the event of termination or suspension, ECOLOGY will reimburse eligible costs incurred by NWSA through the effective date of termination or suspension. Reimbursed costs must be agreed to by ECOLOGY and NWSA. In no event shall ECOLOGY's reimbursement exceed ECOLOGY's total responsibility under the agreement and any amendments.

### **11) GOVERNING LAW AND VENUE**

This Agreement is entered into pursuant to and under the authority granted by the laws of the state of Washington and any applicable federal laws. The provisions of this Agreement shall be construed to conform to those laws. This Agreement shall be construed and interpreted in accordance with the laws of the state of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

### **12) INDEPENDENT CAPACITY**

The employees or agents of each party who are engaged in the performance of this Agreement shall continue to be employees or agents of that party and shall not be considered for any purpose to be employees or agents of the other party.

### **13) ORDER OF PRECEDENCE**

In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

- a. Applicable federal and state of Washington statutes, regulations, and rules.
- b. Mutually agreed upon written amendments to this Agreement.
- c. This Agreement, number C1900059.
- d. Appendix A, Statement of Work and Budget.
- e. Appendix B, NW Seaport Alliance Clean Truck Fund Program Summary.
- f. Any other provisions or term of this Agreement, including materials incorporated by reference or otherwise incorporated.

### **14) RECORDS MAINTENANCE**

The parties to this Agreement shall each maintain books, records, documents, and other evidence that sufficiently and properly reflect all direct and indirect costs expended by either party in the performance of the service(s) described herein. These materials shall be subject to inspection, review, or audit by personnel of both parties, other personnel duly authorized by either party, the Office of the State Auditor, and federal officials so authorized by law. All books, records, documents, and other materials relevant to this Agreement must be retained for six years after expiration of this Agreement. The Office of the State Auditor, federal auditors, and any persons duly authorized by the parties shall have full access and the right to examine any of these materials during this period. Each party will utilize reasonable security procedures and protections for all materials related to this Agreement. All materials are subject to state public disclosure laws.

### **15) RESPONSIBILITIES OF THE PARTIES**

Each party of this Agreement hereby assumes responsibility for claims and/or damages to persons and/or property resulting from any act or omissions on the part of itself, its employees, its officers, and its agents. Neither party will be considered the agent of the other party to this Agreement.

### **16) RIGHTS IN DATA**

Unless otherwise provided, data which originates from this Agreement shall be "work made for hire" as defined by the United States Copyright Act, Title 17 U.S.C. section 101 and shall be owned by state of Washington, ECOLOGY and NWSA. Data shall include, but not be limited to, reports, documents, pamphlets, advertisements, books magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. Ownership includes the right to copyright, patent, register, and the ability to transfer these rights.

### **17) SEVERABILITY**

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable.

### **18) SUBCONTRACTORS**

NWSA agrees to take complete responsibility for all actions of any Subcontractor used under this Agreement for the performance. When federal funding is involved, there will be additional subcontractor requirements and reporting.

Prior to performance, all subcontractors who will be performing services under this Agreement must be identified, including their name, the nature of services to be performed, address, telephone, WA State Department of Revenue Registration Tax number (UBI), federal tax identification number (TIN), and anticipated dollar value of each subcontract. Provide such information to ECOLOGY's Agreement manager.

### **19) TERMINATION FOR CAUSE**

If for any cause, either party does not fulfill in a timely and proper manner its obligations under this Agreement, or if either party violates any of these terms and conditions, the aggrieved party will give the other party written notice of such failure or violation. The responsible party will be given the opportunity to correct the violation or failure within fifteen (15) business days. If failure or violation is not corrected, this Agreement may be terminated immediately by written notice of the aggrieved party to the other.

### **20) TERMINATION FOR CONVENIENCE**

Either party may terminate this Agreement without cause upon the thirtieth (30) calendar day following prior written notification to the other party. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

### **21) WAIVER**

A failure by either party to exercise its rights under this Agreement shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement unless stated to be such in a written amendment to this Agreement signed by an authorized representative of the parties.

### **22) AGREEMENT MANAGEMENT**

The representative for each of the parties shall be responsible for and shall be the contact person for all communications, notifications, and billings questions regarding the performance of this Agreement. The parties agree that if there is a change in representatives that they will promptly notify the other party in writing of such change, such changes do not need an amendment.

The ECOLOGY Representative is:	The NWSA Representative is:
Name: Brett Rude Address: PO Box 47600 Olympia, WA 98504-7600 Phone: 360.407.6847 Email: brett.rude@ecy.wa.gov Fax: 360.407.6989	Name: Nicola Graham Address: PO Box 2985 Tacoma, WA 98401-2985 Phone: 253.383.9444 Email: ngraham@nwseaportalliance.com

**23) ALL WRITINGS CONTAINED HEREIN**

This Agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.

The signatories to this Agreement represent that they have the authority to bind their respective organizations to this Agreement.

IN WITNESS WHEREOF, the parties below, having read this Agreement in its entirety, including all attachments, do agree in each and every particular as indicated by their below signatures.

**State of Washington  
Department of Ecology**

**The Northwest Seaport Alliance**

By: Polly Zehm      11/9/18  
Signature                      Date

By: [Signature]      Nov 1, 2018  
Signature                      Date

Polly Zehm

JOHN WOLFE

Deputy Director

Print Name:

CEO

Title:

Approved as to form only:  
Office of Attorney General

## **APPENDIX A STATEMENT OF WORK AND BUDGET**

### **Introduction**

NWSA's Clean Truck Fund (CTF) will provide loan loss reserves (LLR, or loan guarantees) and truck scrapping incentives to truck owners serving marine terminals so that those owners can replace their older trucks and purchase trucks with 2007 and newer engines, in compliance with the goals of the Northwest Ports Clean Air Strategy. NOTE: The CTF includes additional funding sources, products and anticipated results, beyond this agreement. Please see Appendix B for additional CTF details.

ECOLOGY has spending authority in ESSB 6095 intended to scrap and replace old, high-polluting diesel school buses, transit buses, and other vehicles with low-emission and zero-emission vehicles. \$1,200,000 of this funding has been appropriated specifically to be provided to NWSA for the CTF.

The purpose of this Agreement is to provide up to \$1,200,000 to support NWSA's CTF.

- ECOLOGY will provide up to \$642,500 to support LLR funding for up to approximately 128 truck loans. This assumes a 10 percent LLR (\$5,000) on an average truck loan of \$50,000.
- ECOLOGY will also provide up to \$557,500 to support scrap incentives for up to 93 trucks (based on an average of \$6,000 per truck) that are replaced with trucks purchased under the loan program.

### **The Clean Truck Fund and Community Development Financial Institutions**

The CTF will provide equal access to market rate truck loans by providing LLR for Community Development Financial Institutions (CDFIs) meeting NWSA criteria. Monthly loan payments and term length must be competitive with market rate loans in the Pacific Northwest and meet the recommendation of the financial counselor, if used.

### **Clean Truck Fund Loans and Loan Loss Reserve**

CDFIs will independently determine if applicant drivers meet the CDFI's qualifications and decide to whom loans are made. A CDFI must enter into a loan agreement with a driver if he/she meets application criteria. As long as each loan meets the requirements of the CTF (maximum loan term 7 years, maximum interest rate 15%, borrower uses the loan to purchase compliant truck) and the CDFI is eligible to enroll its loan(s) in the CTF to have a loan loss reserved for 10% of the total pool of loans made by that CDFI.

Based on a NWSA survey, the majority of drivers cited concerns about a down payment as the primary reason for not having a truck that is compliant with NWSA CTF emissions standards (2007 or newer engine). Therefore, NWSA is making available up to 93 scrap incentives, up to \$6,000 each, to support truck drivers in scrapping their noncompliant trucks. It is anticipated that many owners will have trucks worth more than \$8,865 and would depend on the trade-in value of their noncompliant truck for a down payment on a compliant truck. Down payments are typically 20% of the value of the replacement truck. Therefore, CDFIs will offer multiple products under the CTF, including the option to receive a scrap incentive and a loan, or solely a loan.

ECOLOGY and NWSA agree that this agreement will only provide LLR contributions based on 10 percent of the the value of loans that meet the following criteria:

- The truck owner provides documentation confirming that the truck purchased with loan proceeds is a used or new truck equipped with 2007-year engine or an engine that meets 2007 or subsequent emissions standards; the engine may use diesel fuel, compressed natural gas (CNG), or liquefied natural gas (LNG); and
- Within 15 business days of after securing a loan through a CDFI, the truck owner must surrender the vehicle and engine being replaced to a NWSA-approved scrapyard. The scrapyard must provide documentation confirming that the truck being replaced has been scrapped per the specifications described below.

As described in Appendix B, other sources are providing LLR contributions for the Clean Truck Fund. This agreement will contribute LLR funding based on the loan value of loans meeting the appropriate criteria described above and in Task 2 Deliverables below. NWSA will track, record, and report on the amount of funding for each source committed to LLR. Prior to drawing upon additional CTF funding sources, LLR funds will be drawn from the \$642,500 provided through this agreement.

NWSA will maintain reserves in an amount equal to up to 10% of the principle amount of the total pool of loans enrolled in the CTF until the maximum LLR amount is met (up to \$1.625M total when funds from all sources are included). LLRs will be held in reserve by NWSA until a loan enters default and the CDFI submits a claim.

NWSA will track each loan made by the CDFI and record the amount of the LLR allocated to each lender, based on 10% of the total loans made by the lender. When submitting a claim, a CDFI can submit for the total amount unrecovered up to the maximum amount held in reserve for that CDFI (10% of the total amount of loans made by the CDFI).

NWSA will review all default claims submitted by CDFIs, as described below. Subject to submittal of a complete claim form, NWSA will reimburse the CDFI from the loan loss reserve within 30 business days.

### **Default of Loan**

NWSA will require the CDFI to notify NWSA within 120 days of the date when the lender has written-off all or part of a qualified loan because of default by a borrower. Subject to submittal of a complete claim form, NWSA will reimburse the CDFI lender from NWSA's loan loss reserve account within 30 business days. Claims must include documentation of collateral recovered in the event of default. The loan loss reserve would be used in the event of default after the lender has exhausted all options for collecting on loans in default (i.e., recovered collateral – in this case the truck – prior to being paid from the loss reserve).

NWSA will require the CDFI acknowledge that neither ECOLOGY nor NWSA will have liability to the CDFI under the CTF except to the extent of funds allocated in the LLR for the CDFI.

### **Scrap Incentives**

ECOLOGY and NWSA agree that this agreement will only reimburse NWSA for scrap incentive payments where documentation has been provided to confirm that the scrapped truck is replaced by a truck meeting the above specifications.

The applicant driver is required to scrap the noncompliant truck with an NWSA-approved scrap yard, and the scrap yard will document destruction of the truck and engine using ECOLOGY's NWSA CTF

Certificate of Destruction Form, which specifies scrapping requirements. The signed NWSA CTF Certificate of Destruction must be submitted to NWSA. This agreement will only fund scrap incentives for scrapping that has been documented by this form.

Upon confirming the truck was scrapped, NWSA will issue a check to an approved third party (such as the dealer of the replacement vehicle) or a joint check to both the dealer and truck owner to offset the driver applicant's loan obligation.

NWSA will track, record, and report the number of scrap incentives awarded and the source of funds supporting the incentives.

Prior to drawing upon additional CTF funding sources, as described in Appendix B, scrap incentives will be drawn from the following ECOLOGY funding sources in the following order:

1. \$234,000 from ECOLOGY Clean Diesel Grant to NWSA, AQDIESEL-1719-NoSeAI-00047 (up to 39 incentives)<sup>1</sup>
2. \$557,500 from this Agreement (up to 93 incentives).

Total funding: \$791,500 (132 scrap incentives)

## Reports

NWSA will require the CDFI provide monthly reports (by the 7<sup>th</sup> day of the following month) to NWSA on the number of drivers reviewed and the outcome of those reviews (whether drivers successfully obtained a loan) through December 31, 2018. The CDFI will report quarterly thereafter, on the status of the loans made through the loan term. From January 1, 2019 through December 31, 2025, NWSA will provide an annual report to ECOLOGY summarizing loan loss reserves from this agreement utilized on defaulted loans.

NWSA will issue monthly invoices to ECOLOGY for the amount owed under this agreement based on the preceding month's loan enrollment report and documented payments of scrap incentives. The loan enrollment period is expected to end on December 31<sup>st</sup>, 2018, and scrapping of the former trucks is expected to continue through February, depending on schedules at NWSA-approved scrap yards. NWSA final monthly report and invoice shall be provided to ECOLOGY by March 31, 2019, and the sum of invoices issued shall not exceed \$1,200,000. Upon the closure of the CTF in 2025, NWSA shall report to ECOLOGY the total amount of funds under this agreement and the ECOLOGY Clean Diesel Grant that were expended on LLR contributions and scrap incentives.

## Remaining Funds

NWSA shall close the CTF after all CDFI loans have closed by December 31, 2025. Upon the closure of the the CTF, NWSA shall review the balance of LLR funds remaining in the CTF attributable to Appendix A of this Agreement. If a balance of funds remains, NWSA will prepare an amendment to this agreement which, upon mutual agreement with ECOLOGY, may allocate the remaining funds for

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<sup>1</sup> These ECOLOGY grant funds to NWSA are in addition to the \$1,200,000 provided via this agreement and are documented in a separate agreement.

projects that will ensure that older models of vehicles are scrapped and replaced with vehicles or engines that have fewer emissions, or zero emissions, and contribute to further reductions of PM2.5.

### **Emissions Reduction Target**

In the event that fewer than 55.7 lifetime tons of PM2.5 are removed through the loan and scrap incentives funded through this agreement, NWSA will propose by May 31, 2019 an amendment to this agreement describing how any remaining funds can support grants to reduce additional air emissions by scrapping and replacing older, higher polluting diesel vehicles with vehicles or engines that have fewer or zero emissions, or as otherwise agreed to by the parties. Remaining funds may be used toward mandatory grant matches, additional revolving loan programs, port-owned projects, or tenant projects with priority given to the projects with the highest cost effectiveness and benefit to the community, consistent with the terms ESSB 6095.

## **Tasks and Deliverables**

### **Task 1: Clean Truck Fund Launch**

- NWSA will obtain Non-Profit Financial Counseling support to coordinate the CTF lending process with lending institutions (certified CDFIs).
- NWSA will establish a loan enrollment process for participating lending institutions (CDFIs) to enroll qualifying loans and manage loan loss reserve funds.

#### **Task 1 Deliverables:**

- NWSA shall establish the CTF and start accepting applications no later than October 31, 2018.

### **Task 2: Clean Truck Fund Administration**

- NWSA shall establish loan-intake procedures and requirements, contract with intake and loan service providers as needed, and administer the CTF, reserving all oversight functions to NWSA.
- ECOLOGY will provide the NWSA CTF Certificate of Destruction form to NWSA.
- NWSA shall continue to augment the balance of the CTF if and as funds become available from additional sources.

#### **Task 2 Deliverables:**

- Monthly loan enrollment reports will be provided to ECOLOGY by the fourteenth day of each month for the preceding month's loan enrollments and scrap incentives.
- NWSA shall issue an invoice to ECOLOGY monthly for the amount owed based on prior month's loan enrollment report and documented payments of scrap incentives.
  - ECOLOGY will only provide LLR contributions (up to 10% of the loan value - for example, a maximum of \$5,000 per \$50,000 loan) to the CTF LLR pool for loans that have provided appropriate documentation confirming the following:
    - the former truck was scrapped; and
    - the replacement truck meets the required specifications for emissions reductions.
  - Once the LLR contributions have been provided by this agreement and are included in the CTF, they can be used by the appropriate CFDI for any loan that goes into default.

- ECOLOGY will only reimburse scrap incentive payments when appropriate documentation is provided confirming the following:
  - the truck has been scrapped;
  - it is being replaced with a truck meeting the emissions requirements specified in this agreement; and
  - a loan has been secured through a CFDI to purchase the replacement truck.
- NWSA shall provide the final monthly report for the loan period and corresponding invoice by March 31, 2019.
- NWSA shall report on the number of trucks scrapped by February 28, 2019 through the CTF and the associated emission reductions using the EPA Diesel Emission Quantifier tool.
- If less than 55.7 lifetime tons of PM<sub>2.5</sub> are removed through this agreement, NWSA will provide ECOLOGY a proposal by May 31, 2019 describing how any remaining funds can support projects to reduce the remaining air emissions through scrapping and replacing older diesel vehicles with newer vehicles or engines having fewer emissions, or as otherwise agreed to by the parties.
- From January 2019 through the closure of the CTF on December 31, 2025, NWSA will provide ECOLOGY an annual report of loan loss reserves utilized on defaulted loans.

### **Task 3: Clean Truck Fund Close Out**

- All of the loans supported through LLR in the CTF should close by December 31, 2025. After satisfaction of all loans issued with support by the CTF, NWSA shall close out the CTF.
- Upon the closure of the CTF, NWSA shall review the balance of LLR funds remaining in the CTF attributable to Appendix A of this agreement. If a balance of funds remains, NWSA will prepare an amendment to this agreement which, upon mutual agreement with ECOLOGY, allocates the remaining funds for projects that will ensure that older models of vehicles are scrapped and replaced with vehicles or engines that have fewer emissions, or zero emissions, or as otherwise agreed to by the parties, and contribute to further reductions of PM<sub>2.5</sub>.

### **Task 3 Deliverables:**

- If NWSA anticipates that funds from this agreement will remain in the loan loss reserve, NWSA will provide ECOLOGY a draft proposal within 60 days prior to the closure of this agreement (by April 30, 2026) describing how any remaining funds can support projects to further reduce port-related air emissions through scrapping older, higher polluting vehicles and replacing them with newer vehicles or engines with fewer emissions, or as otherwise agreed to by the parties. Upon mutual agreement with Ecology, NWSA may use remaining funds toward mandatory grant matches, additional revolving loan programs, port-owned projects, or tenant projects with priority given to the projects with the highest cost effectiveness and benefit to the community, consistent with ESSB 6095.
- Within 180 days following the closure of the CTF (by June 30, 2026), NWSA will submit to ECOLOGY a final report on the CTF reflecting the amount of LLR funds used to cover defaulted loans, the final remaining balance and emissions reductions, regardless of any pending amendments to this agreement. The report should include a statement of ECOLOGY funds from this agreement remaining in the loan loss reserve after the closure of the CTF.
- ECOLOGY and NWSA will amend this agreement to document the planned use of remaining funds.

### **Timeline of key dates:**

- Agreement start date: November 1, 2018, or the date of final signature, whichever occurs later
- NWSA CTF loan period closes: December 31, 2018
- Monthly reports, documentation, and invoices: Monthly, from start date until all funds committed under this agreement have been invoiced – March 31, 2019

- Final invoice for loan loss reserve and monthly report due to ECOLOGY: March 31, 2019
- Plan for use of remaining funds available on this agreement to meet PM2.5 reduction goal of 55.7 lifetime tons due to ECOLOGY: May 31, 2019
- Annual report on LLR utilized on defaulted loans: January 2019 through December 31, 2025
- Clean Truck Fund Closes: December 31, 2025
- Draft proposal due to ECOLOGY for use of anticipated remaining LLR funds consistent with ESSB 6095: April 30, 2026
- Final CTF Report due to ECOLOGY (regardless of pending amendment): June 30, 2026
- End date of this agreement: June 30, 2026

**Budget Summary**

Item	Description	Amount
1	<b>Task 2 –LLR:</b> Funding Commitments for CTF Loan Loss Reserve (LLR) for a maximum of \$642,500 in loans, funding up to 128 new trucks, based on an average of \$50K per loan	\$642,500
2	<b>Task 2 – Scrap Incentives:</b> Reimbursement of Scrap Incentive Payments for up to 93 trucks, based on an average of \$6K per incentive	\$557,500
	Total Agreement Cost	\$1,200,000

## APPENDIX B NORTHWEST SEAPORT ALLIANCE CLEAN TRUCK FUND

Part of the 10-year-old Northwest Ports Clean Air Strategy, NWSA's Clean Truck Program requires trucks serving Seattle and Tacoma terminals to have newer, cleaner-burning engines to reduce diesel emissions. Under the program, all trucks entering NWSA international container terminals must have a 2007 or newer engine, or have an equivalent emissions control retrofit to comply with the requirement by December 31, 2018.

The Clean Truck Fund's goal is to provide at least 325 qualified truck drivers equal access to market rate truck loans by providing a loan loss reserve (LLR) for Community Development Financial Institutions (CDFIs) who meet NWSA criteria. NWSA requires the CDFI to be registered and in good standing as a CDFI. Monthly loan payments and term length must be competitive with market rate loans in the Pacific Northwest and meet the recommendation of the financial counselor, if used. To be eligible for enrollment in the Clean Truck Fund, loans must meet the following loan terms:

- Maximum loan term is seven (7) years
- Maximum annual interest rate on a loan is 15 percent

For the purposes of this agreement, eligible purchases with loan proceeds are limited to used and new trucks equipped with 2007 year engines or an engine that meets 2007 or subsequent emissions standards; the engines can use diesel fuel, compressed natural gas (CNG), liquefied natural gas (LNG).

- The Clean Truck Fund includes grants from the State of Washington, Washington State Department of Ecology, California South Coast Air Quality Management District, and contributions from NWSA, the Puget Sound Clean Air Agency, and the City of Seattle.

The Clean Truck Fund is made up of contributions and grants from several entities:

<b>NWSA Clean Truck Fund Contributions By Source</b>		
<b>Funding Source</b>	<b>Contribution</b>	<b>Use</b>
WA State Department of Ecology – Air Pollution Control Account (this agreement)	\$1,200,000	Scrap incentives and LLR
NWSA	\$757,500	LLR
NWSA	\$242,500	Admin
WA State Clean Diesel Grant	\$234,000	Scrap incentives
Puget Sound Clean Air Agency	\$200,000	LLR
City of Seattle	\$150,000	Scrap incentives
SCAQMD DERA 2017	\$25,000	LLR
<b>Total Funding</b>	<b>\$2,809,000</b>	

<b>NWSA Clean Truck Fund Contributions By Usage Category</b>
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Use	Amount	Source	Supports
Available for Loan Loss Reserve (LLR)	\$1,625,000	WA State, NWSA, PSCAA, SCAQMD	CFDI coverage for loan defaults, 10% of the loan value of up to 325 loans valued at \$50,000 each.
Available for Admin – 10% cap of LLR	\$242,500	NWSA	Administrative costs, including financial counseling for program applicants.
Available for Scrap Incentives	\$941,500	Clean Diesel Grant, City of Seattle, WA State	Supports up to 157 scrapping incentive payments, valued at \$6,000 each.
<b>Total Funding</b>	<b>\$2,809,000</b>		

Scrap incentives will be issued from the following funding sources in the following order and according to the terms of each funding source:

1. \$234,000 from the Washington Department of Ecology Clean Diesel Grant AQDIESEL-1719-NoSeAI-00047 to NWSA (up to 39 incentives);
2. \$557,500 from this Agreement (up to 93 incentives); and
3. \$150,000 contribution from the City of Seattle (up to 25 incentives).

Total funding: \$941,500 (up to 157 scrap incentives)