

INTERLOCAL AGREEMENT

This Interlocal Agreement ("Agreement") is entered into between the **Puget Sound Clean Air Agency**, (hereinafter referred to as the "Agency"), a municipal corporation of the laws of the State of Washington, and **The Northwest Seaport Alliance** (hereinafter referred to as "Alliance"), a Washington port development district, located at 1 Sitcum Plaza, Tacoma WA 98421, (each individually also referred to as "Party" and collectively "Parties").

WHEREAS, the Alliance and the Board of Directors of the Agency deem it desirable to enter into an Agreement for the purposes of the Agency continuing to administer the drayage truck scrappage program, Scrappage and Replacement for Air in Puget Sound II ("ScRAPPS II"), in order to process up to 29 truck replacement incentives funded by the U.S. Environmental Protection Agency's (EPA's) Diesel Emission Reduction Act (DERA) grant program; and

WHEREAS, the Alliance has adopted the Northwest Ports Clean Air Strategy, the goal of which is to reduce air emissions from current and future maritime port operations in the Pacific Northwest; and

WHEREAS, drayage trucks working at the Alliance 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 has been awarded \$800,000 from the U.S. EPA's Diesel Emission Reduction Act (DERA) grant program towards truck replacement incentives; and

WHEREAS, the Alliance has agreed to cover the Agency's administrative costs up to \$275,000 to process the DERA grant incentives; and

WHEREAS, the Agency has completed several diesel emissions reduction projects under previous agreements with the Port of Tacoma ("Port"), for whom the Alliance now acts as agent for purposes of this Agreement, including the original, Port-funded Drayage Truck Scrappage and Retrofits for Air in Puget Sound (ScRAPPS), the Cargo-Handling Equipment (CHE) Retrofit and Replacement Project funded by the Port, EPA and the Agency, and the Port-funded At-Berth Clean Fuels low-sulfur fuel reimbursement program for ocean-going vessels; and

WHEREAS, the Alliance has determined that the Agency is qualified and available to administer the program; and

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

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

1. Purpose and Scope of this Agreement.

The purpose of this Agreement is to replace 29 or more drayage trucks with 1994-2006 engines that serve the Alliance's marine terminals with trucks containing 2011 or newer engines. Truck owners will be offered financial incentives to replace their trucks. The trucks being replaced will be scrapped, collectively this scope is hereinafter referred to as "the Program".

Funding for this Program is provided by the Alliance as set forth in Section 4 herein and by EPA's DERA grant No. DE-01J26001-0 included as **Attachment A** and incorporated herein by reference.

2. Duties of Agency

The Agency commits to:

A. Complete incentive processing for DERA Grant No. DE-01J26001-0.

- 1) Complete all incentive processing for 29 or more truck replacements for the DERA Grant No. DE-01J26001-0.

Deliverable date: October 1, 2016 to December 31, 2017.

B. Administer Program as designed under Agreement 2015-085.

Administer the Program as designed under Agreement 2015-085, included in Attachment B and hereby incorporated by reference, including:

- 1) The procedure for processing applications from truck owners for financial assistance.
- 2) The procedure for assessing the suitability of trucks with pre-2007 model year engines that are proposed to be scrapped, to verify program eligibility.
- 3) The procedure for assessing the suitability of proposed replacement trucks having a 2011 or newer model year engine standards, to verify program eligibility.
- 4) The procedure for coordinating scrapping and associated documentation for trucks being scrapped and replaced.
- 5) The procedure for processing scrapping incentive payouts.
- 6) The procedure for tracking emission reductions associated with each truck replacement.
- 7) The procedure for maintaining up-to-date records and report on the above actions.

C. Ensure that the truck replacements meet eligibility criteria.

Ensure that the truck replacements meet the criteria in Table 1.

Table1. Program Eligibility

Incentive Option Requirements		2011+ Incentive
Timeframe for Incentives		October 1, 2016–December 31, 2017 (or until funds exhausted)
Incentive Amount		50% of replacement truck cost; capped at \$27,000
Original Truck's Engine Year		1994-2006
Replacement Truck's Engine Year		2011 or newer
Replacement Trucks Horse Power		<110% of replaced truck
Buy America	Replacement Truck Assembled in America	Required
	American Iron and Steel in Replacement Truck	Required
Replacement Truck's Mileage		No more than 750,000 miles
Trips		200 trips to POT and POS

Criteria may be revised if both approved by both Parties, and all DERA grant requirements are met.

D. Assist with outreach to truck owners.

As needed, assist the Alliance in conducting an outreach campaign to truck owners that will promote the Program.

E. Secure office space for the Program office.

Enter into a lease agreement for office space with the Alliance under separate contract as described in ILA No. 2015-085.

F. Process Incentives.

Complete all incentive processing for approved truck replacements by December 31, 2017. If funds available for the Program are exhausted prior to December 31, 2017, the Agency will end the Program earlier unless additional funding is provided.

Deliverable date: Complete all incentive processing for approved truck replacements by December 31, 2017.

G. Develop sample invoice package for review.

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

Deliverable date: One month after the DERA Grant Funding is available.

H. Submit invoices.

Submit monthly invoices to the Alliance as set forth in Section 4 of this Agreement.

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

I. Employ audit system.

Employ audit system developed under ILA No 2015-085 to audit the documents and processes used to implement the Program, such as truck evaluation, scrapping, and replacement processes, cash flow tracking, lien and insurance search procedures and scrap yard coordination, and compliance with grant requirements.

Deliverable date: One month after the DERA Grant Funding is available

J. Report.

- 1) Submit periodic project reports to the Alliance 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 to the Alliance and EPA 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: March 30, 2018

K. Keep records.

Keep records of all project documentation per federal grant requirements and make them available to the Alliance upon request.

Documentation deliverable dates: Two weeks after Agency receives request for document.

3. Duties of the Alliance

The Alliance commits to

A. Provide outreach to truck owners as needed.

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

B. Approve invoice package.

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

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

C. Pay invoices.

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

4. Compensation. The total amount paid by the Alliance to the Agency for satisfactory performance of the work under this Agreement shall not exceed two hundred and seventy-five thousand dollars (\$275,000) for the DERA Grant No DE-01J26001-0 administrative costs. If the Agency exhausts funds from DERA Grant No. DE-01J26001-0, and the Agency hasn't spent \$275,000 under this agreement, the Parties may agree that some of the remaining administrative budget be used for additional truck replacement incentives. Any use of administrative funds for truck replacement incentives must be agreed upon by both Parties in writing.

The Agency will submit invoices for administrative costs to the Alliance monthly using a template approved by the Alliance as described in Sections 2.D and 3.B of this Agreement. If the Parties agree that unspent administrative funds will be applied to more incentives, the Agency will submit separate invoices for incentives and administrative costs. The Agency will also submit a monthly written report describing the progress made on tasks that the Agency is administering under Section 2 of this Agreement, for reimbursement for administrative expenses incurred 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 Alliance's Project Manager listed in Section 5. The Alliance 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.

5. Term. The effective date of this Agreement is November 1, 2016. The termination date of this Agreement is March 31, 2018.

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

Port Project Manager	Agency Project Manager
Janice Gedlund	Kathy Boucher
Northwest Seaport Alliance	Puget Sound Clean Air Agency
P.O. Box 2985	1904 Third Avenue, Suite 105
Tacoma, WA 98401-2985	Seattle, WA 98101
Phone: 253-888-4415	Phone: 206-689-4019
E-mail address: jgedlund@nwseaportalliance.com	E-mail address: kathyb@pscleanair.org

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 to the Agreement in writing and executed with the same formalities as the original Agreement.

8. Termination. Either Party may terminate this Agreement at any time with or without cause by giving a thirty day (30) written notice of such termination and by specifying the effective date of the termination.

9. 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.

10. Indemnification. 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.

No liability shall attach to any of the Parties by reason of entering into this Agreement except as expressly provided herein.

11. 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.

12. Non-discrimination. During performance of this Agreement, the Parties shall comply with all federal, state and local nondiscrimination laws, regulations and policies, including but not limited to, Title VI of the Civil Rights Act and all implementing

13. Recording. A copy of this Agreement shall be posted to each Party's web site.

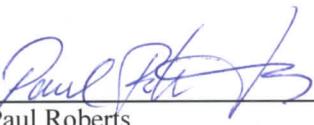
14. Property Ownership. No ownership of property will transfer as a result of this Agreement.

[SIGNATURES APPEAR ON NEXT PAGE]

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

PUGET SOUND CLEAN AIR AGENCY

By:



Paul Roberts
Board of Directors, Chair

Date: 1/12/17

THE NORTHWEST SEAPORT ALLIANCE

By:

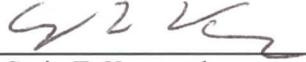


John Wolfe
Chief Executive Officer

Date: JAN 4, 2017

Attest:

By:



Craig T. Kenworthy
Executive Director

Date: 1/18/17

Approved as to Form:

By:



Jennifer A. Dold
General Counsel

Date: 1/6/17

By:



Carolyn A. Lake
Goodstein Law Group PLLC
Alliance Legal Counsel

Date: 12/28/16