

# Puget Sound Clean Air Agency (PSCAA) Diesel Fleet Facility Registration Program Stakeholder Process

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Meeting Summary  
February 25, 2009  
Seattle, WA

## Attendees

Name	Organization
Jim Boon	King County Metro
Andy Fritchen (Phone)	UPS
Dan Gatchet	Roadlink
Wayne Grotheer	Port of Seattle
Nels Johnson	Allied Waste Services
Sue Mauermann	Port of Tacoma
Allen Mitchell	Snohomish County Department of Public Works
Mike Moore	Pacific Merchant Shipping Association
Gene Questad	Boeing Company
Sarah Rees	Washington State Department of Ecology
Tim Sexton	Washington State Department of Transportation
Greg Tisdell	Tiz's Door Sales
Greg Wingard	Washington Conservation Voters
Jack Ziebarth	Gordon Trucking
Dennis McLerran	PSCAA
Amy Fowler	PSCAA
Dave Kircher	PSCAA
Jim Nolan	PSCAA
Leslie Stanton	PSCAA
Tom Beierle	Ross & Associates Environmental Consulting
Bill Ross	Ross & Associates Environmental Consulting
Heather Rogers	Berk & Associates
Rob Willis	Ross & Associates Environmental Consulting

## Welcome, Introductions, and Agenda Review

Dennis McLerran, Executive Director of the Puget Sound Clean Air Agency (hereafter “the Agency”), welcomed everybody, thanked the stakeholders for agreeing to participate, and introduced the purpose of Diesel Facility Fleet Registration Program (DFFRP). The purpose of the DFFRP is to provide stable funding for the Agency’s Diesel Solutions program. Dennis said that the Diesel Solutions program is deliberately structured differently than California’s regulatory approach. The Agency chose to implement a voluntary, incentive-based program to retrofit engines. An incentive-based program requires money to support it, and the Agency’s current five-year funding source ended in July 2008. Diesel retrofits are a high priority, and the Agency intends to continue the program. The Agency will continue to find capital funding from EPA and other funding sources (e.g., DERA funding), however, Diesel Solution’s administrative costs require a separate and sustainable funding source. This stakeholder process is designed to get stakeholder input on how to develop a registration program to support the administrative cost of running the program.

The Agency has authorization from its board to develop a fee-based registration program for facilities that own, operate, and/or host diesel fleets. The purpose of the stakeholder process is to seek input on how best to design, phase, and administer the DFFRP. In the spirit of continuing to use incentives and maintain a program that is philosophically different from a regulatory approach, the program will involve lower fees for facilities that have cleaner fleets. The Agency envisions that the DFFRP will end when the regional fleet of on- and off-road vehicles and equipment is upgraded to modern standards through retrofit and turnover.

Dennis indicated that the Agency intends to have a DFFRP proposal for the Agency Board to consider at its May meeting, with a formal program development process occurring shortly thereafter.

Following opening remarks, the stakeholders asked for clarifications on the following topics:

- From the standpoint of legal authority, are there barriers?
  - Under Washington State law, the Agency has the authority to register emission sources and require fees to support program administration. Again, the Agency has decided against pursuing a regulatory approach like California’s that would mandate emission reductions or fleet turnover.
- The Washington State Legislature is currently going through a discussion of fees and taxes. Does the DFFRP development process touch this?
  - No.
- Is there an attempt to involve additional members from the environmental community in the stakeholder process?
  - The Agency feels that the environmental objective of the program (i.e., reducing emissions from facilities that own, operate, or host diesel fleets) isn’t in question, and the Agency feels that the amount of environmental community representation is appropriate. However, the Agency is open to suggestions for additional participants from the environmental community.
- To continue the program, you need a funding stream to pay for its administration. What is the order of magnitude?
  - Currently, the Agency devotes 6 FTE and some of Dennis McLerran’s time to Diesel Solutions.
- Are both on-road and off-road vehicles in the program?
  - Yes. The scope of the registration program is focused on facilities that own, operate, or host the whole range of diesel engines. What, specifically, is registered is part of the stakeholder discussion, but the Agency anticipates that sectors such as construction vehicle rental would be part of the program.
- How are you looking at mobile sources, like air, rail, or ships?
  - The air travel sector is not in scope; it is regulated internationally. The Agency views ships as attached to terminals and ship facilities. It is not looking at registering or regulating ships.

- Is funding still available for retrofitting now? Can people do this and get ahead of the curve?
  - Yes.
- Will the DFFRP contain an outreach component?
  - Yes.
- How does the design drive cost?
  - The design of the program will drive cost because characteristics like program size and services offered affect the overall staff needs and activities. The role of the stakeholder group is to help us think about efficiencies in the program.
- In the stimulus package there is funding for green jobs. Could that help with program costs?
  - Potentially. The Agency is looking into green job funding.

## Overview of Charge, Ground Rules, and Schedule

Bill Ross briefly described the role of the stakeholder group. The stakeholder group is not considered a consensus-based group. Ross & Associates will be reflecting the stakeholder views in a final report once the stakeholder process is complete.

The stakeholders indicated a need for specificity and time to accurately take information to their constituents and the community as a whole. Bill indicated that each stakeholder will be empowered and constrained by his or her own schedule, and he reminded the stakeholder group that after this process the Agency still has to go through the rule-making process with its notice and comment procedures. The Agency committed to timely distribution of materials before and following meetings.

- The stakeholder group reviewed the *Stakeholder Group Charge and Ground Rules*<sup>1</sup>.

## Program Overview

Dennis McLerran gave a detailed presentation regarding the background and context for the DFFRP. Dennis discussed slides 1-12 of a program overview PowerPoint presentation<sup>2</sup> and emphasized the following points:

- The focus of the program is not on engines but on facilities that own, operate and/or host diesel fleets.
- The Agency has identified reducing risks from diesel emissions as one of its highest priorities.
- The Diesel Solutions program recently leveraged \$1.8 million in funding into \$3 million in federal grants. It has leveraged around \$10 million over the life of the program.
- Many partners are developing programs on their own, and a lot of this effort was leveraged or incentivized by the Agency.

The stakeholders asked the following questions:

- Are there any empirical studies about diesel emission reductions from *fleets* being retrofitted and the impact on human health?
  - For every engine retrofitted under the Diesel Solutions program, the Agency knows what the emission reductions were. However, the Agency isn't aware of studies at the fleet level that assess human health benefits. Nationally, the US EPA cites a health benefit/cost ratio of up to 40 to 1 for diesel emission reduction rules. With limited funds, the Agency has previously targeted its programs toward fleets that represent significant risk of exposure to diesel exhaust for sensitive populations, such as school buses, transit fleets, and neighborhood refuse haulers.

<sup>1</sup>[http://www.pscleanair.org/programs/dieselsolutions/registration/stakeholders/PSCAA\\_DFFRP\\_charge\\_groundrules.pdf](http://www.pscleanair.org/programs/dieselsolutions/registration/stakeholders/PSCAA_DFFRP_charge_groundrules.pdf)

<sup>2</sup><http://www.pscleanair.org/programs/dieselsolutions/registration/stakeholders/Diesel%20Fleets%20Meeting%201%20final%20slides.pdf>

- Do we know how many vehicles we are talking about in our airshed?
  - We will bring that information forward for the stakeholders at a future meeting. Ecology has helped compile that information (which is available from the Department of Licensing), and part of the trick is identifying how to assign vehicles to specific facilities' fleets.
- As the program is successful, is there a mechanism in place to do away with the registration fees?
  - Yes. The Agency is looking to design a reasonable sunset timeframe into the program.
- Will there be incentives to get involved in the DFFRP?
  - Yes.
- How will you handle the trucks that are registered in other states?
  - The Agency needs the help of the stakeholder group in figuring this out. Stakeholders can help the Agency understand the characteristics of the vehicles that are out there.
- This conversation occurred 20 years ago in California, and it created a disincentive to operate in the fee area.
  - The Agency does not intend to create a disincentive for working here.
- Will there be a tie to fuel economy? There is some emissions benefit to older trucks that get better gas mileage. Should Smartway carriers get a break?
  - Specifics details of the program design will begin to be worked out at the subsequent stakeholder meeting. Regarding fuel economy, tests have shown no measured difference in the fuel economy of older engines once they are retrofitted. However, newer engines do have lower fuel economy. Driver training is a good mechanism for improving fuel economy.
- Knowing that there will be new standards in 2010, there is a disincentive to upgrade to 2007 engines now. If you buy a truck now, it will be out of standard before the life of the truck.

## Background and Framework for Program Design

Amy Fowler and Dave Kircher from the Agency presented slides 13-16<sup>3</sup>, which provided a background and framework for program design. Amy and Dave identified 6 key questions for stakeholder discussion:

1. Program eligibility: what are the thresholds and exemptions?
2. Facility responsibility: What fleet-related emissions are facilities responsible for?
3. Reporting: What information should facilities report?
4. Fee structure: How will fees be linked to emissions and other factors?
5. Program elements: What services will the program offer?
6. Phasing: How can the program be phased in?

Stakeholders provided the following comments and suggestions:

- What constitutes a facility is a big discussion. What facilities are in and out must be clearly identified.
- Should we include distribution centers where vehicles come and go?
- The program design must take into account the potential for double counting.
- The registration fee could be particularly hard on the already contracting trucking industry. The ports are developing a program that is going to force the upgrade of fleets and is going to be phased in over time. Volumes are down, and new fees don't sit well. The marginal players are likely to go out of business, and for the next two years there isn't much relief. Going back to the Washington Trucking Association with a new fee structure won't be easy.
- California has an exemption for small carriers, but small carriers probably create most of the emissions.
- Anti-idling measures will probably have the greatest reduction potential. Trucks aren't generally ever turned off. Anti-idling is good business practice.
- I hope the thresholds for the program are low to bring more fleets/vehicles into the program. We have to set these at the appropriate level. Could we look at the bigger organizations and exempt those that are

<sup>3</sup><http://www.pscleanair.org/programs/dieselsolutions/registration/stakeholders/Diesel%20Fleets%20Meeting%201%20final%20slides.pdf>

doing the right thing already? We should include everybody to show that the little guy has a responsibility and provide written materials and education to help the small businesses.

- It doesn't make sense to report something by facility. It makes sense to focus on types of assets that are causing the emissions at an enterprise level.
- In this economic contraction, some of the small players who have the old, dirty trucks may be going out of business. It may be smarter just to buy the older trucks. When engines are pre-1994, it really isn't effective to retrofit, because the devices don't work. The engines are so dirty it isn't cost effective.
- For the next meeting it would be helpful to have a summary of other related programs and look for the key elements of these programs to learn what they have done. It would also be helpful to have information on other voluntary programs (e.g., Smartway) and DERA funding.

The stakeholder group brainstormed methods to identify 'non-captive' fleets. Some stakeholders felt that the non-captive fleet owners may be unwilling to participate but noted that even the independent owner-operators are registered somewhere. The stakeholders indicated that one option would be to focus on the control points, such as facilities that attract vehicles.

Several stakeholders acknowledged that the total program cost is not high and that the program's funds are leveraged to get a lot more money. Some felt that the program shouldn't be too complicated just to collect such a small amount. One stakeholder asked whether it was still possible to get state funding. Dennis responded that the Agency has been clear the last two legislative session that without funding the Diesel Solutions program would go away. Through the proposed registration program, the Agency is stepping up and controlling its own destiny. If the Agency had the alternative of a statewide funding source, he said, then it would not be pursuing the DFFRP. In the past, the Agency has asked for operating and capital funding. Stakeholders asked the Agency for a list of bullet points about the merits of the DFFRP and reasons for wanting to support the program. They indicated that if non-attainment has something to do with the DFFRP then the bullet points should include that information. (The message would be that "You can pay now or pay later, and going out of attainment is expensive"). The Agency agreed to produce this documentation for the stakeholders to disseminate.

Dennis McLerran again thanked the workgroup for their willingness to participate and adjourned the meeting.

**Next meeting:** Focus on program design: Monday, March 16, 9AM – 5PM; location TBD (Agency offices or another downtown Seattle location)