

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

---

Meeting Summary  
May 20, 2009  
Seattle, WA

## *Participants*

Name	Organization
Jim Boon	King County Metro
John Chavez	Representing Burlington Northern Santa Fe Railroad
Jerry Dinndorf	Association of General Contractors
Dave Greer (by phone)	Coca-Cola
Wayne Grotheer	Port of Seattle
Matt Hink	CalPortland
Sue Mauermann	Port of Tacoma
Allen Mitchell	Snohomish County Department of Public Works
Svea Truax	Representing Burlington Northern Santa Fe Railroad
Gene V. Questad	Boeing Company

## *PSCAA and Support*

Name	Organization
Dennis McLerran	Puget Sound Clean Air Agency
Amy Fowler	Puget Sound Clean Air Agency
Dave Kircher	Puget Sound Clean Air Agency
Tom Beierle	Ross & Associates Environmental Consulting
Patrick Donovan	Ross & Associates Environmental Consulting
Bill Ross	Ross & Associates Environmental Consulting

## Welcome and Agenda Review:

Bill Ross, Ross & Associates, welcomed participants to the fifth Diesel Fleet Facility Registration Program (DFFRP) stakeholder group meeting, which was the last scheduled meeting of the group. He thanked the stakeholders for their commitment and participation in the design of the DFFRP. Bill reviewed the agenda items and provided a brief recap of changes made to the program design since the fourth stakeholder group meeting. He indicated that the revisions made to the program design reflect the input from stakeholders at the fourth meeting, as well as from follow-up calls with stakeholders who missed the fourth meeting. He stated that the primary focus of the fifth meeting would be to review and discuss the draft stakeholder group report and to confirm that its contents accurately reflect the stakeholder's views of the process and the program design.

Bill introduced Dennis McLerran, Executive Director of the Puget Sound Clean Air Agency (hereafter "the Agency"). Dennis welcomed participants and thanked them for their continued commitment to the DFFRP development process. Dennis said he wanted to take some time at the beginning of the meeting to address a few questions raised by stakeholders during and after the previous stakeholder group meeting. Dennis outlined the following questions and answers.

- What return on investment can the Agency and participating facilities expect from the DFFRP?
  - Dennis said that the Agency understands that stakeholders want to see a clear return on investment from the DFFRP. The Agency does not have a quantitative analysis of return on investment at this time. However, the Agency sees the following as key activities that provide a return on investment for the program:
    - The Agency will continue to secure grant funding to pay for the capital costs of vehicle and equipment retrofits and replacements. The Agency has been successful at obtaining grants in the past and expects to be successful in the future. For example, the Agency anticipates being awarded additional grant funding under the Diesel Emissions Reduction Act (DERA). Additionally, the Agency is partnering with public and private entities to obtain \$15 million in grant funding under the U.S. Department of Energy's (DOE) Clean Cities program. These funds can be used, among other things, to purchase hybrid vehicles, electrify ground support equipment, and convert vehicles to natural gas. The Agency anticipates additional federal and state funding as carbon legislation is adopted and implemented.
    - Even with past success in obtaining grants (and anticipated future success), Dennis said it is important for the stakeholders to understand that the future program involves more than grant writing. The Agency is working with the Washington State Legislature to get updated authorization to issue debt instruments, which will allow the Agency to implement a low-interest loan program for diesel retrofits and replacements. The Agency will seek clarification of its existing statutory authority during the 2010 legislative session. The Agency anticipates using the debt financing to establish a revolving loan fund that can be accessed by facilities seeking to reduce diesel emissions. The revolving loan approach has been used by EPA water programs for several years,

and is also being implemented by organizations such as Cascade Sierra Solutions for diesel emissions reductions.

- The Agency believes that a low-interest loan program in addition to capital grant money and new programs, such as a diesel vehicle scrapping program at the Port of Seattle and a partnership with Cascade Sierra Solutions, will ensure that the return on investment under the DFFRP will be high. The final stakeholder report will clearly document these aspects of the future program.
- In response to a stakeholder's question, Dennis said the Agency will report annually on how many retrofits and replacements are achieved under the program. Currently, annual reports on Diesel Solutions' accomplishments are provided to the Agency Board.
- How will the Agency get a high level of compliance?
  - The compliance rates used to estimate fee revenue for the DFFRP are conservative to avoid overestimating revenues. However, the Agency intends to implement a compliance effort under the DFFRP that is similar to other Agency compliance programs (e.g. stationary source registration program). The program will be prudent about costs by utilizing existing staff and other compliance strategies (e.g., reporting by competitors) rather than hiring additional inspectors.
- What is the role of alternative fuels and biofuels under the DFFRP?
  - The Agency plans to address biofuels through programs such as Clean Cities, not through the DFFRP. There are questions about the carbon benefit of biofuels, and recent studies by the Environmental Protection Agency have shown a lower benefit than once thought. The Agency is also seeing a switch from biodiesel back to conventional diesel as fuel prices drop.

## Program Design Refinements

Tom Beierle, Ross & Associates, reviewed the program design refinements since the last meeting. He discussed slides 3 through 12 of the PowerPoint presentation<sup>1</sup> and emphasized the following points:

- Four primary program design refinements have been incorporated into the program design based on input from stakeholders. They are:
  - In the fee calculation table, values for Emissions Category 1 and 2 were differentiated (at \$150 and \$75, respectively) for facilities with the smallest fleets to provide an incentive for these facilities to transition to newer vehicles.
  - An additional Fleet Size Category was incorporated into the fee calculation table to better distribute facilities across mid-size facility categories.
  - Facilities that are "clean" (i.e., all vehicles in Category 3 or Category 4) can stop paying fees and reporting their fleet-related emissions in 2017 and beyond.
  - The on-road vehicle threshold was clarified to be 10,000 pounds Gross Vehicle Weight. Facilities only need to report on on-road vehicles at or above that threshold.

---

<sup>1</sup> <http://www.pscleanair.org/programs/dieselsolutions/registration/stakeholders/default.aspx>

Stakeholders provided the following comments and questions:

- Can the Agency develop a simplified method to help facilities further understand what they might pay under the DFFRP?
  - The Agency can develop facility fleet examples to help facilities understand what their fees may be under the program. The Agency intends to conduct extensive outreach and education to assist facilities in understand what their fees would be under the program.
- The design and structure of the DFFRP is not an intuitive concept, and it may be difficult for stakeholders to explain it to their management. In particular, additional information on what the program is accomplishing in terms of health benefits should be included in outreach materials.
  - The Agency plans to develop outreach materials that will help clarify the program's purpose, design and outcomes.
- What do the numbers within the fee calculation table represent?
  - The numbers provided within the fee calculation table are dollar amounts that will be used by facilities to calculate fees under the DFFRP. These amounts were designed to achieve the amount of funding required to cover the operational costs of the registration program.
- How will the Agency treat surplus revenues generated by the DFFRP?
  - The DFFRP is designed to generate enough revenues to cover the operating costs of the program. If the program generates surplus revenues, registration fees can be reduced. The Agency has a clear record of reducing program fees when revenue targets are exceeded.
- Can Agency grant writing alone cover the costs associated with running the DFFRP?
  - No. The existing federal grants allow the Agency to use up to 15% of the grant amount to administer the grant-funded project(s). These grant funds can't be used to pay for additional grant-writing activities, or other activities not related to the specific project for which the Agency obtained the grant.

## **Overview of Draft Stakeholder Report**

Bill Ross introduced the draft stakeholder report, saying that the document focuses on describing stakeholder discussions and how the program design evolved as a result of stakeholder input. He said that active stakeholder group members will be listed in the report but will not be asked to “sign off” on the final version. Stakeholders that left the stakeholder group early in the process will not be listed as active members in the final report.

Bill encouraged meeting participants to think about what changes or additions they felt needed to be made to the report, including items for future consideration. Dennis McLerran mentioned that this is the point in the program development process where the Agency staff members separate themselves from the facilitator to assure that the stakeholder report accurately reflects the opinions of the stakeholders.

One participant asked whether being listed as a stakeholder group member within the final stakeholder report indicated endorsement of the report. Bill said it did not indicate endorsement, only that the people listed were actively involved in the stakeholder group process.

Bill Ross asked the stakeholder group to provide any overarching observations or feedback on the current draft of the stakeholder group report. He encouraged stakeholders to focus their feedback on whether the draft report accurately captured the stakeholder discussions and the evolution of the program design. Some public sector stakeholders said that the program design does not create any substantial concerns. However, some of these same stakeholders said that their customers (e.g., port terminal operators) are seeking financial breaks right now, and this program will add costs rather than reduce them (although the costs are low compared to those of other emissions reduction efforts, one stakeholder noted). One stakeholder said that private industry's decisions to upgrade fleets are tied to profits. This is different than the public sector, which relies on tax and other revenues. He said the program will be a tough sell for the private sector, and other private sector stakeholders agreed. Dennis noted that the Agency's Board is committed to reducing diesel emissions and that the Agency is choosing a voluntary approach. However, someone needs to pay for a voluntary program, and the Board supports a "polluter pays" principle, which is reflected in the registration fee approach.

Tom Beierle reviewed the main sections of the final stakeholder report. Tom discussed slides 13 through 28 of the PowerPoint presentation. Stakeholders offered the following comments and questions:

- It will be important for the Agency to identify when the reduction in average grams per mile under the DFFRP is the same as the reduction in average grams per mile that would have happened through "natural turnover." The difference between what the program is expected to accomplish and what the natural turnover is accomplishing is an important measure of the program's benefits.
  - The Agency will provide further explanation during outreach that the accelerated turnover achieved by the program equates to cumulative health benefits.
- How much public health benefit can we get from a single retrofit or replacement?
  - An EPA analysis of rules related to reducing emissions from on-road vehicles and non-road equipment identified a \$12 to \$60 public health benefit for every dollar spent to comply with the rule(s).
- It will be difficult for the Agency to assure that health benefits are achieved if diesel fleet vehicles are resold and moved to an adjacent airshed.
  - The Agency wants to prevent this kind of "leakage" and is thinking about strategies for preventing it.
- For the private sector, the non-road aspect of the DFFRP is hard to accept because of the lack of certainty associated with how non-road equipment will be treated and what the fees will be.
  - There will be a separate rule-making process for non-road. This is further discussed in the "milestones" session later in the meeting.
- The program needs to establish a definition for a construction facility and establish a clear understanding of who is responsible for registering (contractor or owner) at a construction site.
- Will the DFFRP make it more difficult for facilities to move vehicle fleets around?
  - No. The DFFRP won't place any restrictions on the movement of fleets among facilities.
- Will the Agency allow for alternative methods of fee payment?

- Yes. There will be ways to pay the fee other than the online fee payment system. The Agency already does this for its current registration program. If a facility needs to pay a fee under the current registration program but lacks the capacity to deal with the online fee system, personnel can come into the Agency offices to register and pay the fee by cash or check.

## **Future Program Development Milestones**

Amy Fowler, Puget Sound Clean Air Agency, reviewed future milestones for the program by going through slides 29 through 33 of the PowerPoint presentation. She emphasized the following points:

- There will be separate rule-making processes for on-road (2010) and non-road (2012)
- The stakeholder group will be re-engaged prior to the legislative session and the on-road rulemaking next year.
- There will be a process to include stakeholders in the development of the non-road program design, and some of the current stakeholders will likely be asked to participate.
- Prior to the rule-making there will be workshops with affected facilities. During rulemaking there will be public hearings and opportunities for public comment.

One stakeholder suggested that the Agency get the on-road portion of the registration program started prior to convening stakeholders to design the non-road registration program. This will allow the Agency and stakeholders to learn from implementation of the on-road program. Amy said the Agency will strongly consider delaying the nonroad portion of the registration program by approximately six months to incorporate that suggestion.

Dennis McLerran reminded the stakeholder group that if another source of funding becomes available to continue operating the Diesel Solutions program and assisting local fleet owners with emission reduction efforts during the 2010 legislative session, then the Agency would not need a registration program. Some stakeholders said they would be willing to testify in support of state funding for the program.

Bill Ross asked the stakeholder group if they would be interested in continuing their involvement in the DFFRP development process by participating in a meeting or conference call prior to the 2010 legislative session and another meeting or conference call prior to rule-making. The stakeholder group agreed to participate in those meetings.

## **Meeting Wrap Up**

Bill thanked the stakeholder group for their clear direction and guidance, which allowed for a productive and effective program design process. Dennis McLerran thanked the stakeholders for their commitment and said that the DFFRP design process was very productive and helpful for the Agency.