

**Notes from the Dray Truck Meeting
Baltimore, MD
June 9, 2010**

Emissions from dray trucks are a sizable component of port emissions, estimated in NY and NJ, for example, to contribute 25% of the NO_x emissions and 12% of PM_{2.5} emissions to total port emissions. Ports along the East Coast are in various stages of addressing emissions from the dray trucks that serve them; this meeting was a gathering of representatives from EPA, state and local agencies, environmental nonprofits, and industry to get to know each other and share information on East Coast dray truck emission reduction efforts. Representatives from ports in Baltimore, Philadelphia, Hampton Roads (VA), and New Jersey were present

Some key issues that came out of the meeting include:

- **The need for appropriate incentives for dray trucking community:** Each program wrestled with how to get dray truck drivers to participate in retrofit, repower, or replacement programs, given the precarious financial situation of most truckers. What combination of “carrots & sticks” is desired? One suggestion was to work backwards from what the average dray trucker makes to help set incentives at appropriate levels.
- **General mistrust of government among the dray trucker community:** What type of outreach makes the community comfortable enough to participate in emission reduction programs? Visibility and one-on-one, personal contact were noted to be important. Other comments included the importance of knowing a fellow trucker who had successfully participated in the program (an “early adopter”).
- **Technical issues:** Several of the programs stressed technical difficulties due to limited device options including “de-verification” of the only Level II option for dray trucks (Donaldson DMF). Many trucks fail data-logging tests for passive DPFs and active DPFs fail the cost effectiveness test. Some truckers are reluctant to install Level I or II devices, fearing that Level III will soon be required and they will have to pay.
- **Consistency and competition among East Coast ports in dray truck emissions reduction efforts:** How do we promote consistency among programs up and down the coast and ensure that programs are not competing with one another?
- **Making programs sustainable “beyond ARRA”:** Most dray truck owner/operators do not have the funds to improve their emission profile and would go out of business if forced to do so without assistance.

Program Comparison:

	Maryland	Philadelphia	Hampton Roads	New Jersey	Green Lease (MARAMA)
Available Program Options	-Retrofits -Replacement (2004 or newer) -Repowers 2004 or newer)	-Retrofits (60) -Replacements (2)	- Retrofits -Replacements (2007 or newer)	-Replacements (Replace trucks with engines MY 1993 or older with trucks MY 2004 to 2008, equipped MY 2004 or 2007 EPA emissions-compliant engines.	-Replacements (Replace MY 1997 and older with trucks MY 2004 and newer)
Funding/Source	\$500,000/ARRA	\$350,000/EPA National Clean Diesel	\$122,000/EPA State Clean Diesel Grant; \$940,000/ARRA	\$7 million/ARRA, National Clean Diesel Funding Assistance Program	Requested \$3,918,398 SmartWay Clean Diesel Finance
Incentive mechanism	25%, 75%, or 100% of cost covered, depending on upgrade; Free SBDC consultations offered	n/a	Initially low-cost financing; switched to rebate	Grant; low-interest financing	Lease/loan buy down
Incentives (Grant share)	Retrofits: 100% Replacements: 25%; max \$30,000 Repowers: 75%; max \$25,000	\$350,000 total for all vehicles	Up to \$6000/vehicle for retrofits, \$15	Grant: up to 25% of total purchase price; Financing: up to 75% of the balance (no upper limit on \$ amount?)	\$15,000 - \$30,000/ vehicle (depending on model year)
Cost share	Retrofits: \$0 Replacements: ≥ 75% Repowers: ≥ 25%	\$100,000/The Evans Network of Companies	Amount of device cost over \$6000	75% of total purchase price (may apply for low-interest financing)	Carrier \$3500/truck (estimate total \$385,000); owner/operator: balance of purchase price (estimate total \$5,494,720)

Project Period	Initial application period closed	4/1/10 – 3/31/12	Through 9/30/2010		Requested 7/1/10 – 6/30/14
Emission reduction goals, short-term	Improve air quality in areas around the Port and the Baltimore non-attainment area.	Obtain maximum feasible reductions of PM2.5 and PM10; NOx reductions highly desirable.	Reduce diesel emissions from short-haul (drayage) carriers.	Reduce diesel emissions from older trucks and improve local and regional air quality while also improving public health.	Reduce diesel emissions from dray trucks in and around ports in the Mid-Atlantic Region, improving local air quality and reducing greenhouse gas emissions.
Outreach	Began 14 months before grant received; involved MMTA, Intermodal Council, POB, PQCHAT, BMC Freight Movement Task Force, CSCMP, and SBDC of U of MD; included letters, fact sheets, face-to-face meetings and seminars	n/a	Initially pulled together local banks, SBA lending, and truck dealers for low-cost loans; involved the Tidewater Motor Truck Association and the Port; Virginia Clean Cities face-to-face outreach, application assistance; Branding: big decals for trucks – get truckers talking	Held face-to-face meeting with Port Drivers Federation 18 followed up by a signed, written letter about the program; Staffed Truck Replacement Center in a warehouse near the Port where truck parking is available; held workshops in the Center; assist drivers in several languages	n/a
Eligibility Criteria	Service Port of Baltimore; must own truck	Current program: Evans trucks	Service Hampton Roads Facilities	Demonstrate history of regularly calling at the Port Authority of New York and New Jersey's marine terminals	Initial program: Evans trucks; will reach out to other carriers in the future

Program goals, short-term	Target dray truck community.	Establish program in drayage community, assemble relevant partners, build case for future projects.		Reduce diesel truck emissions as well as improve health and safety; target independent owner/operators	Reduce the cost of acquiring via lease or purchase a newer truck, on the condition that the old truck will be scrapped.
Program goals, long-term		Retrofit large number of vehicles & provide pool of drivers to utilize and advocate for incentive programs, e.g., gate efficiencies at port facilities, preferred status with carriers.	Gain preferential port access for participants	<ul style="list-style-type: none"> • Improve working conditions for drivers; safer, more reliable trucks. • Emit significantly less harmful pollutants. • Improve air quality in the Port region, including nearby communities. 	
Dray truck working group	Technical and steering committees	Drayage Truck Advisory Committee		Truck Working Group	

Partners	MD Environmental Services, MD Dept. of the Environment, Environmental Finance Center, Port of Baltimore, TA Engineering, Intermodal Council of the MD Motor Transit Association, Council of Supply Chain Management, ACK (Art Kelly)	Clean Air Council, the Philadelphia Regional Port Authority, The Delaware River Port Authority, The Delaware Valley Regional Planning Commission, Small Business Development Center	Port of Virginia, Virginia Clean Cities, MARAMA	Port and Trucking Industry; Federal and State Regulatory Agencies; Labor, Environmental, and Community Groups	MARAMA, Evans
Technology Issues	Limited options for retrofits: Truckers reluctant to commit to Level I or II devices; DPFs not appropriate for many dray trucks.	Want little or no maintenance /de-ashing retrofits	50/50 DOCs and DMFs, but DMFs “de-verified,”	n/a – replacements only	n/a – replacements only
Program Issues	Increasing the number of bidders for retrofit contract; keeping the application simple and friendly; making replacements more viable option				

Comments		Voluntary retrofit program remains the most viable effort: relative ease of implementation and available funding			
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Retrofit, Repower, and Replacement Programs:

Maryland:

ARRA grant money was awarded to Maryland Environmental Services (MES). MES aligned a significant number of partners and subcontracted with Maryland Department of the Environment (MDE), the Environmental Finance Center (EFC), the Port of Baltimore, TA Engineering, the Intermodal Council of the Maryland Motor Transit Association, ACK, LLC, and the Council of Supply Chain Management (?).

The partners, also known as the Port of Baltimore Steering Committee, hold monthly meetings for voting and discussion on the first Tuesday of the month. In addition, the Steering Committee divided into technical committees to administer the program in four sectors: locomotive, tug and tow boats, cargo handling equipment (CHE), and dray trucks. The technical committees drew on collective experience to market to each sector, determine eligibility requirements, develop applications, create scoring scales for evaluation, formalize a voting process, etc.

The overarching goals of the program were to improve air quality in the non-attainment area that includes the Port of Baltimore. The dray truck component specifically targeted trucks that made several trips in and out of the Port each day. Secondary criteria included annual mileage in MD. The dray truck component was oriented toward high mileage/high emissions trucks, and improving air quality in a concentrated area around the Port.

Programmatic criteria for the dray truck program were established as the following:

- Diversity of applications
- Diversity of technologies
- Long-term benefit to the Port (lifetime PM and NOx reductions; lifetime cost effectiveness)

Trucks were initially evaluated based on several eligibility requirements:

- The truck must have logged a minimum of 250 visits to the Port of Baltimore in the last 12 months.

- Vehicles must be heavy-duty trucks in class 7 (26,001-33,000 lbs) or 8 (>33,000 lbs).
- Applicant must own the vehicle. (The name on the application should match the name listed on vehicle title and registration.)
- Owners must have a *working* truck. (For the purposes of these grant sub-programs, the definition of a working truck is any truck that is currently registered and in service.)
- Owners must comply with all federal, state, and local laws and ordinances.
- Owner must commit to using this truck to serve the Port of Baltimore for the next three years with a minimum of 250 visits per year.

For the technical evaluation, data were logged into an Excel spreadsheet for each truck (truck model year, engine model year, total annual mileage, % mileage in MD, trips per year, trips per day). An analysis was automatically performed using standard lookup tables created from EPA DEQ runs, DEQ remaining life tables, and % reductions for retrofits. The spreadsheet would convert each criterion value to a score based on a 10-point scale. Maximum possible scores were based on expected criteria values developed from analysis of operational data gathered during earlier EPA-funded study of Baltimore dray trucks. Scoring scales were developed by consensus of the technical committee members

Application materials were distributed on the EFC website. Applications were received via fax, email, or US Mail by the EFC. The EFC processed each application, distributed relevant information to the technical committee, computed a technical score, and administered the voting process.

Planning for the outreach strategy began in June 2008. At this time, a technology fact sheet was developed for idle reduction, in-transit fuel savings, and exhaust treatment devices. In July – September 2008, a 5 minute questionnaire was developed to survey the 60 – 70% of Port drivers who were independent contractors (because company drivers don't have much say in technologies). (See below for more on administering the questionnaire.) The questionnaire was designed to determine: What do drivers know?; Which technologies do they favor?; and Operational information such as Miles traveled, Destinations, MPG, and # of trips to the Port.

In October 2008, MMTA sponsored a meeting for the Intermodal Council. Rick Sheckells (POB) presented at this meeting, which was intended to publicize the POB Clean Diesel Program, questionnaire, and technologies. The meeting was well attended. A letter was also sent to Intermodal Council members explaining the attached fact sheet and questionnaire. In addition, the materials were left at Port locations.

Interviews were conducted at Dundalk, Seagirt, company terminals, and local delivery points to aid in the completion of the questionnaire. The questionnaire took much longer than 5 minutes because a significant amount of time was needed to educate the truckers. Truckers had little knowledge about the technologies in question and tended to distrust government programs. Art Kelly (ACK, LLC) spent a significant amount of time assuring truckers that the Port was not mandating any technologies or a replacement vehicle program.

In February 2009, outreach presentations were made to the Port Quality Cargo Handling Action Team (PQCHAT) and Baltimore Metropolitan Council (BMC) Freight Movement Task Force. In August 2009, the ARRA Grant was awarded.

In October 2009, outreach began to independent owner operators and companies in the form of mailers, letters to Intermodal Council members, the MMTA newsletter, the POB website, follow-up calls, and face-to-face meetings. Guidelines and applications were available on the EFC website & at Port customer service locations. In November 2009, Rick Sheckells presented to the Council Supply Chain Management Professionals (CSCMP) and the Small Business Development Centers (SBDC) conducted a financing seminar for dray truckers. This seminar offered assistance with financing as well as practical information for improving independent contractor profitability. In March 2010, a second SBDC seminar was conducted.

The application process attempted to be simple and friendly but, at 8 pages, was possibly overwhelming to applicants. The technical committee administered three subprograms:

- Replacement
 - Worked hard on language to express (25% to MAX \$30,000)
 - Meet or exceed 2004 emission standards
- Repower
 - 75% to MAX \$25,000
 - Meet or exceed 2004 emission standards
- Retrofits
 - 100% for DOC or DPF, no \$ limit
 - Most popular – because no financing needed?

Fourteen applications were received, some for multiple trucks. One application was rejected because the technical committee agreed that the applicant didn't meet the criteria of primarily operating at the Port. Some technical issues were encountered as the technical evaluation process began. The following issues arose:

- EPA engine family numbers (EFNs) are needed to verify MY and determine which CARB-verified devices are applicable; EFN: misunderstood what it was, couldn't find it, illegible or missing; Usually left blank on application; If filled out, usually reported some other engine ID number
- Most owners assume that engine MY = truck MY
- Truck owners could apply for one or more of the solution options, but assessing an application for a retrofit relative to one for a repower or replacement is an apples-to-oranges comparison since retrofits provide only PM reductions while replacement/repower can yield NOx reductions as well.
- More variation in the operational characteristics of the applicants than anticipated by the methodology.
- Did not capture high-idle trucks in the evaluation criteria or emission reduction estimates, resulting in low technical scores for relatively high priority trucks

- DPF device options were limited due to a small pool of vendors who submitted bids.
- Many trucks fail datalogging for passive regenerating DPFs; active regenerating DPFs fail cost effectiveness test
- DOC + CCV is cost effective, but Level 1 device, provides small PM reductions. Flow through or partial filter (Level 2 device) good option for dray trucks, but only verified device (Donaldson DMF) recently “de-verified” by CARB.
 - Some truckers didn’t want Level 1 or 2 device – felt that Level 3 would soon be REQUIRED & that they would then have to pay (FEAR OF GOV’T)
- Repowers
 - Manufacturers/vendors expressed caution regarding the economic and technical feasibility of engine repowers.
 - Treated as a pilot program to test limitations of repowers
- Replacements
 - Win-win solutions that can provide PM and NOx reductions at low grant cost/ton
 - Received fewer applications for replacement than hoped (2 takers):
 - Economic outlook for truck owners is uncertain
 - Recipient cost share is too high
 - Independents don’t want loans
 - Tricky to prove that owner wouldn’t have replaced truck anyway

Once the application was approved, it was transferred to MES to begin the procurement process. MES drafted a grant agreement with the owner or company, sorted through the details of procurement, and worked with the dray trucker on installation. MES made the following comments describing the procurement process:

- Three separate contracts (pay vendor directly); short list of vendors
 - 1st contract out to bid (retrofit)
 - Asked for discount off manufacturer’s list and hourly labor: got 6 bids, 3 rejected
 - Didn’t fill out completely
 - Didn’t make any effort to meet MBE/WBE goals
 - Left with 2 companies, each supplies 1 type of device
 - Will need to do another procurement; will need sole source for trucks that need another device
 - 2nd contract (repower)
 - List of 4 – 5 companies
 - 3rd contract (replacement)
 - Waited for approved applications to bid contract (**ISSUE**)
 - Asked for “expression of interest” from about 25 truck manufacturers
 - Then get specs from folks buying trucks

Questions for the Baltimore program representatives included the following:

- Did the grant cover outreach costs? Outreach was covered way in advance through a previous grant from EPA and funds that were leveraged by the Port.
- What was the total funding allocated to the dray truck program? \$500,000
- Was the application period rolling? Yes, over a one year time frame. New applications were evaluated each month at the steering committee meeting. Both EFC and MES were committed to good customer service and communicated directly and frequently with truckers via email and US Mail. If the program were to continue, the steering committee would consider omitting the rolling application period.
- How much time elapsed between the time an application was submitted and the upgrade was completed? Nov/Dec => Aug; May/June => Aug (got more efficient as time went on).
- How intensive was the outreach? Art Kelly spent 6-7 hour days at the Port. He talked one-on-one with a lot of truckers. It was clear through these interactions that what was sent to companies did not make it to owner/operators. The MMTA postcard was viewed as an important outreach tool.
- What were the eligibility requirements? 6 basic eligibility requirements, including:
 - minimum 250 visits to the Port (had issues with).
 - Not as easy as it sounds to define “working truck.”

Final comments on the Baltimore program included the following:

- Retrofits do not provide economic benefits to truck owner (truck owners don't have the money to make their trucks cleaner; will only do it if they feel they'll be forced)
- Newer trucks have similar fuel economy, but would be more reliable with lower repair costs (****STRESS***** HOW MUCH DO WE NEED TO OFFER TO MAKE THEM ATTRACTIVE TO TRUCKERS?)
- Most dray truck owner/operators do not have the funds to improve their emission profile and would go out of business if forced to do it without assistance.

Philadelphia:

Background research for this program was funded by an EPA CARE (Community Action for a Renewed Environment) LEVEL II grant. Through a community stakeholder process, it was determined that emissions from dray trucks serving the Port of Philadelphia was a critical issue. EPA's Clean Diesel Program provided funding to retrofit approximately 60 trucks in the Delaware Valley at a cost of \$350,000. A key project partner was the Evans Network of Companies. Involvement with Evans was helpful because the partnership made it easier to access information about fleet characteristics. In addition, Evans had some experience with similar projects. This program was considered a pilot.

Unique to the program was the involvement of the shippers to help make the program more sustainable. Challenges arose in the following areas:

- Want best available control technology; would have used Donaldson DMFs, but the technology was “de-verified.”

- Had small survey for owner/operators but the survey didn't get much interest
- Difficult getting State, Port, AMS contacts together/engaged/active – budget cuts?
- Port Authority had limited capacity to assist with the project (DE River dredging issues all-consuming for Lisa MaGee, Philadelphia Port)

Hampton Roads:

In early 2007, the Port started looking at dray trucks as an area for emissions improvements (Ken Adler EPA initiated). VOC and NOx were the pollutants of concern. The Port is 40% of Hampton Roads emissions and dray truck emissions are 4% of Port emissions. The following observations were collected about the fleet:

- 80% of the trucks at the Port are used for drayage
- 80% of those trucks are owned by an independent owner/operator
- 1000 trucks serve the Port daily, each with 2 – 3 trips

Using the SmartWay model, the project team pulled together local banks, SBA lending, and truck dealers to provide low-cost financing. The rebate program, launched October 2007, generated a lot of interest. One truck was approved by the program before the economic recession started in earnest. Truckers, most living paycheck-to-paycheck and without access to credit, did not apply for the program.

The project team eventually received feedback from GTL who encouraged them to offer financing, as opposed to rebates. When the program was reborn as a financing program using ARRA & National Clean Diesel grants, Virginia Clean Cities (VCC) and MARAMA joined as partners.

Rebates are available for up to \$6000/truck based on Level II (DMF) technology. Owners are allowed to choose the technology as long as it is EPA verified. The program will have about 72 trucks on the road within the last year. Another 120 trucks are committed. The program anticipates \$1.4 million in upgrades will be allocated.

A truck replacement program was eventually added. 40 – 50/120 committed vehicles are replacements
Program details include:

- Replacement must be 2007 or newer
- \$15,000 rebate /vehicle

In terms of outreach, the Port helps with outreach and PR. VCC assists truckers with filling out applications. The Evans Network of Companies was an initial outreach leader. Outreach will be targeted at owner/operators as well as trucking firms. (Some companies will pay up front for retrofits on trucks that haul for them. The company then receives a rebate. The program encourages owner/operators to have the companies they drive for call about retrofits and to have the companies front the costs). A branding program is in place that has produced big decals for participating trucks and generated talk among the truckers. Outreach has been fueled both by rumors and incentives. Rumors include a “dirty truck ban” and the “the program is out of money”. Interestingly, the rumors are actually generating

more interest and inquiries. As far as incentives, the program has observed that truckers want their own lane & preferential parking. (Once GO carriers reach 20% (200 of 1000), they can put in a request.) Chelsea (VCC) meets personally with trucking companies and listens to their concerns, including technical and financial barriers.

One initial concern was that owner/operators might get the rebate and then leave the Hampton Roads area. However, it was found that the trucking community is close-knit and that most owner/operators stay in the area.

MARAMA handles the logistical side of this program by processing paperwork, tracking spending, logging applications, and keeping applicants informed. Applications were distributed via their website and occasionally sent out via US Mail. Different applications were used for retrofits and replacements. MARAMA sent emails or US Mail to follow-up. Applications were tracked using the VIN. They stress that it is important to personally call and email the applicants to maintain good rapport. About 50% DOC (Level I with NOx reduction) and 50% DMF have been installed through this program. MARAMA indicated that, once the applicant signed the rebate agreement, the "clock starts". The applicant then has 90 days to install and 120 days to request payment. MARAMA would then request the money from the VA DEQ.

Technical challenges and solutions have included:

- The use of dual stack DOCs
- Scrappage: everyone wants to do differently
 - Susan Stephenson – working hard to explain requirements; constant reminders about how to scrap; have Chelsea there
 - Some trucking firms are saying that \$15,000 is not enough incentive for a replacement, since they could sell their old trucks for \$10,000
- Need to figure out price points; prices for 2007s are going up. Also MYs: are 2004 – 2006 o.k.? Or just 2007 and newer? Based on the West Coast experience, some ask why bother with 2007 – 2006 truck?
- Relying on companies to select the technology. Evans, for instance, helped to figure out what worked, didn't work, temperatures, etc.

Questions and discussion included the following:

- Any commitment to do anything (e.g., service the Port) after the retrofit? Have to be Port-registered to receive rebate; have a database of companies who work at the Port.
- How do you document that a driver is serving the Port?
- 2007 saw a truck price "blip": currently more expensive because of increased demand (LA/Long Beach), but will get cheaper as supply increases. Large carrier wholesalers may sell trucks directly at ½ price; need an intermediary

Future goals include:

- Want to have a short list of pre-selected vendors that will front \$ so owner/operators don't have to pay up front. However, lots of vendors are mistrustful of government programs and some work would need to be done to gain their trust.
- Shipper side: Port's concept – get shippers to commit to shipping a certain percent green; recruiting shippers
- How to make the program sustainable? Program is currently voluntary and supported by Federal dollars. What happens when there is no more Federal money?

New Jersey:

New Jersey is the 3rd largest port in the US. Their Port's challenge is to accommodate cargo growth while protecting and improving the environment (and air quality in particular - criteria pollutants and GHGs). The Port tracks progress through a biannual emissions inventory.

The truck strategy is part of a larger strategy to reduce emissions from all Port mobile sources. Specific steps were to:

- Develop a plan to phase out older trucks
- Implement a truck replacement program to replace pre-1994 vehicles
- Establish an emissions reduction fund to finance acquisition of newer trucks
- Develop an appointment system for trucks

The truck phase-out plan was developed by a Truck Working Group with support from many interested parties. Bill Nurthern acted as co-chair. Port and Trucking Industry, Federal and State Regulatory Agencies, Labor, and Environmental/Community Groups formed the Truck Working Group. The group reviewed five strategies and EPA modeled the costs and benefits. This led to a two-phase plan:

- Starting January 1, 2011, drayage trucks equipped with Model Year 1993 and older engines will be denied access to Port Authority Marine Terminals
- Starting January 1, 2017, any drayage truck not equipped with an engine that meets or exceeds 2007 Model Year federal heavy-duty diesel-fueled on road emission standards will be denied access to Port Authority Marine Terminals

The truck replacement program (TRP) was part of the Clean Air Strategy to implement a truck replacement program to replace pre-1994 vehicles. The purpose of the program was to provide truck owners funding incentives (grants and financing) to replace their older drayage trucks with newer and more fuel efficient models. Trucks with engines Model Year 1993 or older were replaced with newer trucks Model Year 2004 to 2008 that are equipped with 2004 or 2007 EPA emissions-compliant engines. 709 vehicles that called frequently at the Port were targeted at a cost of \$32 million. 2/3 of the targeted vehicles were independent owner/operators.

In terms of grants and financing, eligible applicants can apply for both the TRP grant and low interest financing or the TRP grant only with choice of own financing. The TRP grant is for up to 25% towards the total purchase price of a replacement truck. TRP low interest financing (5.25% over 5 years) can cover up to 75% of the balance of a replacement truck. The typical rate available is otherwise 15 – 16% for 3 years for a trucker with good credit. While the program is trying to make this option affordable to independent owner/operators, it is anticipated that there will be a 20% rate of default.

The following are program guidelines to participate in the Truck Replacement Program:

- Own a port drayage truck (Class 8, 33,001 pounds GVWR and higher) equipped with an engine Model Year 1993 or older
 - Need to provide a picture of the engine family number
- Demonstrate a history of regularly calling at the Port Authority of New York and New Jersey's marine terminals (approximately 200 times during last 12 months of service)
- Scrap Model Year 1993 and older drayage truck
 - Scrapping is a big issue for owner /operators
- Possess valid vehicle registration, license plate, and driver's license
- Possess current vehicle insurance

The program seeks to target independent owner/operators, but can't explicitly exclude company-owned trucks. Thus, a limit was set on how "new" a truck could be so that trucks that are too "new" don't use up the funding.

To qualify for financing, the applicant must:

- Have a reasonable credit history (items such as bills and rent/mortgage payments, past due debt and bankruptcy status are reviewed)
 - Started with credit score requirement of 565, but that didn't work
 - Met with the owner/operators to find out what would work for them
- Show steady cash flow and ability to support monthly financing payments
- Be able to provide a cosigner, if needed
- Documentation will be required to provide evidence of identification, residence and income (Photo ID, utility bill).
- Bank statements, tax returns
- Financial statements (compiled statements, debt schedule)

The Port Authority of New York and New Jersey and the U.S. Environmental Protection Agency are funding the TRP through the American Recovery Reinvestment Act, National Clean Diesel Funding Assistance Program . \$7 million grant is devoted to 25% replacement (funding replacement costs only, not administrative costs). 636 of 709 trucks will be covered by \$7 million grant. Port Authority Operating Funds are covering the remaining \$25 million costs. (\$21 million is in a loan fund because the

Port Authority is not authorized to make loans directly. ACCION USA, microloan specialists, is managing the low-interest financing.)

Tetra Tech Team is managing the grant implementation. For program administration services, the company is being paid \$4.8 million.

Truck Replacement Center staffing includes:

- TIAX – evaluate grant applications; have done work in California
- Gladstein, Neandross and Associates – Education and Outreach, Truck Replacement Center for Application Support and Process

The TRP application process takes approximately 45-60 days to complete from start to finish. There are four basic parts to the application:

- Part I – Determine eligibility – document that truckers serves the Port, inspect truck, photos, etc.
- Part II – Complete pre-screening form and ACCION USA financing application
- Part III – Complete grant application
- Part IV – Sign agreements, turn old truck for scrapping , acquire replacement truck

Agreements have been secured with:

- Dealership network:
 - Agreement signed with Port Authority
 - Accept old vehicle; turn over to scrap yard
 - Vehicle locator, if financed
 - NADA value = maximum price
 - Penalties for not following agreement
 - Background checks
- Scrapyards:
 - Drill hole through engine by engine serial number; take picture
 - Compare “before” and “after” pictures
- Participant:
 - Continue to service Port
 - Annual report to Port Authority
 - Follow required maintenance schedule
 - 27 page agreement – intimidating to owner/operators
 - Put together by legal department to protect Port Authority

Agreement assistance has been provided in the form of workshops. The workshops are designed to explain the agreement but not to offer legal advice. Workshops are held in the Truck Replacement Center (TRC) office in a warehouse near the Port. Truck parking is conveniently available at the warehouse and assistance is offered in several languages (including Haitian). A companion website has been created in Spanish.

The program launched in March 10, 2010. As of 6/1/10, it had received 68 applications for 90 trucks (12 from motor carriers, 56 from independent owner/operators). Three people from the Port are working on the program.

Questions and discussion included the following:

- Program successes to date:
 - Making program accessible to independent owner/operators
 - Held face-to-face meeting with Port Drivers Federation 18 (PDF 18) followed up by a signed written letter about the program
 - Very wary population – face-to-face meeting and letter built trust
 - PDF 18 wants to do a volume buy = o.k.
 - Being flexible on number of Port trips in previous year because of economic downturn
- Program challenge to date:
 - Agreements unbelievably difficult
 - Lawyers very protective
 - Foreign asset control – check if participant doesn't have TWIC card
 - 25 dealers interested, but dealership agreement prohibitive
 - Raising \$25 million to finance TRP is difficult:
 - Want to keep the Port competitive on the East Coast
 - Don't want to impose any kind of clean truck fee
 - Don't want to create legal entanglements, e.g., with concession agreements, legal driver mandates
- Gerry Coyle: The Evans Network of Companies (1600 owner/operators)
 - Program keys:
 - Visibility
 - Incentives (carrots & sticks): help independent owner/operators be more profitable
 - Examples of incentives for replacing old trucks:
 - One extra load per week
 - In and out faster
 - Emphasize significant cost of downtime for truck repair and the increased reliability of newer trucks.
 - Truckers may not recognize that downtime is an opportunity cost
 - Evans goal: drivers gross \$500/day.
 - Determine incentive by figuring what a dray operator can afford & work backwards:
 - Example owner/operators expenses: \$600/month maintenance, \$200/month tax & tags; example gross: \$2500 - \$3000/week
- Incentives for shippers, terminal operators:
 - Truck Working Group working on
 - National Highway Coop Research Program study – best practices to increase turnover at the Port

- Scrappage
 - Issue – disposing of hazardous materials
 - Addressed in scrapyard agreement
- Assistance for individual carriers – suggestion from MD:
 - Intermodal Council of the MD Motor Trucking Association (MMTA) holds monthly meetings that Port operators may attend to get assistance
- Engine information:
 - Every manufacturer does differently
 - Can contact manufacturer and check VIN or serial number
 - May cross reference to EPA engine family
- Maryland
 - Targeted 50 trucks, expected 35 replacements/15 retrofits; got almost all retrofits
 - Incentive for truckers? Port’s environmental committees, word of mouth, regulatory fear factor
 - Consequences if trucker leaves the Port? None.
- Hampton Roads
 - Incentive for Port to contribute money? Port’s director came from Oakland; EPA identified major emission sources in 2005;
- Community group involvement?
 - New Jersey – environmental & community groups
 - Hampton Roads – Maritime Association outreach; dray trucks move between terminals through a university and 2 nice neighborhoods – community scrutiny and time limits on some roads; able to show these groups program of cleaner trucks
- Tax implications of truck replacement
 - Bill Jones – new truck can increase tax payments; subsidy will have to be reported as income
 - Bill Nurthern – Port NY/NJ requires tax form 1099
 - Gerry Coyle – include grant \$ as income

Green Lease Program (MARAMA):

The Evans Network of Companies proposed the idea last year and applied for an EPA grant with an initial group of partners. The program is targeting 100 – 200 trucks, MY 1997 and older, for replacement with MY 2004 or newer trucks. The intention of the program is to reduce the cost to owner/operator of leasing/purchasing a new truck via lease or loan. Lease participants would have a four year lease, with an option to buy the trucks for approximately \$8,000-\$16,000 at the end of the lease. The lease – agreement is designed to work with the carrier, which helps guarantee payments & reduce risk.

Major partners included Evans Network of Companies (Carrier company), AmeriQuest (Truck Resale), and CURE Leasing & Maintenance (Leasing company). In the future, the program will be open to other partners.

In this program, the carrier identifies and recruits owner/operators to participate. Basic criteria, such as work history and the number of years with the carrier, are used to identify participants. Carriers send MARAMA a Lease/Loan Partner Form, MARAMA reviews the form, and then sends carrier and the lease/loan company identified on the Potential Lease/Loan Form a letter of intent to buy down lease/loan cost in the amount of \$15,000-\$30,000 per vehicle.

In turn, the owner/operator signs a direct finance lease/loan agreement with the participating financing company. This indicates that they agree to an automatic payment deduction to the financing company. Thus, money does not go through the owner/operator but, instead, is paid to the financing or carrier company. The finance company forwards copies of a signed lease/loan agreement, signed pay deduction agreement, and MARAMA's commitment letter for buy down. The company also requests payment of the pre-approved buy down amount.

Program conditions include the following:

- All maintenance records should be available. The balance of any remaining warranty should also be included.
- Tractors will be equipped with a GPS tracking device in order to locate the vehicle in the event that it becomes necessary.
- 2004 – 2006 engines: insist DOC or DPF installed.
- Vehicle being replaced will be scrapped.

The financial elements of the program are as follows:

- Estimated purchase price of 2007 Tractor: \$65,000.
- Grant Funds: Down Payment \$30,000 for a 2007 Tractor
- Carrier Partner: \$3,500 per truck
- Financing Company: Balance of purchase price

Eligible vehicles must meet the following criteria:

- Must have clear title to 1997 or older tractor. Must show proof of ownership for a period of two years.
- Must have a valid Transportation Workers Identification Card (TWIC) card.
- Agree to remain in the Port Drayage business for the duration of the lease/loan.
- If leased, the lessees will have purchase options as specified in the lease.
- Submit photographs of the vehicle to be taken out of service, including all sides, VIN, engine serial number, odometer and license plate.

Questions and discussion included the following:

- Program was challenged by how to get the most for the funding (Where to set the rebates?)
- Coordinating with other existing local programs – avoiding competition with other rebate programs
- Working with owner operators to promote good communication and meet grant requirements

- Questions:
 - Potential labor law issue – does the program present an employer/employee relationship problem? (Art Kelly)
 - No problem : Third-party leasing (as opposed to carrier leasing) means that the carrier has no financial interest in the truck, and the independent owner/operator stays independent (Gerry Coyle)
 - Also buyout provision in the lease to allow to take it elsewhere (Gerry Coyle)
 - What about the \$3500 carrier contribution? (Art Kelly)
 - Given freely, so no carrier ownership (Gerry Coyle)
 - Susan Stephenson (MARAMA) would like a small group to advise on this issue
 - If independent owner/operator commits to work for one company, doesn't it blur the line?

OTC white paper – Peg Hanna:

- Take discussion to regional level
- OTC region: NJ, NY, New England, DC, Delaware, MD, VA, PA
- OTC mission: Reduce ozone precursor emissions from stationary, area & mobile.
- Mobile is the largest source category of NOx emissions
 - NJ 2002: 58% mobile
 - Mobile 6 => MOVES: emissions increases NOx 1.6 times and PM 2 – 2.5 times
- Screening modeling – biggest ozone reductions from anticipated strategies are from reducing mobile source emissions of NOx & VOC.
 - However, even with those reductions we haven't predicted attainment
 - To meet the new ozone health standard, we need to think about regional control standards and mobile source reductions to reduce NOx => dray trucks.
 - Diesel sources are very important in terms of toxicity and local impacts.
- NESCAUM worked with OTC committee to develop white paper on potential measures to reduce dray truck emissions – posted
 - Reviewed tonnage for eastern ports in OTC and estimated dray truck emissions based on an assumed relationship between emissions and freight moved.
 - Dray trucks = 25% of NOx emissions at NY/NJ Port.
 - Regional program modeled on Port of NY & NJ.
- Challenges:
 - Voluntary vs. mandatory?
 - Who takes the lead? State DEPs? Port Authority?
 - Logistics – e.g., not all ports have gates (that could be used to collect fees)
 - Current economic climate
 - Fate of retired dray trucks
- Questions/comments:
 - Is early compliance with mandatory programs eligible for EPA funding? Yes.
 - Possible severe economic impact – regulations need economic background (Marcia Ways)

- OTC is considering control measures; invite all interested groups to attend meetings to comment – opportunity to make comments to commissioners (representatives of governors from each state). (Susan Wierman)

Group Discussion - Challenges:

- Education:
 - Assumptions
 - Lack of knowledge
- Mistrust of government
- Need to always connect on a close level
 - Visibility; one-on-one interactions
 - Payment: need to make participants feel comfortable about, find proper mechanisms
- Creating the right incentives
- Creating and following efficient process
- Developing the “right” language; not making the application/agreement process too burdensome
- Getting enough vendors on board
- Making the programs sustainable “beyond ARRA”
- Including the community in a constructive way
- Regional and national consistency in programs
- Creating common sense policy shifts
- Dray truck driver compensation needs to be adequate to afford to update vehicle
- Technical challenge of device availability, physical barriers to installation
- Maintaining interest in Level I and II devices
- Meeting scrappage requirements
- Incentive level to make purchase of new trucks attainable & sustainable
- Determine a way to reduce deadhead trips, increase profitability for truckers
- Low-temperature dray truck operation is a challenge
- Sustainability of emission reductions – maintenance assistance

Discussion - Next Steps:

- Bridge with Southeast, Savannah
- Do we want to build on existing programs?
- MARAMA will assist by posting to the MDC website
- How do we maintain local focus but benefit from national experience?
- “We are not in California mode” – what would this group like to see NOT happen?