



Clean Trucks Fee Q&A

What is the Clean Trucks Fee?

In November 2007 the Long Beach and Los Angeles Boards of Harbor Commissioners each approved clean truck requirements, in the form of a tariff, which will result in a substantial reduction in air pollution through the progressive ban of old, dirty trucks working at the ports.

The tariff did not include a mechanism to help finance truck replacement. Therefore the two boards will meet again, separately, Long Beach on December 17 and Los Angeles on December 20, to consider adoption of a Clean Trucks Fee to help finance the cleanup of the old, polluting drayage trucks.

The proposed fee would generate \$1.6 billion for a Clean Trucks Fund that the ports would use to replace approximately 16,800 trucks by 2012 with clean diesel, liquefied natural gas-fueled trucks, or other approved technologies that can achieve the 2007 standard adopted in the San Pedro Bay Ports Clean Air Action Plan.

How much is the fee?

\$35 per twenty foot equivalent unit (TEU) would be assessed on every loaded container entering or leaving the Ports by drayage truck beginning June 1, 2008.

Who will pay the fee?

The fee will be assessed against cargo owners. It would be collected by the marine terminals.

Will cargo moving on the Alameda Corridor be subject to the fee?

The fee would not apply to cargo moved via on-dock rail, which is loaded within the port terminals or the Terminal Island Container Transfer Facility in the Port of Los Angeles.

How long will the ports collect the fee?

Until the drayage industry's approximately 16,800 older trucks are replaced. Port staff would evaluate the program parameters regularly, and could make recommendations for adjusting the fee on an annual basis.

The ports don't own or operate drayage trucks, so why are they involved in financing them?

To achieve the aggressive clean-air goals outlined in the Clean Air Action Plan, the ports have determined that a progressive ban on dirty trucks, followed by the proposed Clean Trucks Fee to assist with funding the truck turnover, would be the fastest way to cut air pollution and reduce public health risks posed by dirty diesel trucks.

The ports will use the funds to ensure that the old, polluting trucks will be scrapped and taken out of circulation, rather than continuing to work outside the ports.

The ports as landlords have a responsibility to control access to port-owned facilities, and to control negative environmental impacts on surrounding communities.

What are the likely economic effects of the fee?

The fee will result in additional costs to cargo owners of both imports and exports and may ultimately increase slightly the cost of goods shipped in containers. However, the ports' economic studies indicate there would not be major disruption to the economy and little if any cargo diversion to other ports would occur because of this fee.

How will the Clean Trucks program improve air quality?

Drayage trucks account for about 25 percent of the air pollution from port-related sources, including diesel particulate matter and nitrogen oxides which pose significant health risks. By replacing the older trucks with newer, cleaner trucks during the next five years, the ports can reduce truck-related air pollution by more than 80%.

How will the trucks be monitored for compliance?

Terminal Operators will be responsible for monitoring compliance of trucks entering their terminals. Terminal Operators will use an Optical Character Recognition (OCR) device, radio frequency identification devices (RFID) or other identifiers to confirm compliance with CTP requirements prior to terminal access by any drayage truck.

Who will be eligible for the financing?

The eligibility requirements and other financing details are being developed.

When will those details be available?

Following the consideration of a Clean Trucks Fee in December, the Boards will consider in early 2008 a series of measures to establish a more specific framework for the implementation of the Clean Trucks Program. Staff will prepare information and recommendations to the Long Beach and Los Angeles Boards of Harbor Commissioners. Those recommendations will cover:

- A program to register the Licensed Motor Carriers (LMC) that will provide drayage services at the ports;
- Funding and financing options (i.e. grants, leasing programs, loans, loan guarantees) to help provide capital for truck retrofits or replacements;
- A plan for the successful integration of the U.S. Department of Homeland Security Transportation Worker Identification Credential (TWIC) program;

- An incentive program for companies that invest in 2007 compliant trucks with their own funds and which perform drayage in the ports consistent with CAAP requirements;
- A cargo fee imposed by tariff that would generate revenue to support local and regional port-related goods movement infrastructure. The fee would be separate and distinct from the Clean Trucks Fee.