TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PUBLIC WORKS

DATE: JULY 19, 2004

CMR:351:04

SUBJECT: RESOLUTION OF THE COUNCIL OF THE CITY OF PALO ALTO AUTHORIZING THE SUBMITTAL OF AN APPLICATION TO THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT FOR FUNDS FOR THE PURPOSE OF OFFSETTING THE INCREMENTAL COST OF A NEW COMPRESSED NATURAL GAS FUELED STREET SWEEPER AND AUTHORIZING THE IMPLEMENTATION OF SAME IF THE APPLICATION IS APPROVED BY THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT BOARD OF DIRECTORS

RECOMMENDATION

Staff recommends that Council approve a resolution authorizing the City Manager to:

1. Submit a funding application in the amount of $60,000 to the Bay Area Air Quality Management District (BAAQMD) for the purchase of a compressed natural gas (CNG-fueled) street sweeper; and

2. Authorize the City Manager to execute a funding agreement if the application is approved.

BACKGROUND

The BAAQMD administers the Transportation Fund for Clean Air (TFCA), which is funded by a $4 surcharge assessed on all Bay Area motor vehicle registrations. The vehicle surcharge generates approximately $20 million per year in TFCA revenue. Forty percent of TFCA revenues are distributed to Bay Area counties. Sixty percent of TFCA funds (the TFCA Regional Funds) are allocated by the BAAQMD through a competitive grant application process, in which the City will be participating.

DISCUSSION

Equipment Management’s continuing effort to purchase CNG-fueled fleet vehicles has diminished over the last several years due to the fact that several manufacturers have completely discontinued production of their CNG-fueled vehicle lines. Currently, the only CNG-fueled automobile available is the Honda Civic. General Motors still offers a small selection of CNG-fueled full-size trucks and vans. Several truck engine
manufacturers offer CNG and liquid natural gas (LNG) fueled engines; however at least one (Caterpillar) will be dropping out of the natural gas market.

The purchase of larger CNG-fueled vehicles, such as medium and heavy-duty trucks, buses, and street sweepers, is actually more beneficial than the purchase of light-duty CNG-fueled vehicles, due to the fact that most medium and heavy-duty truck engines burn diesel fuel. Medium and heavy-duty diesel engines are much larger than light-duty gasoline engines, so they produce a greater amount of exhaust emissions, which are a known source of dioxin. Many light-duty gasoline engines have already achieved Low Emission (LEV) or Super Low Emission (SULEV) certification; therefore the emission advantage of CNG fuel in light-duty applications is less beneficial than in heavy-duty applications.

Equipment Management has identified a street sweeper scheduled for replacement in FY 2004-05 that would be an ideal candidate for a CNG fuel system. This type of street sweeper employs two engines that consume approximately 3,500 gallons of diesel fuel annually. It also operates on routes that bring it in close proximity to populations particularly sensitive to diesel exhaust.

The funding application that the City will be submitting will request $60,000 to pay the incremental cost of installing a CNG fuel system on this vehicle. The City will be required to pay this cost at the time of purchase, and will be reimbursed by the BAAQMD after the projects are complete. The Vehicle Replacement and Maintenance Fund will pay the remainder of the replacement cost.

In order to qualify for this funding, the attached resolution must be passed and delivered to the BAAQMD no later than July 30, 2004. The BAAQMD will audit the project to ensure that it was completed, and complies with the funding agreement. There is no requirement for the City auditor to audit this project.

**RESOURCE IMPACT**
Funds for the replacement of the above-mentioned street sweeper are included in the FY 2004-2005 Vehicle Replacement and Maintenance Fund Budget.

**POLICY IMPLICATIONS**
This recommendation is consistent with existing City policies, including the Council’s Sustainability Policy.

**ENVIRONMENTAL REVIEW**
This project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15308 (Action by Regulatory Agencies for Protection of the Environment) of the CEQA guidelines.
ATTACHMENT
Attachment A: Resolution

PREPARED BY: KEITH LA HAIE
Fleet Manager, Public Works

DEPARTMENT HEAD: GLENN S. ROBERTS
Director of Public Works

CITY MANAGER APPROVAL: EMILY HARRISON
Assistant City Manager