TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER                     DEPARTMENT: PUBLIC WORKS

DATE: AUGUST 8, 2005                  CMR:338:05

SUBJECT: RESOLUTION AUTHORIZING THE CITY OF PALO ALTO TO SUBMIT A FUNDING APPLICATION IN THE AMOUNT OF $150,000 TO THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT (BAAQMD) FOR THE PURCHASE OF TWO COMPRESSED NATURAL GAS STREET SWEEPERS AND AUTHORIZING THE CITY MANAGER TO EXECUTE A FUNDING AGREEMENT WITH THE BAAQMD IF THE APPLICATION IS APPROVED BY THE BAAQMD BOARD OF DIRECTORS

RECOMMENDATION
Staff recommends that Council:

1. Approve a resolution authorizing the City Manager to submit a funding application in the amount of $150,000 to the BAAQMD for costs associated with the purchase and installation of compressed natural gas (CNG) fueled systems on two new street sweepers; 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
City policy requires the purchase of alternatively-fueled vehicles and equipment whenever possible. In keeping with that direction, Equipment Management last year applied for a BAAQMD grant of $60,000 to offset a portion of the cost of a new CNG street sweeper. The application was successful, and a grant was awarded in February 2005. The new street sweeper is on order, with delivery expected in January 2006. It will replace an existing CNG street sweeper that was purchased in 1997.
Looking forward, Equipment Management has identified two diesel-powered street sweepers scheduled for replacement in FY 2006-07 that can also be replaced by CNG street sweepers. The existing sweepers each employ two engines that consume approximately 3,500 gallons of diesel fuel annually. They also operate on routes that bring them in close proximity to populations particularly sensitive to diesel exhaust and particulate matter (PM) emissions. A street sweeper generates large amounts of particulate matter; both as a component of diesel exhaust and as dust that is produced during sweeping operations. Much of this particulate matter consists of particles less than 10 microns in size (PM10). PM10 can have serious health and environmental impacts. The measurement of atmospheric PM10 levels is used to determine whether regional air quality meets State and Federal standards. The new CNG street sweepers address PM10 emissions in two ways. In addition to their CNG engines, which are inherently low in PM emissions, the new street sweepers also include a dust-control system that significantly reduces the amount of PM10 that is generated during sweeping operations. The new sweepers comply with South Coast Air Quality Management District (SCAQMD) Rule 1186, which is a stringent PM emissions testing and certification protocol that has been adopted by other regulatory agencies throughout the State. Currently the BAAQMD does not specifically regulate PM10 emissions from street sweeping; however, they do regulate PM10 emissions from diesel engines, and from other dust-generating activities. Staff is certain that the SCAQMD rule or a similar regulation will be adopted by the BAAQMD within the next several years. Not only will the purchase of CNG street sweepers insure compliance with this anticipated future regulation, it will reduce the City’s consumption of diesel fuel also.

A CNG street sweeper costs approximately $200,000, which is $60,000 more than an equivalent diesel-powered unit. The funding application the City will be submitting will request $120,000 to cover this additional cost (for two units). The City will be required to pay this additional cost at the time of purchase, and will be reimbursed by the BAAQMD after the project is completed. The Vehicle Replacement and Maintenance Fund will pay the remainder of the replacement cost (a cost to the City of approximately $280,000). A condition of the grant requires that the diesel-powered sweepers (or two equivalent vehicles) be destroyed, so that they can no longer be used. Normally, the two surplus sweepers would be remarketed through an auction service, generating approximately $30,000 in revenue. Because of the BAAQMD’s destruction policy, the application also includes a request for an additional $30,000 in funding to cover this lost revenue.

In order to qualify for this funding, the attached resolution must be passed and delivered to the BAAQMD no later than August 31, 2005. The BAAQMD will audit the project to insure that it was completed, and that it 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 vehicles are included in the FY 2005-2007 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

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