TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: PUBLIC WORKS

DATE: OCTOBER 7, 2002 CMR: 395:02

SUBJECT: APPROVAL TO JOIN THE CALIFORNIA FUEL CELL PARTNERSHIP AT THE ASSOCIATE PARTNER LEVEL IN ORDER FOR THE CITY OF PALO ALTO TO HOST A TEST AND DEMONSTRATION HYDROGEN FUELING STATION

RECOMMENDATION
Staff recommends that Council approve and authorize the Mayor to execute the attached Indemnification Agreement, Confidentiality Agreement, California Fuel Cell Partnership Safety Management Statement of Principles and The California Fuel Cell Project Statement of Intent with the California Fuel Cell Partnership, making the City of Palo Alto an Associate Partner in the consortium.

BACKGROUND
The California Fuel Cell Partnership is a collaborative of auto manufacturers, energy companies, fuel cell companies, and government agencies. The intent of the partnership is to develop a public/private project to demonstrate in California the potential for fuel cell-powered vehicles as a safe, practical, clean and efficient alternative to vehicles powered by internal combustion engines.

Automobile companies and fuel suppliers have joined together to demonstrate fuel cell vehicles under real day-to-day driving conditions. The partnership expects to have up to 60 fuel cell demonstration vehicles on the road by the end of 2003. Plans are underway to extend the project through 2007. In addition to testing the fuel cell vehicles, the partnership is testing fuel alternatives, identifying fuel infrastructure issues and preparing the California market for this new technology. More information about the partnership can be found at the website <http://www.fuelcellpartnership.org/>.

The goal of the Partnership is to prepare the market for fuel cell vehicles by demonstrating vehicle performance and demonstrating viability of fueling infrastructure, addressing commercialization challenges, and increasing public awareness of the groundbreaking technology. Fuel cell vehicles are quiet, hydrogen propelled vehicles, environmentally friendly, and only emit distilled water exhaust from the tailpipe in the form of steam, which evaporates and does not adversely affect air quality.
DISCUSSION
A preliminary site has been selected for a test fueling station at the Regional Water Quality Control Plant (“Plant”). The Plant is an ideal location because it is a secure, 24 hour, 7 day a week operation with utility hook-ups in close proximity to the selected site.

Within California, the number of fuel cell test vehicles is limited. The proposed station for Palo Alto can fill about three test vehicles per day. No operational difficulties for the City are anticipated with such a test program.

The City must join the Partnership at the Associate Level in order to host a site. The Partnership’s standard Indemnity Agreement, Confidentiality Agreement, Safety Plan Statement of Principles, and Statement of Intent govern the relationships between the participants in the consortium. These agreements are included in Attachments A – D.

RESOURCE IMPACT
The City will provide in-kind support services, limited to minor operating costs (about $500/year) for electricity and water.

POLICY IMPLICATIONS
Recommendations for this staff report are consistent with existing City policies.

ENVIRONMENTAL REVIEW
This project is a minor project categorically exempt from the California Environmental Quality Act.

ATTACHMENTS
Attachment A: Indemnification Agreement
Attachment B: Confidentiality Agreement
Attachment C: California Fuel Cell Partnership Safety Management Statement of Principles
Attachment D: The California Fuel Cell Project Statement of Intent

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