

Agenda Report

TO: CITY COUNCIL

February 15, 2000

THROUGH: LEGISLATIVE COMMITTEE

FROM: CITY MANAGER

SUBJECT: SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT (SCAQMD)
PROPOSED RULE 1190 – CLEAN ON-ROAD VEHICLES FOR
GOVERNMENT AND AIRPORT OPERATIONS

RECOMMENDATION

It is recommended that the City Council:

1. Support the goal of the SCAQMD to improve air quality through the use of alternative fuel vehicles.
2. Adopt a resolution opposing Rule 1190 as it is currently written and recommend the following amendments:
 - a. Establish a time period during which cities may transition from their current percentage of alternative fuel vehicle purchases to an incrementally larger percent, rather than moving instantaneously to 100% of all new vehicle purchases as required in the proposed guidelines.
 - b. Allow city operated transit systems that do not receive state and federal funding to delay implementation to the same timeframe as the general city fleet procurement, or provide a funding program for these transit operators to convert their fleets earlier than the general city fleet.
 - c. Establish a funding program to construct needed fueling facilities.
3. Authorize the Mayor to send letters to the appropriate authorities stating Pasadena's position.

EXECUTIVE SUMMARY

Despite the significant progress that has been made in reducing both mobile and stationary emissions over the past 20 years, the South Coast Air Basin (Basin), which includes Los Angeles, San Bernardino, Riverside, and Orange Counties, continues to experience extremely serious air

quality problems, dominated by motor vehicle pollution. The Basin is still the only area in the country classified by the Environmental Protection Agency (EPA) as an extreme nonattainment area.

The South Coast Air Quality Management District (SCAQMD) is proposing a rule (Rule 1190) that would require government fleets and certain private fleets to purchase clean-burning alternative fuel vehicles when adding or replacing vehicles to their vehicle fleets. This proposed rule is being developed in an effort to reduce public exposure to motor vehicle pollution including both toxic and ozone precursor emissions. This proposal is based on Health and Safety Code Section 40447.5, which was promulgated in 1987. Specifically, Health and Safety Code Section 40447.5 allows the SCAQMD to require operators of public and commercial fleets, consisting of 15 or more vehicles, to purchase clean burning vehicles. Emergency vehicles are specifically exempted at this time.

The intent of Proposed Rule 1190 is to produce cleaner air for the South Coast Air Basin and its inhabitants. This is a goal strongly supported by the City of Pasadena. However, the rule as it is currently written would require the accelerated acquisition of alternative fuel vehicles within the City's fleet without adequate time to develop the infrastructure, upgrade facilities, train fleet mechanics, and determine funding for the cost differential between gasoline or diesel powered vehicles and alternative fuel vehicles.

BACKGROUND

The South Coast Air Quality Management District recently released the draft final Multiple Air Toxics Exposure Study (MATES II) which analyzes cancer risk from air pollution in Southern California. Based on a preliminary finding from the study, SCAQMD is proposing Rule 1190 (see attached copy) designed to clean up pollutants emitted by public vehicle fleets. This would be accomplished by requiring government fleets and certain private fleets to purchase clean-burning alternative fueled vehicles when adding or replacing passenger cars, light-duty trucks, medium-duty vehicles, and heavy-duty vehicles within their fleet.

The proposed rule was issued in December 1999, with two scheduled public workshops, one held in December and the second held on January 12. The original timeline for public participation called for final written comments by January 21. However, due to the intense level of reaction from affected parties, both government and private, the SCAQMD extended the public comment period through March 3, at which time all written comments will need to be filed. There will also be a third and final workshop held on February 16. Both the verbal comments from that meeting plus the written comments received by March 3 will be taken to the SCAQMD Board in April.

The Public Works and Transportation Department has had an ad-hoc committee reviewing the development of alternative fuel vehicles and their applications in municipal fleets. The committee was established in January 1999 and approached the conversion of municipal fleets to alternative fuel on a case by case basis as technology became available to suit each vehicle type. In May 1999, City Council approved the Pay-As-You-Throw system for waste disposal and recycling in

Pasadena. As part of this program, Council approved the purchase of 12 side-loading refuse packers to be ordered dual-fuel capable, sparking with diesel and then running on compressed natural gas (CNG). The City Council also approved \$300,000 in seed money to be set aside in the Refuse Fund toward the infrastructure needed to support CNG vehicles. A draft RFP for a CNG fueling station is currently being reviewed by Public Works staff, Purchasing staff, and the City Attorney.

RULE REQUIREMENTS

Proposed Rule 1190 applies to vehicle fleets owned and/or operated by government agencies and fleets under contract by government agencies to perform vehicle fleet related services. It also affects fleets owned and/or operated by agencies in charge of airport operations and private fleets carrying passengers and/or cargo to and from airports. Exemptions to the rule are proposed for emergency vehicles, defined as vehicles used in situations where threats to life or property exists. Vehicles used by safety agencies for other non-emergency activities will still be subject to the proposed rule.

The requirement to purchase cleaner vehicles when adding or replacing vehicles would apply to the fleets subject to this rule by the following schedule:

- Urban bus fleets of 15 or more buses would become subject to the requirement immediately upon rule adoption.
- All applicable vehicle fleets of 100 or more vehicles would become subject to the requirement January 1, 2001.
- All applicable vehicle fleets of 15 to 99 vehicles would become subject to the requirement January 1, 2002.

Currently the rule defines clean-fueled vehicles as those powered by methanol, compressed natural gas (CNG), liquified natural gas (LNG), and electricity as provided by batteries or fuel cells. These definitions may be modified as part of the rule development process.

IMPACTS OF RULE 1190 ON THE CITY OF PASADENA

There are several areas of concern regarding the impacts Rule 1190 would have on the City of Pasadena, including cost, infrastructure, training, availability for purchase, and timeline. Building Systems and Fleet Management Division (BSFMD) staff of the Public Works and Transportation Department report that Rule 1190 will apply to approximately 250 vehicles for which they oversee replacement. Additionally, the Water and Power Department purchases their vehicles independent of BSFMD, and it is estimated that would account for another 100 to 150 Water and Power Department vehicles for a total of 350 to 400 vehicles throughout the City of Pasadena's fleet. The differential cost between a gas or diesel vehicle and an alternative fuel vehicle can be substantial. The differential cost for a passenger or light-duty vehicle ranges from \$5,000 to \$10,000, and differential costs for a heavy-duty vehicle such as a refuse truck or transit bus range

from \$30,000 to \$40,000 per vehicle. The cost of gradually purchasing alternative fuel vehicles for the City of Pasadena's fleet in accordance with Rule 1190 is estimated to be between \$3 - 4 million. Total conversion of the fleet, with the exception of safety vehicles, would be reached between 2009 to 2015 depending on the current replacement life of each vehicle. However, it is questionable whether the alternative vehicle manufacturers would be able to readily supply the number of vehicles in demand by passage of Rule 1190 with its current timeframe. Also, while some funding sources exist to support the incremental costs of clean-burning vehicles (e.g., the Carl Moyer Fund and AB2766 funds), existing sources are insufficient to cover the full costs of implementing Rule 1190 as currently proposed. The City of Pasadena has competed unsuccessfully for Carl Moyer grant funds in the past, and the funds were awarded to private companies that travel longer distances to haul refuse. The AB2766 funds Pasadena receives can be used for alternative fuel vehicles, but they are currently utilized to fund the uptown ARTS bus program and the City's Rideshare program. Clearly, the adoption of Rule 1190 as proposed would constitute an unfunded mandate.

Another significant area of concern is the ability to put into place the infrastructure needed to support an alternative-fuel fleet. New fueling station(s) will be required as well as modifications to existing vehicle maintenance repair bays. The City of Santa Monica recently built a CNG fueling station with two (2) fast fill hoses and 34 slow-fill hoses to service their municipal alternative fuel fleet at a cost of close to \$1 million. Estimates on upgrading Pasadena's vehicle maintenance repair bays to service alternative fuel vehicles ranges from \$40,000 to \$50,000. Additionally, the City would need to provide training for maintenance personnel as well as the vehicle operators. Going out to bid for an alternative fuel filling station, working through the planning and permitting process to build the station, upgrading fleet maintenance repair bays, and training staff all require time and coordination. Although AQMD's Preliminary Draft Staff Report recognizes the need to address these issues, staff feels that an implementation date of January 1, 2001, would not give Pasadena adequate time to prepare for such a drastic change in operations.

To continue, the requirement that all transit operators start purchasing alternative fuel vehicles immediately upon passage of this rule does not appear to be reasonable or acknowledge the limitations noted above. The Draft Staff Report notes that transit districts are targeted for immediate compliance with the vehicle purchase requirement because of their generally long history and experience with alternative-fueled transit bus operation. However, this does not address the many small city-operated transit systems that do not have this experience and do not have the infrastructure in place to meet the requirement. For example, without a local CNG fueling station, Pasadena ARTS buses would have to travel to Glendale in order to refuel. This would affect the amount of time and the number of routes each bus would be able to drive each day.

Rule 1190 also contains a requirement that private entities which contract with public entities be required to purchase alternative fuel vehicles. AQMD's definition of this requirement includes private entities that contract or lease shuttle buses, school buses, taxi service, and entities that provide essential public services such as refuse hauling and recycling and street maintenance services such as street sweeping. Specifically excluded from the requirement are contracted services such as office deliveries or construction related activities. What the proposed rule does

not address is who will be responsible for oversight and compliance of these regulations with private contractors.

SUMMARY

The intent of Proposed Rule 1190, cleaner air for the region, is a goal that can be strongly supported. The direction that the SCAQMD is taking, to issue a date after which all new vehicles purchased must be alternative fuel is understandable. A major change in direction such as this often takes a strong catalyst, which this rule certainly becomes. However, the timetable for implementing such an ambitious and costly program as Rule 1190 does not appear to be reasonable. It would be more realistic to allow time for cities to phase in the purchase of alternative fuel vehicles, build the necessary infrastructure and upgrade existing maintenance facilities, and provide both user and repair training. Vehicle manufacturers need time to gear up for the increased production of alternative fuel vehicles in every class type with the same reliability in real life application as gasoline or diesel powered vehicles.

A phased-in implementation period would address many of the impacts noted above. Rather than requiring every vehicle purchased after January 1, 2001, to be alternative fuel, a small percentage of vehicles could be mandated, for example 25% of the total fleet, with incremental increases over the course of several years. Finally, the Proposed Rule needs to address funding issues in local government in terms of funding sources to offset the incremental difference between gasoline or diesel powered vehicles and alternative fuel vehicles.

FISCAL IMPACT

Passage of Rule 1190 as it is currently written would have an immediate fiscal impact on the City's Transportation Division. The purchase of new buses would potentially be delayed until a funding source for the \$30,000 to \$40,000 cost differential per bus could be identified. Although the Water and Power Department has been proactive in leasing eight (8) Ford Ranger light-duty electric trucks, the majority of the City's medium and heavy-duty trucks would need to be purchased to operate on compressed natural gas, because CNG engines are available at this time in that particular application. The cost of gradually replacing the City's non-safety vehicle fleet to alternative fuel is estimated to be between \$3 - 4 million over the next 10 to 14 years. Construction of a CNG fast-fill and slow-fill fueling station would cost approximately \$1 million. The BSFMD fleet maintenance repair bays would need to be upgraded at an estimated cost of \$40,000 to \$50,000. Finally, it is expected that training for fleet mechanics and for vehicle operators would be available for either no fee or for a nominal fee at the local community college.

Total cost of implementation of Rule 1190 as it stands today is estimated to be an initial \$1 million during calendar year 2000 to build a fueling station and upgrade fleet facilities and another \$3 - 4 million over the next 10 to 14 years to offset the cost differential between gasoline or diesel powered vehicles and alternative fuel vehicles. Of this, \$300,000 has been identified in the Refuse Enterprise fund as seed money to offset infrastructure costs. At the present time, although there

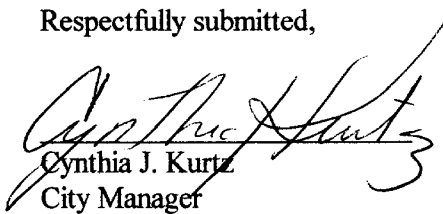
is a limited amount of grant funding available, the majority of the cost to Pasadena would represent an unfunded mandate by the SCAQMD.

City Vehicles Managed by BSFMD	Quantity	Cost Differential
Sedans	8	\$24,000
Light Duty	150	\$600,000
Medium Duty	30	\$150,000
Heavy Duty	70	\$2,100,000
Total:	258	\$2,874,000


Water & Power Vehicles	Quantity	Cost Differential
All types	100 - 150	\$1,000,000

Other Costs	
Upgrade fleet repair bays	\$40,000 - \$50,000
Build CNG fueling station	\$1,000,000


Respectfully submitted,


Cynthia J. Kurtz
City Manager

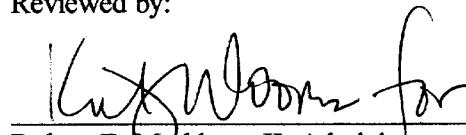
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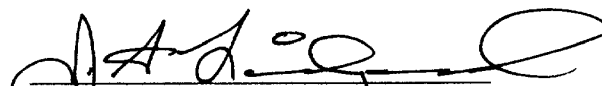
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