

# Agenda Report

TO: CITY COUNCIL

June 12, 2000

FROM: CITY MANAGER

SUBJECT: SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT (SCAQMD)  
PROPOSED RULES 1192 & 1193 – CLEAN ON-ROAD VEHICLES

## **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 Proposed Rules 1192 and 1193 as they are currently written and recommend delay of adoption for 120 days to continue working with affected agencies to resolve issues related to funding, the use of specific technologies, and coordination with fuel suppliers.
3. Authorize the Mayor to send letters to the appropriate authorities stating Pasadena's position.

## **BACKGROUND**

On May 15, 2000, City Council took action on South Coast Air Quality Management District (AQMD) proposed Rule 1191, Clean On-Road Light- and Medium-Duty Public Fleets. At that time, staff noted that further analysis was required on proposed Rules 1192 and 1193. This analysis is complete, and addressed herein for Council consideration and action. Proposed Rules 1192 and 1193 apply to buses used for public transportation and refuse vehicles that have traditionally operated on diesel fuel. The proposed rules are designed to reduce diesel particulate and other emissions thereby improving air quality. The AQMD took this action to address the findings of the recently released Multiple Air Toxics Exposure Study (MATES II) which analyzes cancer risk from air pollution in Southern California. The proposed rules are scheduled for adoption in June, as shown below:

<b>Proposed Rule</b>	<b>Targeted Vehicle Class(s)</b>	<b>Proposed Adoption Schedule</b>
1191	Light and Medium Duty	June 2000
1192	Clean On-Road Transit Buses	June 2000
1193	Clean On-Road Refuse Collection	June 2000
1194	Commercial Airport Ground Access	July 2000
1195	Clean On-Road School Buses	August 2000
1196	Clean On-Road Heavy-Duty	August 2000
1186.1	Alternative Fuel Sweepers	

## **RULE REQUIREMENTS**

### **Proposed Rule 1192 – Clean On-Road Transit Buses**

On May 4, the San Gabriel Valley Council of Governments' (COG) Transportation Committee discussed Rule 1192 and voted unanimously to recommend that the Governing Board adopt a position opposing the AQMD's adoption of the rule. On May 10, the Governing Board approved the recommendation. In its discussion of the rule, the Transportation Committee indicated that the rule should allow flexibility in achieving air quality goals as opposed to mandating the use of specific technologies. The Transportation Committee also expressed concern that the rule would have the effect of using limited public transit resources to support the development of alternative fuel technologies while no similar requirement is proposed for private fleets or trucks. The consequences of the rule with no new funding is that transit operators will be forced to use operating funds, which would otherwise be available for service expansion, to pay for this technology or raise bus fares.

Proposed Rule 1192, scheduled for adoption in June 2000, would require public transit fleet operators with 15 or more transit vehicles or urban buses to only purchase or lease alternative-fuel heavy-duty vehicles when adding or replacing buses to their fleet. Operators with 100 or more buses would be required to abide by the rule upon the rule's adoption in June 2000. Operators with fewer than 100 vehicles would be required to follow the rule starting July 1, 2001. For purposes of this rule, alternative-fuel heavy-duty vehicles are defined as follows:

“[A] heavy-duty vehicle, urban bus or engine that uses compressed or liquefied natural gas, propane, methanol, electricity, fuel cells, or other advanced technologies that do not rely on diesel fuel. For the purpose of this rule, hybrid-electric and dual-fuel technologies that use diesel are not considered alternative-fuel technologies.”

AQMD staff has worked with public transit providers, and has made some changes to the proposed rules, however, many agencies do not believe that enough flexibility has been allowed. Specifically, agencies would like to see allowances for hybrid-electric vehicles that use diesel. AQMD staff has indicated that they plan to work with the California Air Resources Board (CARB) to further evaluate the technology. Based on these findings, the AQMD may consider

including hybrid-electric buses in an amended rule at a future date. Additionally, the proposed rule does not allow the purchase or lease of clean diesel buses and is more stringent than a recent transit bus rule adopted by CARB that does allow clean diesel technology. The AQMD's Draft Program Environmental Assessment (PEA) for the proposed rules indicates that clean diesel is excluded because "the technology is currently not available".

Another area of significant disagreement between AQMD and many transit agencies is the economic impact of the proposed rule. The AQMD's Economic Assessment of Rule 1192 estimates that the rule will cost transit agencies about \$18 million annually in operations, maintenance, and annualized capital costs. These figures are substantially lower than estimates prepared by the MTA. The MTA has estimated that compliance with the proposed rule will cost that agency alone an additional \$74 million for one-time capital expenses (primarily for buses and fueling facilities) and an additional \$9 million annually in operating expenses (primarily for increased bus and facility maintenance and CNG fuel compression costs). The MTA also estimated that the proposed rule would result in \$59 million in increase capital and \$8 million in increased annual operating costs for Los Angeles County's municipal operators. These later figures do not include transit operations such as Pasadena's ARTS buses that are funded with local Proposition A and C funds.

### **Proposed Rule 1193 – Clean On-Road Residential and Commercial Refuse Collection Vehicles**

On May 10, the COG's Solid Waste Committee discussed Rule 1193. While re-iterating its support for the goal of reduced diesel emissions and improved air quality, the Committee voted unanimously to recommend that the COG Governing Board adopt the position of opposing Rule 1193 as currently written, and request delay of action by the AQMD Governing Board for 120 days. In the interim, a working group of elected officials and staff will work with AQMD staff on ways to revise Rule 1193 to respond to issues discussed by the Committee. The Governing Board approved this recommendation on May 18.

Proposed Rule 1193, would apply to residential and commercial refuse collection vehicles. Effective July 1, 2001, it would require public and private refuse collection fleet operators with 15 or more curbside refuse vehicles to acquire alternative fuel heavy duty models when procuring or leasing new vehicles.

The incremental costs for alternative fuel refuse collection vehicles are significant. AQMD estimates that a CNG-powered refuse collection vehicle will cost \$40,000 more than its conventional-fuel counterpart. In addition to these capital costs, infrastructure needs would be substantial, including fueling sites and equipment. Training costs would also be incurred. AQMD staff has attempted to quantify the impact of these various economic factors.

Based on operating and capital cost estimates and existing funding sources, the COG staff prepared a series of scenarios representing funding levels for a best, worst, and most likely case. COG staff developed the following table to summarize the three scenarios:

	<b>Best</b>	<b>Worst</b>	<b>Most Likely</b>
<b>Estimated Implementation Cost</b>	\$24.51 million	\$24.51 million	\$24.51 million
Carl Moyer Funding	\$43.0 million	None	\$9.5 million
Air Quality Investment Program	\$0.3 million	\$0.3 million	\$0.3 million
<b>Estimated Annual Shortfall</b>	<b>None</b>	<b>\$24.21 million</b>	<b>\$14.71 million</b>

The SCVCOG staff examined the analysis developed by AQMD and found it to be overly optimistic. The COG's finding that AQMD's best-case scenario assumes that \$100 million will be allocated statewide to the Moyer Program, and that the AQMD will receive its historical share of that funding (40%). An additional \$3 million is assumed from the CEC share of Moyer funds for infrastructure costs. However, in FY99 statewide Moyer funding totaled only \$25 million, of which AQMD was allocated \$11.3 million. Additionally, discussions with AQMD representatives at the May 10<sup>th</sup> meeting of the COG Solid Waste Committee raised doubts about whether costs of compliance with 1193 would even qualify for funding under the Moyer program.

The COG staff has also raised concern regarding the availability and effectiveness of technology. They note that at this time, only Mack produces alternative fuel refuse collection vehicles. Rule 1193 does allow for use of dual-fuel technology. However, there are concerns that such technology might be acceptable for only a limited period of time. The experience with the performance of dual-fuel technology by member cities has not been encouraging.

## **SUMMARY**

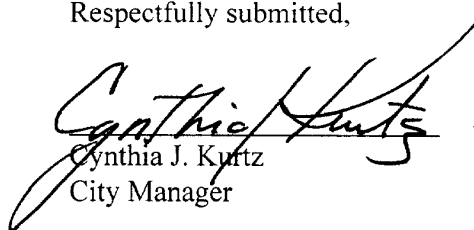
It is anticipated that Proposed Rules 1192 and 1193 will have significant impact on the City of Pasadena. The intent of the Proposed Rules, cleaner air for the region, is a goal that can be strongly supported. However, there are significant issues that have not been answered by the AQMD to the satisfaction of many agencies including the San Gabriel Valley Council of Governments and MTA. The MTA Board has sent AQMD five recommendations, while not taking a support or oppose position. The issues that concern agencies include the availability of adequate funding to offset the substantial expense of the rules, the availability and effectiveness of the technology, and the lack of flexibility in implementation of such a costly rule.

The City of Pasadena's Transportation Advisory Commission will review this item at their meeting of June 9, 2000. Their recommendations will be presented to Council as part of staff's oral report.

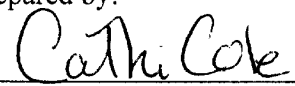
## FISCAL IMPACT

Passage of Rules 1192 and 1193 will have a fiscal impact on the City. The estimated cost difference between a diesel fueled vehicle and an alternative fueled vehicle is \$40,000. The City of Pasadena has 15 buses and 26 refuse vehicles. The cost for building a CNG fueling station is also significant. The City of Santa Monica recently built a CNG fueling station with two fast fill hoses and 34 slow-fill hoses to service their municipal alternative fuel fleet at a cost of close to \$1 million. While the AQMD has anticipated that many agencies will be able to partner with vendors, who will build the facility and charge this cost back through fuel costs, the small amount of through-put expected for Pasadena does not make this realistic. The AQMD has also assumed that the majority of transit related costs will be federally funded. Despite much discussion between staffs, AQMD does not take into account that Pasadena is not able to receive federal funds for bus purchases through MTA. Funds to offset the expenses will come from our local Proposition A and C funding with corresponding service reduction. 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 AQMD.


Respectfully submitted,

  
Cynthia J. Kurtz  
City Manager

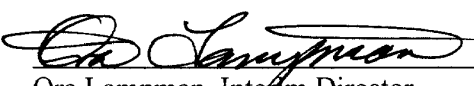
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