



# STAFF REPORT

## SAUSALITO CITY COUNCIL

---

### AGENDA TITLE:

Compressed Natural Gas Fueling Station – Discussion

### RECOMMENDED MOTION:

Provide staff direction on further steps and Budget funding levels

---

### SUMMARY

The City was awarded a Transportation Fund for Clean Air (TFCA) grant from the Transportation Authority of Marin (TAM) for compressed natural gas fueling equipment. The equipment is intended to provide a local fueling source for the City's Sally Shuttle. The grant amount is \$65,000. Staff contacted the vendor of the equipment and learned that the funding would result in equipment that would fill the Sally Shuttle overnight.

Staff believes this fueling time presents a challenge from a vehicle operator standpoint. Staff believes that the acceptable (though outer limits) for fueling time performance is approximately 15 minutes. Staff discussed the matter with the Finance Committee during the Budget briefings. The Committee recommended that the 2009 Budget exclude the \$10,000 match funds, effectively terminating the project. At the June 10, 2008 City Council Meeting, council members expressed concern with the recommendation to terminate the project. Frustration was also expressed by the Council that the project was not completed.

The purpose of this item is to enable full council discussion on the matter and to provide staff direction on project execution and budgeting.

### BACKGROUND

The Transportation Authority of Marin awarded a TFCA Grant to the City for a natural gas fueling station. The Grant was in the amount of \$65,000 and the proposal included local match funding of \$10,000. In January of 2007 the City executed the grant agreement with TAM. The Agreement specified a termination date of June 30, 2008. In October of 2007 Staff sought direction on station location priorities. During pre-bid discussions with the vendor Staff expressed the desire to acquire equipment that would enable fueling in approximately 15 minutes time. The vendor informed staff the given

---

Item #: 6c  
Meeting Date: June 24, 2008  
Page #: 1

the available budget, equipment would fill the Sally Shuttle fuel tank in approximately 8 hours.

The City Engineer had installed an 8 hour fueling time fuel maker at his previous place of employment, the City of Pleasant Hill, to fuel two Public Works fleet pickup trucks. Pleasant Hill Public Works personnel were initially enthused about equipment. Within approximately 1 month the enthusiasm began to wane. Within 9 months the staff stopped using the Fuelmaker on a regular basis preferring instead to drive 5 miles out of town to a PG&E fast fueling center in Concord. As a result of this Pleasant Hill experience, staff is concerned that a similar reaction to the 8 hour fuel maker will occur if installed.

This concern was expressed to the City Manager, Finance Director, and Director of Parks and Recreation. Council members suggested staff inquire as to whether the 8 hour equipment could be upgraded at a later time. The inquiry found that the Fuelmaker could be upgraded at a cost of \$150,000.

The matter was discussed with the finance committee as they considered funding the project in the 2009 Budget. The committee also requested information on grant expiration dates. The expiration date of the TAM TFCA Grant is June 30, 2008. As a result of the deadline and staff's comments regarding his Pleasant Hill experience the Finance Committee recommended that the 2009 Budget not include funding.

This recommendation was made at the June 10, 2008 Council Meeting Budget Discussion. Discussion occurred. Based on that discussion staff believed a more focused review was warranted and the purpose of this report is to allow further discussion. Council members Albritton and Weiner presented the CNG program at the June 16<sup>th</sup> Outreach, MLK, Information Technology (OMIT) council subcommittee.

## ISSUES

### *Acceptance of Slow Fueling*

The need for local fueling is very desirable. Staff believes that imbedded in that need is a facility that performs similarly to the PG&E service centers. Staff continues to believe that 8 hour fueling time presents operational challenges. The basic Fuelmaker unit does not meet that performance criteria. The Pleasant Hill experience suggests that operators will try the system but prefer faster fueling even if it involves traveling to a non-local location.

### *Operation*

An 8 hour fueling period would require the shuttle operator to connect the fueling equipment. The same operator would either need to return to the fueling area to disconnect equipment or another operator would have to disconnect the fueling lines.

Item #: 6c

Meeting Date: June 24, 2008

Page #: 2

Given that the Shuttle doesn't have an operator assigned to it staff believes the fueling procedure might increase the challenges of finding people interested in operating the shuttle.

Council Member Weiner and staff have contacted the School District which also owns and operates a natural gas powered school bus. The District has expressed interest in siting the Fuelmaker on its property. The District may also be interested in partnering in the operation of the bus and the Sally Shuttle.

In October of 2007 the Council provided staff priority on locating the Fuelmaker on City properties with City Hall site being the first priority, MLK Park the second priority and the Corporation Yard the third. Actual location will involve coordination with PG&E to determine whether all of these sites have access to gas services.

If the Fuelmaker could be sited at a location accessible to the School District and the City, there might be an opportunity to get an operator that can assist both the District and the City. Additional effort are needed to work through the specifics of a partnership.

#### *Grant Expiration*

The agreement with TAM expires June 30, 2008. The project was not completed in time due to staffing vacancies. TAM has indicated that extension can be given with the TFCA program. A letter requesting extension needs to be prepared and submitted prior to June 30. If the Council desires to proceed with the project, a motion directing the Mayor, City Manager, City Engineer or another staff to send an extension request letter is all that would be needed. Staff believes that getting the Fuelmaker purchased and installed on City property will take one more year. Installing the Fuelmaker on School property may take longer.

#### *Upgrades*

The Fuelmaker vendor indicated that the Fuelmaker could be upgraded from 8 hour fueling to 15 minute fueling. The cost for such equipment was informally priced at approximately \$150,000 and would require the placement of pressure tanks. Staff asked TAM if the Grant award could be increased, now. TAM responded that the current grant could not be. The City could seek additional funds by responding to future calls for projects. A future proposal would be evaluated with regard to the goals of the grant program and other competing proposals. Staff is uncertain whether or not an upgrades proposal would be successful. If Council desires the slow fill Fuelmaker to be installed, staff will seek grant funds for upgrades with the next proposal cycle.

## FISCAL IMPACT

The grant proposal had local match amount of \$10,000. The agreement will provide the City \$65,000 after the Fuelmaker is installed. The City is expected to fund any costs in excess of \$65,000. Should the Council desire to proceed with the project staff recommends that \$10,000 from the Parking Fund be used. The Sally Shuttle operations are funded from the Parking Fund.

## STAFF RECOMMENDATIONS

Provide staff direction on:

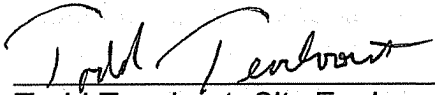
1. Proceeding with acquiring the slow fill Fuelmaker
2. Next steps with regard to School District Partnering and coordination

If the project is to continue, authorize a City representative to send a time extension request to TAM.

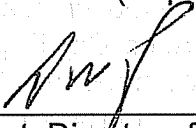
## ATTACHMENTS

E-mail from D. Chan of TAM

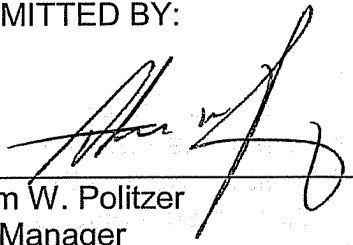
PREPARED BY:

  
\_\_\_\_\_  
Todd Teachout, City Engineer

REVIEWED BY (Department Head):

  
\_\_\_\_\_  
for Vacant, Director of Public Work

SUBMITTED BY:

  
\_\_\_\_\_  
Adam W. Politzer  
City Manager