

**CITY OF OAKLAND**  
**AGENDA REPORT**

OFFICE OF THE CITY CLERK

2006 APR 25 PM 9: 32

TO: Office of the City Administrator  
ATTN: Deborah Edgerly  
FROM: Public Works Agency  
DATE: May 9, 2006

RE: **Resolution Authorizing The City Administrator To Accept \$225,000 In Grant Funds To Offset The Incremental Cost Of Acquiring One Compressed Natural Gas Refueling Station And To Enter Into A Funding Agreement With The Alameda County Congestion Management Agency, And Resolution Authorizing The City Administrator To Accept \$150,000 In Grant Funds To Offset The Incremental Cost Of Acquiring One Compressed Natural Gas Refueling Station And To Enter Into A Funding Agreement With The California Energy Commission**

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**SUMMARY**

Resolutions have been prepared authorizing the City Administrator to enter into agreements with the Alameda County Congestion Management Agency (CMA) and the California Energy Commission (CEC) to accept \$225,000.00 in grant funds from Alameda County CMA, and \$150,000.00 in grant funds from the CEC to advance the use of cleaner-burning compressed natural gas (CNG). The grants will be used to offset the cost of constructing a CNG refueling station at 205-209 Brush Street. Design, construction and operation of the proposed station will be a collaborative effort among the City of Oakland, the Port of Oakland, and Clean Energy Fuels Corp. (Clean Energy), a Delaware corporation located in Seal Beach, California. The City has agreed to provide grant funds to offset the cost of constructing the station; the Port of Oakland has provided the land on which the station will be built and had agreed to act as project manager during the construction phase. Design, construction, operation and maintenance of the station will be provided by Clean Energy in exchange for a share of the profits generated from the sale of CNG to private vehicles. No City or Port of Oakland funds will be required for the design, construction or operation of the station.

The Port of Oakland is negotiating the terms of the station ownership with Clean Energy; and the City and Port are negotiating the terms of the profit-sharing agreement with Clean Energy. When these terms have been finalized, staff will return to the Committee with a request to appropriate the grant funds. In the meantime, both the Alameda County CMA and the CEC require the City to accept the grant funds before the grant expiration deadline of June 30, 2006. If the grants are accepted prior to June 30, 2006, the Alameda County CMA and CEC have agreed to provide a one-year extension to expend the funds and complete the project.

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Acceptance of these grants to supplement the construction funds for a CNG refueling station in downtown Oakland will support the Council's goal to develop a sustainable city by implementing a program that protects and conserves natural resources. Because of the proximity of the proposed station to downtown Oakland, dedicated CNG staff cars can be assigned to staff who work downtown, replacing gasoline-powered vehicles. This will positively affect air quality by reducing greenhouse gas emissions in and around downtown Oakland, and will help to reduce the City's vehicular fuel costs as CNG costs less than its gasoline equivalent. Additional benefits include further reduction of fuel costs by purchasing CNG fuel at a preferred price offered to the City by Clean Energy, and sharing in station profits with Clean Energy and the Port. Construction of a CNG station will also provide the platform for the City to expand and develop the use of hydrogen fuel cell-powered vehicles in the future.

Staff recommends approval of the resolutions.

### **FISCAL IMPACTS**

Approval of the attached resolutions will authorize the City to accept one-time grants of \$225,000 from the Alameda County CMA and \$150,000 from the CEC. If accepted, the grant funds would be used for the initial construction costs for a CNG refueling station on Port of Oakland-owned property at 205-209 Brush Street. The estimated cost of constructing the station is \$875,000; construction costs in excess of \$375,000 will be funded exclusively by Clean Energy. No City or Port of Oakland funds are required in this project.

### **BACKGROUND**

On June 3, 2003, Council approved Resolution No. 77842 C.M.S. that established "green fleet" policies for the City's fleet. Council resolved that the City would "purchase vehicles powered by alternative fuel sources for its non-emergency automotive fleet whenever possible without exceeding the amount budgeted for vehicle acquisitions; and that the City of Oakland will continue to actively pursue federal, state, and other incentive programs related to clean air and energy efficiency."

Oakland is a leader in the use and advancement of alternative fueled vehicles. The City currently has 194 alternative fueled vehicles in its fleet. In 1994, Oakland was designated a U.S. Department of Energy "Clean City". As a Clean City, Oakland has been a leader in applying for grants and coordinating opportunities for the acquisition of alternative fuel vehicles with other public agencies and private companies in the East Bay.

Clean Energy owns and operates more than 165 fueling stations across the United States and in Canada. Clean Energy is the largest provider of vehicular natural gas (CNG and liquefied natural gas) in North America, primarily serving commercial, municipal, state and federal

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government fleet vehicles. These high-fuel-use fleets include transit, refuse, taxi and shuttle/shared-ride, airport and heavy-duty fleet operators. Customers include Los Angeles International Airport, Phoenix Sky Harbor International Airport, SuperShuttle, SunLine Transit, Foothill Transit, Waste Management, Dallas-Ft. Worth International Airport, SYSCO Foods, Ft. Worth Transportation Agency, Denver International Airport, Denver Rapid Transit District, Metropolitan Transit Development Board of San Diego, LaGuardia Airport, Massachusetts Bay Transportation Authority, and the US Navy. The company partners with Ford Motor Company to help expand its market share of natural gas vehicles. Clean Energy is a private company whose major shareholders include Boone Pickens, Terasen Inc., Westport Innovations Inc. and Perseus 2000 LLC.

### **KEY ISSUES AND IMPACTS**

The proposed station will be installed in the Port of Oakland's former corporation yard at 205-209 Brush Street, Oakland. The CNG fueling station is intended to serve automobiles and light-duty trucks that are fueled by CNG, especially the Port's 21 CNG vehicles and the City of Oakland's 171 CNG-fueled vehicles. Potentially, taxis and shuttles operating at the Oakland International Airport and other CNG vehicles may also fuel at the proposed station. Currently, Port CNG vehicles fuel at a location near Oakland International Airport. City CNG vehicles fuel at the City's Municipal Service Center at 7101 Edgewater Drive. These sites will continue to dispense CNG fuel; this site will provide another source of the fuel in Oakland.

The proposed downtown CNG station will allow the City to replace gasoline-fueled staff cars with cleaner burning CNG vehicles in and around the downtown area. The proposed downtown CNG station will be open to the public, thus allowing other government agencies and private businesses to convert their fleets to cleaner burning CNG vehicles.

The fueling station will occupy approximately 2,264 square feet of the former corporation yard, and allow for up to four vehicles to fuel simultaneously at two dual-hose dispensers on a single fueling island. It will be open around the clock on a self-serve basis, with credit card access. Approximately 100-150 light-duty trucks or passenger vehicles will fuel at the station daily. The site is accessible from both Market and Brush Street, so vehicles will not need to turn around to exit after fueling.

The station construction is expected to take less than three months to complete. The project site is currently completely paved, and the equipment will be placed on concrete pads, utilizing existing grade.

Clean Energy entered into a similar agreement with the Port of Oakland in 2003 for design, construction and operation of the Port's CNG station on Earhardt Way. The agreement with the Port called for the Port to provide the land with Clean Energy providing station design, construction, operation and maintenance costs. Clean Energy's agreement with the Port

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allows Clean Energy to own the station infrastructure for five years, with a five-year extension. The Port retains ownership of the real estate on which the station is located. In exchange, Clean Energy sells CNG fuel to the Port at a preferred fuel price, and sells CNG fuel to the general public at the fair market price. (The preferred fuel price is the PG&E wholesale cost plus a fixed rate adjusted for the Consumer Price Index every January.) Clean Energy shares profits with the Port by placing \$0.05 of each gasoline gallon equivalent (GGE) into a fund that will reduce the incremental costs associated with the Port acquiring more CNG-fueled vehicles.

The requested grants are from Alameda County Congestion Management Agency (CMA) and the California Energy Commission (CEC) Regional Fund, which is a part of the Transportation Fund for Clean Air (TFCA) grant program.

Acceptance of these grants would continue to demonstrate Oakland's commitment to reducing greenhouse gas emissions and improving the quality of life for its citizens.

## **SUSTAINABLE OPPORTUNITIES**

### Economic:

Several studies have demonstrated that improving air quality has a positive effect on property values. Furthermore, decreasing vehicle emissions will improve public health, which will also have a positive effect on the economy. The proposed acquisition will also decrease the City's dependence on foreign oil, which will ultimately reduce the City's fuel expenditures.

### Environmental:

Purchase of this compressed natural gas refueling station will reduce emissions of hazardous compounds that have been linked to increased rates of cancer and asthma. The purchase will also decrease greenhouse gases, which most scientists agree are a major contributor to global warming.

### Social Equity:

The areas most affected by vehicle emissions are neighborhoods close to freeways, and major transportation routes — areas that also tend to be lower-income. This acquisition advances social equity by decreasing vehicle emissions in disadvantaged areas.

## **DISABILITY AND SENIOR CITIZEN ACCESS**

This purchase does not have any impact on the Americans with Disabilities Act, the Older Americans Act, and other applicable laws. There are no ADA or senior citizens access issues contained in this report.

**RECOMMENDATION**

By approving this resolution, Council will ensure that the City of Oakland continues to reduce its greenhouse gas emissions, increase the fleet's fuel efficiency, and improve local air quality. The Council will also be exercising its power in the marketplace by ensuring that purchases and expenditures using public monies are made in a manner consistent with the desire to reduce greenhouse gases and improve air quality. The City will also be providing a positive example to citizens about using environmentally sound and sustainable technologies and practice.

**ACTION REQUESTED OF THE COUNCIL**

Staff recommends approval of these resolutions.

Respectfully submitted,




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**RAUL GODINEZ, II**  
Director, Public Works Agency

Reviewed by:  
Bruce Saunders, Assistant Director  
Department of Infrastructure and Operations

Prepared by:  
Alex Ochoa  
Equipment Services Manager  
Equipment Services Division

APPROVED AND FORWARDED  
TO THE FINANCE AND  
MANAGEMENT COMMITTEE



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**OFFICE OF THE CITY ADMINISTRATOR**

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

Approved as to Form and Legality:

  
Oakland City Attorney's Office

2006 APR 25 PH 9: 36 OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C.M.S.

INTRODUCED BY COUNCILMEMBER \_\_\_\_\_

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RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO ACCEPT \$150,000 IN GRANT FUNDS TO OFFSET THE INCREMENTAL COST OF ACQUIRING ONE COMPRESSED NATURAL GAS REFUELING STATION AND TO ENTER INTO A FUNDING AGREEMENT WITH THE CALIFORNIA ENERGY COMMISSION

WHEREAS, the California Energy Commission was awarded funds by the U. S. Department of Energy to promote energy efficiency and renewable energy; and

WHEREAS, the State Energy Program projects, administered by the California Energy Commission, promote energy partnerships between governments and private industries; and

WHEREAS, the City of Oakland is a supporter of clean air and desires to take action to enhance air quality; and

WHEREAS, the City of Oakland has partnered by the Port of Oakland to construct a compressed natural gas refueling station at 205-209 Brush Street, Oakland; and

WHEREAS, the City of Oakland has been approved by the California Energy Commission to receive \$150,000 in State Energy Program funds to offset a portion of the cost to construct a compressed natural gas refueling station at 205-209 Brush Street in Oakland; now, therefore, be it

RESOLVED: That the City Administrator is authorized to receive State Energy Program funds to offset the construction of a compressed natural gas refueling station.

In Council, Oakland, California, May 16, 2006

**Passed By the Following Vote:**

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND

PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-


ATTEST:

LATONDA SIMMONS  
City Clerk and Clerk of the Council  
of the City of Oakland, California

OFFICE OF THE CITY CLERK  
OAKLAND

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Approved as to Form and Legality:

  
Oakland City Attorney's Office

## OAKLAND CITY COUNCIL

RESOLUTION No. \_\_\_\_\_ C.M.S.

INTRODUCED BY COUNCILMEMBER \_\_\_\_\_

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RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO ACCEPT \$225,000 IN GRANT FUNDS TO OFFSET THE INCREMENTAL COST OF ACQUIRING ONE COMPRESSED NATURAL GAS REFUELING STATION AND TO ENTER INTO A FUNDING AGREEMENT WITH THE ALAMEDA COUNTY CONGESTION MANAGEMENT AGENCY

WHEREAS, the Alameda County Congestion Management Agency was created in 1991 by a joint-powers agreement between Alameda County and all its cities and is funded by a tax on gasoline sales authorized by the passage of Proposition 111; and

WHEREAS, the Alameda County Congestion Management Agency's goals, duties and composition make it easier for local governments to tackle the increasingly complex problem of traffic congestion; and

WHEREAS, the Congestion Management Agency is Alameda County's transportation information and funding conduit; and

WHEREAS, the Congestion Management Agency administers and awards grants from the Transportation Fund for Clean Air; and

WHEREAS, the City of Oakland is a supporter of clean air and desires to take action to enhance air quality; and

WHEREAS, the City of Oakland has partnered by the Port of Oakland to construct a compressed natural gas refueling station at 205-209 Brush Street, Oakland; and

WHEREAS, the City of Oakland has been approved by the Alameda County Congestion Management Agency to receive \$225,200 in Transportation Fund for Clean Air funds to offset a portion of the cost to construct a compressed natural gas refueling station at 205-209 Brush Street in Oakland; now, therefore, be it

RESOLVED: That the City Administrator is authorized to receive Transportation Fund for Clean Air grant funds to offset the cost of constructing a compressed natural gas refueling station.

In Council, Oakland, California, May 16, 2006

**Passed By the Following Vote:**

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND  
PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST:

LATONDA SIMMONS  
City Clerk and Clerk of the Council  
of the City of Oakland, California