



Request for City Council Committee Action From the Department of Public Works

Date: April 19, 2005

To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee

Referral to: Honorable Barbara Johnson, Chair Ways & Means Committee

Subject: Joint City of Minneapolis/Hennepin County E85 Fueling Infrastructure Facility

Recommendation:

- a) Authorize proper city officials to execute and enter into an agreement with Hennepin County for a Joint E85 Fueling Infrastructure Facility.
- b) Acceptance of American Lung Association Grant of \$22,500 for the E85 Fueling Infrastructure Facility.
- c) Passage of the accompanying resolution increasing the 2005 appropriation in Fund/Agency Org 6100-675-6752 and revenue for Public Works by \$22,500 to represent the receipt of said grant funds; and
- d) That the proper City officers be authorized to execute a grant agreement for the E85 Fueling Infrastructure Facility.

Prepared by: Prab Rao, Director, Equipment Services Division

Approved by: _____
Klara Fabry, P. E., City Engineer, Director of Public Works

Presenters: Prab Rao, Director, Equipment Services Division

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information

In 2003, Public Works began acquiring E85-compatible vehicles in order to eventually build up a high enough quantity to justify installing a dispenser. Currently, some 46 cars owned by Public Works are E85 compatible.

Recently, Hennepin County made inquiries into a joint facility that would significantly increase the number of vehicles able to use such a facility, and would significantly advance its timeline. It is anticipated that between the two entities, some 100 vehicles would be E85 compatible in the very near future. This number is anticipated to increase as both the City and the County make further E85 compatible vehicle purchases. Each year, vehicle manufacturers are also increasing the number and variety of vehicles that can run on E85.

The City and the County held several meetings in this regard, including identifying a suitable location, and concluded that the Public Works-owned facility at Currie would be the ideal site. A significant number of the County's cars are located in downtown Minneapolis and would benefit from the close proximity.

The American Lung Association has been keenly promoting the use of E85 fuel as a means to improve the regional air quality and also reduce dependence on foreign oil. The Association gets funding from senior governments and provides them as grants. It has offered \$22,500 to the City and the County towards the installation of the mentioned joint facility. No American Lung Association-owned vehicles would be fueling at the proposed site, to comply with federal laws on excise tax exemptions.

The estimated total cost of installing the fuel facility is \$100,000. The County has agreed to bear half the cost (net of any grants) of the installation and is willing to enter into a five-year contract with the City. The County has also agreed to share the cost of operating the facility. An Agreement has been developed and reviewed by the respective attorneys. The City's portion of the costs will be paid from the Equipment Services Division current operating budget and no additional appropriation is needed.

The proposed contract between the City and Hennepin County specifies that the City will be the owner of the facility and will retain control over it during and after the first five year period. If the County were not to extend the Agreement beyond the first five years, the City would not be liable for any refund of the County's investment. The American Lung Association's expectations in granting its funds are that the City would operate the facility to dispense E85 fuel for at least four years after the contract is signed. Public Works does not consider either condition as an impediment.

It is anticipated that if approvals are received during early spring, a facility could be built and made operational by fall 2005.

This initiative is consistent with the City Goal "Preserve and enhance our natural and historic environment and promote a clean, sustainable Minneapolis." It is also consistent with the Public Works Business Plan Outcome to provide environmentally sound fuel dispensing facilities. Public Works is requesting permission to enter into the Agreements and proceed with this project.

Cc: Steve Kotke, Public Works
Rhonda Rae, Public Works
Ed Backstrom, Office of the City Attorney