



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** William F. Sherry, A.A.E.

**SUBJECT:** SEE BELOW

**DATE:** October 9, 2007

Approved

Date

10/11/07

**COUNCIL DISTRICT:** City-Wide

**SUBJECT: SANTA CLARA VALLEY TRANSPORTATION AUTHORITY (VTA) GRANT APPLICATION FOR THE UPGRADE OF THE AIRPORT'S COMPRESSED NATURAL GAS (CNG) FUELING STATION**

## RECOMMENDATION

Adoption of a resolution authorizing the City Manager to apply for a grant to the Santa Clara Valley Transportation Authority (VTA) in the amount of \$527,000 to provide funding to assist in the upgrade of the Airport's Compressed Natural Gas (CNG) fueling station, and to accept the grant if awarded and execute all related documents.

## OUTCOME

Approval of this recommendation will allow the Airport to receive a grant to assist in increasing the utilization and improve the operation of the Airport's CNG station, which is an integral part of the Airport's Alternative Fuels Program (AFP), and Clean Air Program (CAP).

## BACKGROUND

In August 2003, the City opened the CNG fueling station at the Airport, making it the only CNG station in California owned and operated by an airport. The Airport's CNG fueling station was initially designed to support twenty CNG shuttle buses acquired in 2003, other CNG vehicles used in airport operations, and CNG vehicles owned by private entities. Ownership of the station allows the City to provide incentives for the use of the station through cost savings to users in the both the purchase and conversion of CNG vehicles, as well as ongoing cost of savings of lower priced CNG fuel.

The first fleet of 20 shuttle buses replaced with CNG buses resulted in reductions of exhaust emissions by approximately 70 tons annually. A companion benefit of the replacement of this Airport diesel fleet with cleaner burning CNG buses also resulted in the elimination of

approximately 1.7 millions gallons of diesel, with a associated cost savings of over \$2.7 million since 2003.

By 2008, the Airport will replace its remaining 20 diesel shuttle buses, used to transport customers and passengers from the terminals to the rental car center, with a fleet of fourteen (14) new CNG shuttle buses. As a result, SJC will be one of the only airports in the nation to operate 100% of its fleet of shuttle buses on CNG. Replacing this last set of diesel buses will result in an additional reduction in exhaust emissions of approximately 30 tons annually. Replacement of this last set of diesel buses with CNG should result in additional savings of approximately \$750,000 in the elimination of purchasing of approximately 250,000 gallons of diesel fuel annually.

Another factor impacting usage of the CNG station is the success of the Airport's innovative and assertive Alternate Fuels Program (AFP). In 2005, just 30 vehicles, accounting for 5% of taxi trips at the airport, were clean-fuel vehicles. Today, 122 of the 300 taxis serving the Airport are clean-fuel vehicles, with 119 of the 122 running on CNG. Altogether, they account for more than 42% of taxi trips at the SJC. Building on this success, SJC is premiering its first Alternative Fuel Grant Program this month, with funding to support the conversion of another 20 – 35 privately owned taxis and shuttles to CNG.

Fueling of the CNG buses occurs during non-peak hours (e.g., 12:00 AM to 5:00 AM) to prevent interference with customer service and other users of the station. The addition of the 14 new CNG buses requires modification of the station so that fueling of the buses during non-peak hours can continue. The upgrade to the CNG station will consist of more electrical power, ancillary equipment and controls.

Toward that end, and to find innovative sources to fund this upgrade, staff submitted a Transportation Fund Clean Air (TFCA) grant application to VTA in March 2007 for this upgrade project. VTA is the regional manager for this TFCA grant, and the grant funds are provided to VTA from the Bay Area Air Quality Management District (BAAQMD). Because the grant application was due within a week of the initial advertisement by VTA, Airport staff submitted the grant application to preserve the City's eligibility for grant funding. Recent meetings with VTA/BAAQMD on the grant application indicate that this grant will be awarded to the City in October 2007.

### **ANALYSIS**

The proposed upgrade the CNG station is estimated to cost \$727,000. The proposed grant funding will provide \$527,000 of this cost, with the City providing \$200,000 in funds from Airport sources. The upgrade to the station will also allow for increased opportunities to the general public and private sector for use of the facility, so additional outreach by staff to increase awareness of the station will be made. It is anticipated that additional exhaust emission reductions and revenue will occur from this upgrade and the additional outreach.

**EVALUATION AND FOLLOW UP**

Not applicable.

**POLICY ALTERNATIVES**

Not applicable.

**PUBLIC OUTREACH/INTEREST**

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item does not meet the above criteria requiring additional notification; however, it will be posted on the City's Council Agenda Website for the October 30, 2007 Council Meeting.

**COORDINATION**

This memo has been coordinated with the City Attorney's Office, and the City Manager's Budget Office.

**COST SUMMARY/IMPLICATIONS**

The grant funding, if awarded, will be used to offset approximately 73% of the Airport's cost of upgrading the Airport's CNG fueling station.

**BUDGET REFERENCE**

A separate action to recognize grant funding will be made after receipt of the grant award. Funding for the City's share for the upgrade of the Airport's CNG fueling station will also be determined at the same time.

HONORABLE MAYOR AND CITY COUNCIL

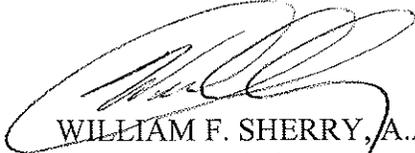
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**CEQA**

Resolution Numbers 67380 and 71451, PP 07-208.

A handwritten signature in black ink, appearing to read 'William F. Sherry', is written over a large, light-colored oval shape.

WILLIAM F. SHERRY, A.A.E.  
Director of Aviation

Please direct questions to William Sherry, Director of Aviation, at (408) 501-7669.