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Staff Report

ITEM 4-1

To: Lemoore City Council
From: Lauren Apone, Administrative Analyst *A*
Date: July 8, 2014
Subject: Purchase of CNG Refuse Vehicle

Discussion:

In 2010, the City of Lemoore was awarded \$1 million in CMAQ money from Caltrans to purchase alternative fuel vehicles. Our intention at the time was to stagger the purchase of these vehicles in order to meet the Caltrans requirement that we invoice for one item each year to keep the grant current. To this date, we have purchased a CNG street sweeper and two CNG side loading refuse vehicles with this funding. Other CNG vehicles have been purchased with other grants.

The \$142,680.50 remaining must be used and the vehicle must be received in time to close out the grant in June of 2015. With the current lead time on these vehicles, it is imperative that we start the bidding process now to meet this deadline. If we do not meet this deadline, the remaining grant money will be forfeited. In addition, CMAQ grants no longer allow the agencies to receive full reimbursement for CNG vehicles, only reimbursement for the incremental cost between a diesel and a CNG vehicle. This grant, since it was awarded before this rule change, has been grandfathered in and is the City's last opportunity to get the full value of a CNG vehicle paid for.

Staff is requesting that we purchase an additional side loading refuse vehicle with the remaining funding. The City's contribution to this vehicle would be \$160,000, to be paid out of the Refuse Asset Replacement Fund.

The new trucks would produce fuel savings for the City. The City's price of CNG fluctuates based on the amount of public usage the station gets, but the June 2014 price per gallon equivalent was \$1.34. Currently, the maximum price to the City is set at \$1.75/gal. Compared to the roughly \$4.00/gallon cost of diesel, this saves the City approximately \$17,000 annually per side loading refuse vehicle.

Budget Impact:

The new side loading refuse vehicle will cost the City approximately \$160,000, to be paid out of the Refuse Fund's Asset Replacement Account. The fuel savings associated with this CNG vehicle is approximately \$17,000/year.

Recommendation:

Staff recommends that Council, by motion, approve a budget adjustment in the amount of \$160,000 to be paid from the Refuse Asset Replacement Fund to purchase a new CNG side loading refuse vehicle.