

AGENDA ITEM NO.

COUNCIL MEETING: June 5, 2007

APPROVED BY _____

DEPARTMENT DIRECTOR _____

CITY MANAGER

May 21, 2007

FROM: KENNETH A. NERLAND, Director
General Services Department

BY: JAMES H. SCHAAD, Manager
Fleet Management Division

SUBJECT: AUTHORIZE THE GENERAL SERVICES DIRECTOR TO ENTER INTO AN AGREEMENT WITH THE STATE OF CALIFORNIA TO RECEIVE GRANT FUNDING FOR THE PURCHASE OF LOW EMISSION CONSTRUCTION EQUIPMENT

KEY RESULT AREA: One Fresno

RECOMMENDATIONS

Staff recommends that the City Council authorize the General Services Director to enter into an agreement with the California Air Resources Board to receive \$223,650 for the purchase of low-emission construction equipment to be used by the Department of Public Utilities within the City of Fresno.

EXECUTIVE SUMMARY

The General Services Department Fleet Management Division plans to purchase three (3) pieces of low-emission and one (1) non-powered piece of replacement construction equipment in FY 08 for use by the Water and Wastewater Management Divisions of Department of Public Utilities within the City of Fresno in order to comply with a pending off-road equipment emission regulation being developed by the California Air Resources Board. These pieces of equipment are used extensively by the two divisions and would be required to meet the pending emission regulations in order to continue to operate. Because of the age of the existing units, it is not technically feasible or cost-effective to retrofit them with after-treatment devices in order to comply with the regulations and equipment replacement is the only option for regulation compliance. The new equipment planned for purchase will be powered by EPA Tier 3 emission level diesel engines and fitted with Level 3 exhaust after-treatment devices resulting in the lowest emission levels possible for both ozone forming and particulate matter pollutants. The \$223,650 in grant funding available from the California Air Resources Board will mitigate approximately 20% of the cost for the purchase of the new equipment. The balance of the cost for the replacement of this equipment will be funded through appropriations within the Fleet Replacement Fund and through the City Master Lease Agreement.

Staff recommends that the City Council authorize the General Services Director to enter into an agreement with the California Air Resources Board to receive \$223,650 for the purchase of low-emission construction equipment to be used by the Department of Public Utilities within the City of Fresno.

REPORT TO THE CITY COUNCIL

Authorize the Receipt of Grant Funds from California Air Resources Board

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KEY OBJECTIVE BALANCE

The authorization of the General Services Director to enter into an agreement with the State of California to receive grant funds for the purchase of low emission construction equipment will balance all the Key Objectives. Customer Satisfaction and Employee Satisfaction will be enhanced through the reduction in construction equipment diesel emissions possible with the purchase of state-of-art off-road diesel engine technology. Financial Management will be enhanced through the receipt of grant funding to offset costs associated with the purchase of these advanced equipment systems.

BACKGROUND

The General Services Department Fleet Management Division plans to purchase three (3) pieces of low-emission and one (1) non-powered piece of replacement construction equipment in FY 08 for use by the Water and Wastewater Management Divisions of Department of Public Utilities within the City of Fresno in order to comply with a pending off-road equipment emission regulation being developed by the California Air Resources Board. The equipment planned for replacement are a 1976 Cat dozer, a 1990 John Deere motor grader, and a 1994 John Deere water wagon. A fourth unit, a 1985 Cat scraper, is planned to be retired from service and replaced by a non-powered, pull-type scraper that can be towed behind the tractor replacing the 1976 Cat dozer. These pieces of equipment are used extensively by the two divisions and, in order to continue to operate, would be required to meet the pending emission regulations. Because of the age of the existing units, it is not technically feasible or cost-effective to retrofit them with after-treatment devices in order to comply with the regulations.

The new powered equipment planned for purchase will have EPA Tier 3 emission level diesel engines and be fitted with Level 3 exhaust after-treatment devices resulting in the lowest emission levels possible for both ozone forming and particulate matter pollutants. The \$223,650 in grant funding available from the California Air Resources Board will mitigate approximately 20% of the cost for the purchase of the new equipment. The balance of the cost for the replacement of this equipment will be funded through appropriations within the Fleet Replacement Fund and through the City Master Lease Agreement.

The proposed grant agreement, attached as "Exhibit "A", has been reviewed by the City Attorney's Office and approved as to form.

Staff recommends that the City Council authorize the General Services Director to enter into an agreement with the California Air Resources Board to receive \$223,650 for the purchase of low-emission construction equipment to be used by the Department of Public Utilities within the City of Fresno.

FISCAL IMPACT

None.

Attachments:

-Exhibit A: Agreement from California Air Resources Board for Purchase of Low-Emission Construction Equipment.

**\$25 Million for Purchase of Low-Emission Construction Equipment
by Public Agencies Program**

**GRANT AWARD & AUTHORIZATION FORM
Fiscal Year 2006-2007**

Funding under the \$25 Million for Purchase of Low Emission Construction Equipment by Public Agencies Program (Program) has been approved as follows:

Grantee: City of Fresno
Contact Person: Jim Schaad
Project Life: 5 years

Grant Award: \$ 223,650
Grant Number: G06-PA14

The undersigned parties agree to the terms and conditions as set forth in this Grant and the attached Grant Award Agreement. The undersigned parties certify under the penalty of perjury that they are duly authorized to bind the parties to this Grant and the attached Grant Award Agreement.

Air Resources Board:

City of Fresno:

Marie Stephans

Signature of Authorized Official

Name: Marie Stephans

Title: Administrative Services Division Chief

Date: *5-8-07*

Signature of Authorized Official

Name: Kenneth A. Nerland

Title:

Date:

CONTACTS

The Air Resources Board (ARB) contact for program issues relating to this grant is Ms. Stacey Dorais. Correspondence regarding required program reports should be directed to:

Stacey Dorais Phone: (916) 322-2383
Mobile Source Control Division, North
Air Resources Board
P.O. Box 2815
Sacramento, California 95812

The ARB contact for financial matters relating to this Grant Award is Ms. Lauri Brunkhorst. Correspondence regarding financial matters should be directed to:

Lauri Brunkhorst Phone: (916) 322-8215
Administrative Services Division
Air Resources Board
P.O. Box 1436
Sacramento, California 95812

Grant Award Agreement

General

The Grantee understands and agrees that, although Grantee is being awarded a Grant, such Grant is not being issued without conditions, and Grantee's receipt and continued possession of the Grant is contingent on Grantee meeting all the requirements specified in this Grant Award Agreement (Agreement). Grantee's failure to meet the terms, conditions, and requirements of this Agreement throughout the term of this Agreement shall result in forfeiture and return to ARB of a pro-rated portion of the awarded Grant, as specified in this Agreement, as well as other remedies that may apply under California law.

Equipment Requirements

- For purposes of this Agreement, "equipment" shall include engines, equipment, and retrofits, and includes the singular and plural.
- All "equipment" purchased under this Agreement shall be ARB certified or ARB verified and meet the most stringent oxides of nitrogen (NOx), particulate matter (PM) and reactive organic gas (ROG) or non-methane hydrocarbon (NMHC) standards and requirements applicable at the time the Grant is executed.
- The new "equipment" must not have been purchased by Grantee prior to the date of execution of the Agreement.
- For engine or equipment replacements, the engine or equipment to be replaced must be scrapped within 90 days after being replaced. For purposes of this Agreement, "scrapped" means destroying or rendering the "equipment" useless either by punching a hole in the engine block, and/or cutting the structural components of the equipment, or some other manner acceptable to ARB. The engine and/or equipment to be replaced shall either be scrapped by Grantee, or Grantee may transfer the engine and/or equipment to another agency which must in turn scrap an equivalent piece of engine and/or equipment approved by ARB. Documentation of the destruction of the engine and/or equipment that was replaced (i.e. photos, receipts, etc.) must be provided to the ARB or its designee within 10 days of the engine's and/or equipment's destruction.
- Grantee shall operate all new or retrofitted "equipment" purchased under this Agreement for the project life's duration and for the estimated number of hours specified in this Agreement. Grantee shall operate all such new or retrofitted "equipment" solely within California during the estimated number of hours specified in the Appendix, and such estimated hours shall not include maintenance or testing of the "equipment".

Project Completion

Project completion is the time period from the date the ARB issues the Agreement to the Grantee to when the project becomes operational. This includes the time period when the "equipment" is ordered, delivered, and installed. The Grantee must complete the project by June 30, 2008. ARB reserves the right to grant extensions on a case-by-case basis provided a written request is submitted to ARB by May 31, 2008 that details the basis for the delay and the expected completion of the project. No projects may extend past June 30, 2009.

Project Implementation/Life

The project implementation (a.k.a. project life) means the period of time during which the Grantee is required to operate and maintain their Program-funded engine/vehicle according to the terms of this Agreement. The project life is 5 years. The Grantee understands and agrees to operate the engine/vehicle according to the terms of this Agreement and to cooperate with ARB or its designee in implementation, monitoring, and enforcement.

The monitoring phase shall be five years. Grantee understands and agrees that the ARB or its designee has the authority and reserves the right to monitor and enforce the terms of this Agreement at any time during the project life to ensure emission reductions are obtained. The ARB will seek whatever legal, equitable, and other remedies are available under State law for the Grantee's failure to comply with this Program's requirements and failure to fully perform under the Agreement.

Monitoring/Reporting

The Grantee shall monitor the Projects for the full project life of 5 years. The Grantee shall submit a copy of the required project reports to ARB by **June 30 of each year of the project**. The project report shall include "equipment" usage (hours of operation) and location. The Grantee shall maintain records and retain the records for at least three years after the termination of the Program.

Description of "Equipment"

- The description of the "equipment" can be found in the Appendix.
- ARB reserves the right to make modifications to a project provided a written request from the Grantee is submitted and approved by the ARB in writing. These modifications may be based on factors including, but not limited to, retrofit feasibility and actual project cost and subject to availability of funds.

Maintenance of the Engine/Vehicle/Retrofit

The Grantee is required to maintain the "equipment" according to the manufacturer's specifications for the life of the project. The Grantee shall not tamper or allow another to tamper with the "equipment". The Grantee is also responsible for installing and maintaining a working hour meter, or other ARB-

In the event a dispute is not otherwise disposed of by the Grantee and the ARB contact staff specified in this Agreement, the Executive Officer of the ARB shall review and render a decision in full and final resolution within 30 days. All requests for resolution must be made in writing to the Executive Officer. The Grantee shall continue to perform all duties and obligations specified in this Agreement while a dispute is under review.

Severability

If a provision of this agreement violates any applicable law or regulation, that provision will be stricken from the agreement, and all other provisions will remain in full force.

Incorporation by Reference

The Grantee's application for the Agreement is incorporated herein by reference.

Governing Law

This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

Disbursement of Funds

ARB shall reimburse the Grantee an amount not to exceed the amount specified in this Agreement. Reimbursement under this Agreement is dependent upon submission of a written request using the provided Grant Disbursement Request form. The written request must include:

- Grantee's business name
- Grantee's mailing address
- Grantee's Federal Employer's Identification Number (FEIN)
- Contact name
- Grant agreement number
- Grant amount
- Equipment identification number
- Engine/retrofit serial number
- Itemized invoice for all work completed or bill of sale. This invoice must not be dated prior to the effective date of the Agreement.

Upon verification and approval of the written request, the Grantee shall receive payment in approximately four to six weeks.

approved usage measuring device, for projects that document hours of operation as a means of calculating emissions reductions and cost-effectiveness. If the hour meter/usage device fails, the Grantee remains responsible for validating any hours not recorded by the hour meter/usage device. The Grantee must either repair or replace the non-operating meter/device or provide other documentation of "equipment" operating hours acceptable to ARB.

Nonperformance

The ARB has the authority to fine the Grantee or seek other remedies available under the law for noncompliance with Program requirements and nonperformance with the Agreement. ARB reserves the right to consider unforeseen circumstances beyond the Grantee's control in determining penalties for nonperformance. Nonperformance that results in loss of emission reductions to be achieved pursuant to this Agreement shall result in forfeiture of the Agreement and return to ARB of a pro-rated amount as follows:

$$\text{Money to be refunded} = \text{original grant amount} \times \{1 - [(\text{actual use in hours}) / (\text{estimated use in hours})]\}$$

On-Site Inspections

ARB or its designee(s) reserve(s) the right to inspect the "equipment" and/or records relating to the engine for the duration of this Program.

Auditing

Grantee agrees that the State shall have the right to audit all records relating to the Grant. Grantee agrees to maintain such records for a minimum of eight years after final payment, the end of the project life, or termination of this Agreement, whichever is later, unless a longer period is stipulated. Further, Grantee agrees to include a similar right of the State to audit records in any subcontract related to performance of this Agreement.

Insurance

Grantees are required to carry and (as required by annual reports or requested during monitoring and auditing) provide proof of insurance covering the new "equipment" throughout the term of the agreement.

Indemnification

Grantee agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Grantee in the performance of this Agreement.

Disputes

APPENDIX-

Individual Equipment Grant Amounts and Project Specifications

Funding under this Agreement shall be utilized by Grantee only toward the replacement of the following equipment with the purchase of the following technology.

Grantee: City of Fresno
Grant Number: G06-PA14
Grantee Equipment ID: 510001
ARB Equipment ID: 44.1
Equipment Grant Amount: \$75,756

Existing Equipment

- Equipment Type: Water Wagon
- Make: John Deere
- Model: 862B
- Model Year: 1994

Existing Engine

- Make: John Deere
- Model: 6619AT-04
- Model Year: 1994
- Horsepower Rating: 265

New Equipment

- Equipment Type: Water Wagon
- Estimated Equipment Usage (hours): 380

New Engine

- Approximate Horsepower Rating: 330
- Engine Tier: 3

Retrofit

- ARB Verified Level 3 Retrofit

Funding under this Agreement shall be utilized by Grantee only toward the replacement of the following equipment with the purchase of the following technology.

Grantee: City of Fresno

Grant Number: G06-PA14

Grantee Equipment ID: 830004/830005

ARB Equipment ID: 44.2

Equipment Grant Amount: \$106,786

Existing Equipment

- Equipment Type: Dozer
- Make: Caterpillar
- Model: D7G
- Model Year: 1976

Existing Engine

- Make: Caterpillar
- Model: 3306
- Model Year: 1976
- Horsepower Rating: 240

New Equipment

- Equipment Type: Dozer
- Estimated Equipment Usage (hours): 25

New Engine

- Approximate Horsepower Rating: 492
- Engine Tier: 3

Retrofit

- ARB Verified Level 3 Retrofit

Funding under this Agreement shall be utilized by Grantee only toward the replacement of the following equipment with the purchase of the following technology.

Grantee: City of Fresno
Grant Number: G06-PA14
Grantee Equipment ID: 830010
ARB Equipment ID: 44.3
Equipment Grant Amount: \$41,108

Existing Equipment

- Equipment Type: Motor Grader
- Make: John Deere
- Model: 670B
- Model Year: 1990

Existing Engine

- Make: John Deere
- Model: 6068T
- Model Year: 1990
- Horsepower Rating: 142

New Equipment

- Equipment Type: Motor Grader
- Estimated Equipment Usage (hours): 580

New Engine

- Approximate Horsepower Rating: 165
- Engine Tier: 3

Retrofit

- ARB Verified Level 3 Retrofit

\$25 Million for Low-Emission Construction Equipment for Public Agencies Grant Disbursement Request

Grantee: City of Fresno

Grantee's Federal Employer's ID Number: _____

Grant Number: G06-PA14

Contact Person: Jim Schaad

Contact Person for Receipt of Funds (if different): _____

Address: 2101 G St., Bldg. F

Address for Receipt of Funds (if different): _____

Fresno, CA 93706

See instructions on reverse

	Amount of Funds
1. Total Grant Award for Projects.	\$ 223,650
2. Grant Award Funds for Projects Received to Date.	_____
3. Grant Projects – Equipment ID Number:	
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
4. Total Funds Request from Grant Award.	

I certify to the best of my knowledge and belief that the information contained in this grant disbursement request agreement is correct and complete and is in accordance with the grant. In addition, I hereby authorize the Air Resources Board to make any inquiries to confirm this information.

Signature of Authorized Official

Name: _____

Title: _____

Date: _____

**\$25 Million for Low-Emission Construction Equipment for Public Agencies
Grant Disbursement Request**

INSTRUCTIONS TO COMPLETE GRANT DISBURSEMENT REQUEST

When ready to request disbursement of funds, submit this "Grant Disbursement Request" form and the required documentation to:

Ms. Stacey Dorais
Carl Moyer Program AGPA
Mobile Source Control Division
Air Resources Board
1001 I Street
Sacramento, CA 95812

Questions on this disbursement request should be directed to Ms. Stacey Dorais at (916) 322-2383 or sdorais@arb.ca.gov

CHECKLIST:

On Disbursement Request	In addition, the following documentation must accompany this Disbursement Request
<input type="checkbox"/> Grantee's business name	
<input type="checkbox"/> Federal employer's ID number (FEIN)	<input type="checkbox"/> New equipment serial number and new equipment ID (if applicable)
<input type="checkbox"/> Contact person	<input type="checkbox"/> New engine serial number (if applicable)
<input type="checkbox"/> Mailing address	<input type="checkbox"/> Retrofit serial number (if applicable)
<input type="checkbox"/> Contact person for receipt of funds	<input type="checkbox"/> Agency's equipment ID for funded equipment
<input type="checkbox"/> Mailing address for receipt of funds	<input type="checkbox"/> Itemized invoice for all services completed or bill of sale
<input type="checkbox"/> Equipment ID number	<input type="checkbox"/> Photographs of new equipment purchased through this grant
<input type="checkbox"/> Grant amount	<input type="checkbox"/> Documentation of destruction of old equipment and/or engine (i.e. photographs, invoice from scrap yard, etc.)
<input type="checkbox"/> Grant agreement number	
<input type="checkbox"/> Signature of authorized official	

A. Shaded boxes to be completed by the ARB.

B. To be completed by Grantee.

3. Grant Projects – Equipment ID Number.

Enter the Equipment ID Number and reimbursement amount in the corresponding columns. Please make copies of the first page if more space is required for additional equipment

NOTE: Agencies are only eligible for reimbursement up to the dollar amount for each piece of equipment in the Appendix of the Grant Agreement.

4. Total Funds Requested from Grant Award.

Total of items in number 3.