



Legislation Text

File #: 07-0220, **Version:** 1

Resolution to Accept Grant and Appropriate Funds from the Michigan Department of Transportation for Biofuel Stations (\$232,672.00 Federal Funds) and Approve Sub-Grants (8 votes required)
The attached resolution will authorize a grant agreement with the Michigan Department of Transportation (MDOT) to accept a \$232,672.00 grant for the City of Ann Arbor to sponsor the Clean Energy Coalition to install six biofuel pumps at five sites in Washtenaw County. This federal "CMAQ" grant will be administered through MDOT and will provide funding for 3 public E-85 stations, 2 public biodiesel stations, and a private E-85 pump for the City of Ann Arbor municipal fleet. Grant funds will pay for 80% of the installation costs for these biofuel stations, with 20% provided by the station owners. The resolution will authorize sub-grant agreements with the Clean Energy Coalition and with four public fueling stations for the project. The total project cost will be \$290,840.00.

For federal CMAQ funds, a non-profit is allowed to apply for a grant but must find an "Act 51 Sponsor" (a governmental agency) to assume all legal and financial liabilities for the project. The City of Ann Arbor agreed to sponsor the Clean Energy Coalition's grant application because it closely matches our goals of encouraging renewable energy use in our community and because the City of Ann Arbor is a member of the Ann Arbor Area Clean Cities Coalition, a US Department of Energy Program to encourage renewable fuel use, that is now managed by the Clean Energy Coalition. Clean Energy Coalition will serve as the project manager for this project with the City of Ann Arbor serving as the "Act 51 Sponsor".

The City will enter into sub-grantee agreements with all parties to ensure that roles and responsibilities are legally defined. As shown on the attached table, all biofuel station owners will contribute 20% cash cost for the installations with federal funds paying the rest. The Clean Energy Coalition will donate \$10,000.00 in staff time and receive payment of \$40,000.00 for creating and coordinating the project and serving as project manager to ensure that each fueling station is installed according to grant requirements. The City of Ann Arbor Energy Office will donate \$1,200.00 in staff time and receive \$4,800.00 for serving in the "Act 51 Sponsor" role, which includes providing all necessary reports to MDOT. Each of the fueling stations has signed a preliminary sub-grant agreement with the City and the Clean Energy Coalition to install the biofuel pumps per the requirements of the grant.

This project is part of the activities of the Ann Arbor Area Clean Cities program that has focused on displacing imported fossil fuels and improving air quality in Washtenaw County since 1999. To date this program has managed over \$700,000.00 in state and federal grant funds in support of these goals. The program has the support of numerous public and private organizations including the City of Ann Arbor, Washtenaw County, University of Michigan, Ann Arbor Public Schools, Washtenaw County Road Commission, Ecology Center and many others. As a result of this program, over 4,000 vehicles in Washtenaw County operate on alternate fuels and over 1 million gallons of fossil fuels were displaced locally by renewable fuels in 2006. This program was created and originally housed in the Ann Arbor Energy Office but was spun-off to a local non-profit, the Clean Energy Coalition, following the guidelines of the US Department of Energy.

The City of Ann Arbor will spend \$11,822.00 to install E-85 ethanol fueling capability at 2000 S. Industrial, which is 20% of the total \$59,110 estimated cost for the fueling station. \$47,288.00 in federal funds will be utilized for this City fueling station. The necessary funds are included in the FY 2008 Fleet Maintenance budget. The 2000 S. Industrial site was chosen because a majority of 13 E-85 flex-fuel vehicles currently operating in the municipal fleet are owned by the Police Department and fuel at that site. The Green Fleets team will be working to add additional E-85 flex fuel vehicles to the City fleet as more models become available that meet our needs.

Grant funds will be available for the life of the project regardless of fiscal year. David Konkle, Energy Coordinator will serve as the grant manager.

Prepared By: David Konkle, Energy Coordinator
Reviewed By: Sue F. McCormick, Public Services Administrator
Approved By: Roger W. Fraser, City Administrator

Whereas, The City of Ann Arbor is a member of the Ann Arbor Area Clean Cities Coalition currently housed in the non-profit Clean Energy Coalition;

Whereas, The Clean Energy Coalition approached the City of Ann Arbor to act as their "Act 51" sponsor for an application for a federal CMAQ grant to install 6 biofuel stations in the Ann Arbor area;

Whereas, The City agreed to sponsor the application because it closely matches our goals of encouraging renewable energy use in our community;

Whereas, A grant of \$232,672.00 in federal funds was awarded to the City of Ann Arbor by the Michigan Department of Transportation to build 3 public E-85 ethanol and 2 public B-20 biodiesel fueling stations plus one private E-85 ethanol station for the Ann Arbor municipal fleet;

Whereas, The City will enter into sub-grantee agreements with Clean Energy Coalition for \$40,000 with an in kind match of \$10,000, Futureman for \$39,288.00 with a cash match of \$9,822.00, Wacker for \$29,540.00 with a cash match of \$7,385.00, State Oil Company for \$23,288.00 with a cash match of \$5,822.00 and Southeast Petroleum Corp. \$48,468.00 with a cash match of \$12,117.00 to ensure that the roles and responsibilities related to this grant are legally defined;

Whereas, The City of Ann Arbor will receive \$47,288.00 in federal funds and spend \$11,822.00 in City funds to install E-85 ethanol fueling capability at 2000 S. Industrial;

Whereas, The necessary funds are included in the FY 2008 Fleet Maintenance budget;

Whereas, The City's Energy Office will provide indirect match in the form of staff time totaling \$1,200.00 and receive \$4,800.00 in federal funds; and

Whereas, The Energy Office will provide grant management services for this grant;

RESOLVED, That the City accept the Michigan Department Transportation grant of \$232,676.00 for the installation of biofuel stations in the Ann Arbor area;

RESOLVED, That the Mayor and City Clerk be authorized and directed to sign the grant agreement with the Michigan Department of Transportation and the sub-grant agreements with Clean Energy Coalition, Futureman, Wacker, State Oil Company and Southeast Petroleum Corp. after approval as to substance by the City Administrator and approval as to form by the City Attorney;

RESOLVED, That the grant funds be appropriated to the FY 08 Energy Office Grant Fund for the life of the project, regardless of fiscal year; and

RESOLVED, That the City Administrator be authorized to take all necessary administrative actions to implement this resolution.