



Legislation Text

File #: 09-0245, **Version:** 1

Resolution to Approve Replacement Sub-Grants from the Michigan Department of Transportation for Biofuel Station Construction

The attached resolution will authorize sub-grant agreements with 2991 S. State St. Inc. and Speedway Super America, LCC to replace previous sub-grantees Futureman and State Oil Company, respectively.

These sub-grants are part of a federal "CMAQ" grant, which is administered through the Michigan Department of Transportation (MDOT) and provides funding for three public E-85 stations, two 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, as shown on the attached table.

The only substantive change with the new sub-grantees is that 2991 S. State St. Inc. will install one 4,000 gallon biodiesel tank, whereas two 1,000 gallon tanks had initially been planned with Futureman.

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, which is now managed by the Clean Energy Coalition. Clean Energy Coalition is serving as the project manager for this project with the City of Ann Arbor as its "Act 51 Sponsor".

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. As a result of this program, over 7,000 vehicles in Washtenaw County operate on alternate fuels and over 1.4 million gallons of fossil fuels were displaced locally by renewable fuels in 2007. 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.

Prepared By: Andrew Brix, Energy Programs Manager

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 local 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 accepted the Michigan Department Transportation grant of \$232,676.00 for the installation of biofuel stations in the Ann Arbor area in resolution R-07-502 on October 15, 2007 and entered into sub-grantee agreements with Clean Energy Coalition for \$40,000.00 with an in kind match of \$10,000.00, 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 were legally defined;

Whereas, Futureman and State Oil Company subsequently decided not to install new biofuel stations and the City has provided notice to them terminating their sub-grantee agreements;

Whereas, 2991 S. State St. Inc. and Speedway Super America, LLC have been identified to replace Futureman and State Oil Company;

Whereas, 2991 S. State St., Inc. and Speedway Super America, LLC received human rights approval on March 5, 2009 and March 18, 2009, respectively; and

Whereas, The Energy Office is providing grant management services for this grant;

RESOLVED, That the Mayor and City Clerk be authorized and directed to sign the sub-grant agreements with 2991 S. State St. Inc. and Speedway Super America, LLC after approval as to substance by the City Administrator and approval as to form by the City Attorney; and

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