REPORT TO CITY COUNCIL

DATE: **SEPTEMBER 14, 2005**

TO: **HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

FROM: **GREG RAMIREZ, CITY MANAGER**

BY: **JIM THORSEN, ASSISTANT CITY MANAGER**
CHRIS DODD, FACILITIES/OPERATIONS SUPERVISOR

SUBJECT: **APPROVAL OF FLEET VEHICLE REPLACEMENT SCHEDULE IN LIEU OF A COMPRESSED NATURAL GAS (CNG) REFUELING STATION**

In fiscal year 2004-2005, Council approved the use of Air Quality Management District (AQMD) funds to design and install a compressed natural gas (CNG) refueling station in the City's garage. The design was completed last year and the installation was to take place during this current fiscal year. The station would serve the City's four existing CNG vehicles and was identified as a good use of our AQMD funds. In addition to saving costs on fuel, the new station would save a large amount City staff time from having to drive to Thousand Oaks to fill the vehicles.

However, the alternative fuel industry has seen a significant shift in technology in recent times. Automakers have announced they are beginning to eliminate production of CNG vehicles in favor of the hybrids. Many manufacturers have given notice that CNG vehicles will no longer be produced. It is likely that in the near future, the vehicle manufacturing industry will only produce busses in a CNG format.

Based upon these recent trends, it has now become apparent that the City should not install a CNG station, as it will most likely become antiquated in the future. Staff has evaluated other cost effective uses of our AQMD funds. It was determined that in lieu of installing a CNG station, it would be more economical to replace our existing CNG vehicles with higher mileage hybrid vehicles that are eligible for AQMD funds. The dynamic hybrid vehicle market is becoming more reliable, economical, fuel efficient, and can be filled at a local gasoline station.

Hybrids have now become available in a truck format. A truck is desired for inspectors that travel to various construction sites. Many other agencies have recently begun to replace their CNG vehicles with hybrid vehicles. For example, the City of Thousand Oaks has limited their CNG usage to busses. They have just ordered nine (9) new Toyota Prius hybrids and four (4) Chevrolet Silverado hybrid trucks this year for staff usage.

The City receives approximately $25,000 per year from the Southern California Air Quality Management District. The City currently has a fund balance of $85,000 in AQMD funds (including this year's allotment). The CNG fueling station project was to utilize $65,000 of these funds this fiscal year. With the funds saved from not installing a fueling station, and with the anticipated trade-in value of the CNG vehicles, it is recommended that the following tentative vehicle replacement schedule be reviewed and approved.

TENTATIVE REPLACEMENT SCHEDULE

1997 Ford F-250 Pickup (CNG) – Chevrolet Silverado Hybrid (2005-2006 FY)
2000 Honda Civic (CNG) – Ford Escape Hybrid / Honda Civic Hybrid (2005-2006 FY)
1999 Ford F-250 Pickup (CNG) – Chevrolet Silverado Hybrid (2006-2007 FY)
2004 Ford F-150 Pickup (CNG) – Chevrolet Silverado Hybrid (2007-2008 FY)
1998 Ford Contour – Ford Escape Hybrid / Toyota Prius Hybrid (2008-2009 FY)

RECOMMENDATION

It is respectfully recommended that the City Council direct staff to implement the above vehicle replacement schedule utilizing our AQMD AB2766 funds in lieu of constructing a CNG refueling station.

Attachment: 5-year Cost Comparison between CNG and Hybrid Vehicles

5-Year Cost Comparison
CNG vs. Hybrid

Year	CNG	Cost	Hybrid	Cost
2005-06	CNG fueling Station Pump Maintenance	$65,000 $2,500	Purchase Hybrid Truck Purchase Hybrid Car Trade-in 1997 CNG F-150 Trade-in 2000 CNG Honda Staff time to fuel CNG vehicles	$27,100 $27,100 $(3,000) $(4,800) $2,000
2006-07	Purchase CNG truck* Trade-in 1997 CNG F-150 Pump Maintenance	$24,000 $(3,000) $5,000	Purchase Hybrid Truck Trade-in 1999 CNG F-250 Staff time to fuel CNG vehicles	$28,000 $(5,000) $1,000
2007-08	Purchase CNG Car* Trade-in 1998 Contour Pump Maintenance	$24,000 $(4,000) $5,000	Purchase Hybrid Truck Trade-in 2004 CNG F-150	$28,000 $(10,000)
2008-09	Purchase CNG truck* Trade-in 1999 F-250 Pump Maintenance	$25,000 $(3,000) $5,000	Purchase Hybrid Car Trade-in 1998 Gasoline Contour	$24,000 $(3,000)
2009-10	Purchase CNG Car* Trade-in 2000 CNG Honda Pump maintenance	$24,000 $(3,000) $5,000		
Total		$171,500		$111,400

Vehicle List on June 2010

2004 CNG F-150
2006 CNG Truck
2007 CNG Car
2008 CNG Truck
2009 CNG Car

* It is unknown if CNG vehicles will be available

Note: The cost of cheaper CNG fuel is offset by higher mileage Hybrid vehicles.

Vehicle List on June 2010

2005 Hybrid Truck
2005 Hybrid Car
2006 Hybrid Truck
2007 Hybrid Truck
2008 Hybrid Car