



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 03/26/2024

REQUESTER: Mike White, Fleet Program Manager

PRESENTER: Scott Sturtz, P. E., Interim Public Works Director

ITEM TITLE: CONSIDERATION OF ACCEPTANCE, APPROVAL, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF A GRANT THROUGH THE ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS (ACOG) PUBLIC FLEET CONVERSION GRANT PROGRAM FUNDING IN THE AMOUNT OF \$1,136,000 TO BE USED FOR TWO (2) ELECTRIC CNG FUELING COMPRESSORS; APPROVAL OF CONTRACT K-2324-162; AND BUDGET APPROPRIATION AS OUTLINED IN THE STAFF REPORT.

BACKGROUND:

Each year, the Association of Central Oklahoma Governments (ACOG) issues a Call for Projects for the Congestion Mitigation Air Quality (CMAQ) – Public Fleet Conversion Funding cycle. The grant program is designed to help cities implement clean fuel projects that strive toward the improvement of regional air quality.

Transportation, especially transportation that utilizes fossil fuels, is a significant source of precursors such as volatile organic compounds and nitrogen oxides, the gasses that react to form ozone. Referred to as mobile source emissions, these precursors are emitted through vehicle exhaust and fuel evaporation, reacting to sunlight in windless conditions to create tropospheric ozone pollution. Research continues to demonstrate the effects of ozone pollution on all populations, but children, the elderly, and anyone with respiratory illnesses such as asthma are particularly vulnerable. Any reduction in ozone-forming emissions translates to increased quality of life for everyone in Central Oklahoma.

The CMAQ program was created by the Intermodal Surface Transportation Efficiency Act of 1991. It was continued by the Fixing America's Surface Transportation Act (FAST) in 2015. The FAST Act continued to provide funding for transportation projects and programs to meet the requirements of Clean Air Act. The funding is available to reduce congestion and help improve air quality with respect to ozone, carbon monoxide, or particulate matter. For 2020, Central Oklahoma did not meet National Ambient Air Quality Standards for particulate matter and was close to nonattainment for ozone.

On February 24, 2009, the Norman City Council adopted the City's first Alternative Fuel Program, which strongly supports the acquisition and operation of alternative fuel vehicles (AFVs). This

set the City's goal to increase the usage of alternative fuel vehicles each year as technology allows while monitoring each new technological advancement to suit the application and departmental needs. At that point, fully electric vehicles were not an option, but the technology has now advanced in this direction and the City of Norman is still striving to be a leader in the implementation of alternative fuel technology. This is also in accordance with the "Ready for 100" resolution passed by Council on May 28, 2018, which set a goal of 100 percent renewable energy sources for transportation by 2050.

On August 1, 2023, the Association of Central Oklahoma Governments (ACOG) announced a Clean Air Grant For Public Sector Fleets using the federal Congestion Mitigation and Air Quality Improvement Program (CMAQ) and Carbon Reduction Program (CRP). Two Years each of CMAQ and CRP funds will be available during this call for Projects, representing approximately \$4 million.

ACOG Clean Air Grants for Public Sector Fleets will allow public entities to access CMAQ funds for fleet conversions to clean fuel technology to include light-duty, medium-duty, and heavy-duty alternative fuel vehicles, hybrid and plug-in hybrid vehicles, off-road equipment, and alternative fuel vehicle refueling infrastructure. Selected projects need to be paid in full, and the awarded entity will submit for reimbursement following project completion. Alternative Fuel Infrastructure Projects may be funded at a ratio of *up to* 80 percent federal funds and 20 percent local funds for installation costs and capital investment in alternative fuel refueling/recharging infrastructure.

DISCUSSION:

On September 12, 2023, Council approved Resolution R-2324-48 to submit an application to the ACOG Public Fleet Conversion Grant Program for the replacement of two (2) 125hp CNG fueling facility compressors. The two existing electric-powered CNG Arrow compressors that will be replaced have become a challenge to keep operational. Additionally, the manufacturer is no longer building CNG compressor units, so parts are becoming obsolete and, in some cases, must be custom-made. Compressor rebuilds are typically completed every two years, every 3000-3500 hours, and cost \$25,000. The newer technology CNG compressors that will be provided with this grant require rebuilds less frequently, every 15,000 hours, at the same cost.

Improving this technology at the City's CNG public/private fueling facility will serve both our citizens and the City's CNG fleet, which has grown to over 157 CNG units ranging from refuse trucks to sedans, maintenance trucks, and transit buses. In the last twelve months, the City fleet consumed 363,981 gallons of CNG. Depending on the market cost of unleaded and diesel, the City is saving \$1.37- \$1.50 per gallon by using CNG. The annual saving to the City's fuel budget is \$498,654 to \$545,971.

On Thursday, February 15, 2024, ACOG approved a ranked list of projects for funding. Because the City of Norman had submitted multiple projects, these were grouped together as a single project, which was ranked first out of nine projects that received funding. Overall ACOG awarded \$2,580,782 to the City of Norman through this grant opportunity. As part of the award, this project will receive \$1,136,000.

Of the anticipated total costs of \$1,420,000 for this project, 80% (\$1,136,000) would be provided in the Public Fleet Conversion Grant through ACOG and the remaining 20% (\$284,000) would

be provided in local match. The \$1,136,000 in grant funding would be reimbursed to the City once the project is completed.

If approved, the FYE 2025 Capital Project Request of \$1,420,000 to replace the two CNG Compressors will be removed from the CIP budget.

RECOMMENDATION:

1. Staff recommends accepting the ACOG Public Fleet Conversion Grant Funding in the amount of \$1,136,000 to be used for two (2) electric CNG fueling compressors.
2. Staff recommends approval of Contract K-2324-162.
3. Staff recommends a budget appropriation of \$1,420,000 from Capital Fund Balance (Account 50-29000) with \$284,000 to Plant & Operating Equipment-Other (Account No. 50594408-44199) representing the grant match portion and \$1,136,000 to Electric CNG Fueling Compressors (Project BG0095; Account No. 22550480-46101 Construction).