

OFFICE OF THE CITY MANAGER  
DES MOINES, IOWA

CITY COUNCIL COMMUNICATION 96-368  
AUGUST 26, 1996 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
E-85 (ETHANOL) REFUELING INFRASTRUCTURE GRANT	◆ RESOLUTION ORDINANCE RECEIVE/FILE	PAMELA S. MCADAMS ADMINISTRATIVE INTERN

SYNOPSIS —

At the August 19, 1996 City Council meeting, Item 87, approving the contract between the City of Des Moines, and the City of Chicago, Illinois, for the purpose of establishing an E-85 (Ethanol) refueling infrastructure under the Energy Technology Grant Program, was deferred until the August 26, 1996 meeting. Since that time, the City's Legal Department has met with the Iowa Department of Natural Resources, Division of Energy and Geological Resources, to address the concerns raised. At this time it is recommended that the Council approve the concept of participation in this grant program. The necessary contract documents for final Council approval will follow.

FISCAL IMPACT —

The City must provide a contact in the Finance Department to work with State Department of Natural Resources to funnel the \$75,000 in grant money from the City of Chicago to Indianapolis; Hennepin County, Minnesota, and Polk County. The National Ethanol Vehicle Coalition has agreed to provide low interest forgivable loans to retail providers if the \$25,000 grant does not cover all necessary implementation costs.

RECOMMENDATION —

Contingent approval of project. Contract documents to follow.

BACKGROUND —

On September 19, 1995, Robert (Sherman) Yehl, Assistant City Manager, signed a tentative agreement between the City of Chicago (Department of Environment) and the City of Des Moines relative to the Energy Technology Grant Program. Before that agreement can be executed, approval from the City Council is necessary.

The Urban Consortium is a special network of the nation's largest cities and urban counties brought together by Public Technology, Inc. (PTI). The Urban Consortium Energy Task Force (UCETF) is one of several task forces of the Urban Consortium and was established to address critical energy needs of urban America. The UCETF seeks to address the overlap between energy, environment, and economic development policies in partnership with the National League of Cities, National Association of Counties, and the International City/County Management Association.

Des Moines' investment in the UCETF Grant Project, *E-85. Refueling Infrastructure for Indianapolis, Indiana; Des Moines, Iowa in conjunction with Polk County; and Hennepin County, Minnesota*, is a project that will promote the purchase of E-85 (85 percent ethanol and 15 percent gasoline) vehicles by helping establish the necessary commercial E-85 infrastructure. The three refueling facilities in Des Moines, Indianapolis, and Hennepin County are an initiative developed by the Governors' Ethanol Coalition and the National Corn Growers Association.

In March 1995, we submitted an E-85 infrastructure proposal for the UCETF. The reason the City of Des Moines was approached to become involved is because grant awards in the UCETF can only be received by units of local or municipal government (State governments are not eligible to receive grant awards). Each community will receive \$25,000 for the purpose of establishing a commercial E-85 refueling facility. The National Ethanol Vehicle Coalition (NEVC) is matching Des Moines' UCETF grant and working closely with the project partners. The Iowa Department of Natural Resources is also working closely with this project. The City of Des Moines will serve as the designated lead agency for the implementation of this grant in conjunction with Polk County.

The initiative will locate E-85 refueling tanks at commercial stations within the area and will work with the cities of Indianapolis and Minneapolis to develop a regional refueling infrastructure. The program provides a centralized, collaborative pool of financial and personnel resources to construct E-85 refueling facilities, develop comprehensive marketing and promotional materials for E-85 fuel, and identify an E-85 fuel provider for each retail location

**Benefits:**

- This is an opportunity to introduce these urban areas to alternative fuel use, as the future may bring national mandates to use ethanol burning vehicles.
- Increased petroleum displacement while promoting the use of an environmentally friendly, domestically produced fuel.
- Since ethanol contains oxygen, it contributes to a cleaner, more efficient burn of the gasoline that results in lower CO exhaust emissions.
- An increase in the use of renewable biomass fuels will partially offset the global warming effect of burning gasoline.
- The purchase of alternative fueled vehicles will be a more feasible option for commercial businesses and the general public.
- As a domestic, renewable resource produced in Iowa, ethanol contributes to the state's economy through jobs (Archer Daniels-Midland produces about 70 percent of the total U.S. production of ethanol), improved corn prices, an expanded tax base and less dollars leaving the state for imported energy sources
- Beginning in 1997, all new Chevrolet S-series and GMC Sonoma pickups will be designed to operate on E-85. Ford Motor Company already offers a flexible-fuel option on the model year 1996 Taurus.

**The City of Des Moines' Responsibilities:**

Matt McGarvey of the Department of Natural Resources, Energy and Geological Resources Division, has taken the responsibility for all necessary paperwork, including quarterly progress reports and budget reports. The City must only agree and provide a contact in the Finance Department to work with Mr. McGarvey to funnel money out to the different communities. The National Ethanol Vehicle Coalition has agreed to provide low interest forgivable loans to retail providers if the \$25,000 grant does not cover all necessary implementation costs.