

**OFFICE OF THE CITY MANAGER
DES MOINES, IOWA**

**CITY COUNCIL COMMUNICATION 96-531
DECEMBER 16, 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 26, 1996, Council Meeting, by Roll Call No. 96-3033, Council approved the concept of the City's participation in the Energy Technology Grant Program, a contract between the City of Des Moines, and the City of Chicago, Illinois, for the purpose of establishing an E-85 (Ethanol) refueling infrastructure. All parties involved have executed the contract documents for the program.

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 —

Approval of documents.

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. At the August 19, 1996, Council meeting, approving the contract was deferred until the August 26, 1996, meeting when the concept was approved. The City's Legal Department met with the Iowa Department of Natural Resources (IDNR), Division of Energy and Geological Resources, to address the concerns raised.

Subrecipient agreements and a formal contract amendment between the City, the IDNR, and the National Corn Growers Association have been signed to address concerns raised by the City's Legal Department. The E-85 refueling sites are operational and dispensing fuel. On December 3, 1996, a formal grand opening ceremony was held for the Kum & Go Stations dispensing E-85 fuel in Ames and Des Moines. Governor Branstad participated in this ceremony and will be assuming the Chair of the Governor's Ethanol coalition on January 1, 1997.

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, the 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 City of Des Moines was approached to become involved 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 IDNR 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.

City of Des Moines Responsibilities

Matt McGarvey of the DNR, 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.