



Staff Report

City of Manhattan Beach

TO: Honorable Mayor Montgomery and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Bruce Moe, Finance Director
Sona Kalapura, Environmental Programs Manager

DATE: October 21, 2008

SUBJECT: Consideration of Ordinance Amending Chapter 4.108 of the Manhattan Beach Municipal Code (Vehicles for Hire Franchise) Establishing Phased-In Requirements for Clean Air Vehicles Used in the Operation of the City Franchise

RECOMMENDATION:

Staff recommends that the City Council waive further reading and introduce Ordinance No. 2119 amending the City's Vehicle for Hire ordinance.

FISCAL IMPLICATION:

The City currently collects \$136,950 per year (\$830 per cab) in franchise fees for the 165 cabs authorized to operate in Manhattan Beach.

BACKGROUND:

The City's taxicab franchise is set to expire at the end of November 2008. In keeping with our green efforts, staff has developed clean vehicle standards for the new franchise period. The attached Ordinance will codify those new requirements prior to a Request for Proposal being issued for the upcoming franchise period.

DISCUSSION:

All the taxicabs currently used by our franchisees run on gasoline. More environmentally-friendly alternatives exist such as Compressed Natural Gas (CNG) and electric-hybrid technology, that if required in our franchise, would further our efforts to reduce air pollution and Green House Gasses (GHG). As a result, staff has prepared the attached Ordinance that will make mandatory the phased-in use of such alternatives during our next franchise period.

Highlights of the attached Ordinance are as follows:

- Four-year Phase-in with defined clean air vehicles (year 1=25%, Year 2=50%, Year 3=75%, year 4 = 100%) (excludes exemption for disabled-access and specialty vehicles)
- Vehicles must meet the California Air Resources Board (CARB) ratings of SULEV (Super

Ultra Low Emissions Vehicle) or higher

- The standards permit currently available vehicles which use hybrid or CNG technology
- If the vehicle is gasoline-electric hybrid powered, it must achieve 33 miles per gallon or higher
- Alternatively, if the vehicle utilizes a low carbon fuel, such as Compressed Natural Gas (CNG), the standard will be the “Well-to-Wheels”¹ efficiency test and must achieve a ten percent greenhouse gas reduction in the fuel cycle.
- 25% of a franchisees’ fleet is exempt from the requirement to accommodate larger capacity passenger vehicles and disabled persons’-accessible vehicles such as vans, which currently are not widely available in alternative fuel form. This will be revisited at such time they become commercially available, and a phase-in will be negotiated with the franchisees.
- The franchise vehicles cannot exceed seven model years at any time during the franchise.

Compressed Natural Gas

The use of CNG for the taxi service is growing in popularity. CNG achieves many goals, including a reduction in pollutants and GHG. Further, because it is domestically produced, it reduces our dependency on foreign oil. Additionally, the fuel is typically 25% to 40% less expensive than an equivalent gallon of gasoline.

One of the biggest issues with the use of CNG is availability of fueling infrastructure. Currently, the closest public fueling stations to Manhattan Beach are at LAX and Carson. Because the fuel tanks for CNG do not provide the capacity to equal the mileage distance that equivalent gasoline vehicles can travel, fueling infrastructure is critical. Therefore, for CNG to be used successfully in our taxicab franchise, additional fueling stations are needed. Further, taxicab companies are reluctant to invest in CNG powered vehicles unless there is sufficient infrastructure.

The major retailer of CNG, Clean Energy, is interested in expanding operations in the South Bay. This will support our requirements for clean air taxicab franchise vehicles (and may also help in our own expanded use of CNG in the City fleet). But because taxicabs represent a large segment of their business, Clean Energy needs to have demand for CNG before considering the capital outlay for new stations. In discussions with them, as we developed the franchise requirements in the Ordinance, Clean Energy committed to building a South Bay station upon passage of our new requirements via the Ordinance. Clean Energy estimates that it will take approximately nine months to complete the facility once construction begins.

In developing these new phased-in standards, the City will be providing taxicab franchisees with several vehicle options. For example, the Ford Crown Victoria can be successfully converted from gasoline to CNG by after-market installers, and is currently used in the city of Long Beach

¹ The analysis takes into account the fuel cycle, from production, processing and storage, to transportation, distribution and use in the vehicle. An analysis of the fuel cycle was conducted by an independent firm as part of AB 1007 which requires increased use of alternative fuels in the State. The analysis concludes that CNG is a low carbon fuel.

franchise. As an alternative, the proposed hybrid mileage standard (33 miles per gallon) allows for deployment of the Toyota Camry Hybrid, the Nissan Altima Hybrid, and the Ford Escape Hybrid models. These standards will allow the cab companies to determine which vehicles best meet their needs in meeting the City's standards.

Because the franchisees will need sufficient lead time to comply with the new standards set forth in the Ordinance, and recognizing that CNG may be the more popular alternative, we have set the effective date of the Ordinance to coincide with the beginning of operation of a South Bay CNG fueling station. At that time, cab companies then have one year to convert 25% of their fleet to the City's standard (and additional subsequent 12 month periods for the remaining phase in periods described above). This provides sufficient time for the franchisees to comply with the 25% year-one requirement.

In order to allow franchisees sufficient time to amortize the cost of these cleaner, more expensive vehicles, the franchise term, which in the past has been three years, will be extended to five years.

Other Agency Standards

If the proposed standards are enacted, Manhattan Beach will be the first in the South Bay to require alternative fuels for taxicab franchisees. Other large municipalities across the country have already enacted clean vehicle standards (see Attachment "B"). Clearly, such requirements are growing as municipalities seek methods to reduce GHG and reduce pollution.

- Attachments: A. Ordinance No. 2119
B. Other Cities' Clean Vehicle Standards

ORDINANCE 2119

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, ADDING A NEW SECTION 4.108.21 TO CHAPTER 4.108 TO TITLE 4 OF THE MANHATTAN BEACH MUNICIPAL CODE

THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council of the City of Manhattan Beach hereby finds as follows:

- a. Promotion of low emission vehicles is in the best interest of the health and welfare of the citizens of Manhattan Beach. This ordinance is intended to encourage replacement of existing standard emission vehicles with low emission vehicles.
- b. This ordinance is not subject to the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15061(b)(3) in that the activity will not result in direct or indirect or reasonably foreseeable direct or indirect physical change to the environment.

SECTION 2. A new Section is hereby added to Chapter 4.108, Title 4 of the Manhattan Beach Municipal Code to read as follows:

4.108.21 Clean Air Vehicles

Effective with franchise periods commencing on or after November 30, 2008, Franchisees are required to provide clean air vehicles as defined within this section of the code, at the end of the franchise period below, in the following percentages of that franchisee's total number of vehicles authorized for use for that franchise period:

<u>Year</u>	<u>Minimum %</u>
1	25%
2	50%
3	75%
4	100%

The percentages listed above recognize that certain special purpose vehicles (disabled access, vans used for school transportation or larger passenger volume vehicles to accommodate large parties) may not be commercially available as clean air models at the time of adoption of this Ordinance. These special purpose vehicles, which may not exceed twenty-five percent (25%) of the total authorized vehicles under each franchisee's allocation, will be exempt from the requirement until a commercial clean air model is available. At that time, the City and franchisees will negotiate an implementation schedule.

In recognition of the need for local fueling infrastructure for vehicles that run on fuels other than gasoline or diesel fuel that meet the clean air standards, this Ordinance shall become effective upon the commencement of operation of one retail Compressed Natural Gas (CNG) fueling station within one of the following cities: Manhattan Beach, El Segundo, Hermosa Beach, Redondo Beach or Torrance.

For example, if a qualified Compressed Natural Gas Station were to become operational on June 1, 2009, franchisees will be required to have 25% of their fleets used in the operation of the city's franchise (excluding the 25% exemption described above) compliant with the new standard by June 1, 2010, 50% by June 1, 2011, 75% by June 1, 2012, and 100% by June 1, 2013.

Gasoline or diesel powered Clean Air vehicles for purposes of this requirement shall meet or exceed, and be maintained within the specifications of the following ratings provided by the California Air Resources Board (CARB):

- Super Ultra Low Emissions Vehicle (SULEV)
- Partial Zero Emissions Vehicle (PZEV)
- Advanced Technology Partial Zero Emissions Vehicle (AT PZEV)
- Zero Emissions Vehicle (ZEV)

Additionally, vehicles used in the operation of the franchise, in the percentages listed above, must be either a Low Carbon Fuel vehicle achieving a minimum “well-to-wheels” greenhouse gas reduction of 10% in accordance with the Governor’s Executive Order S-01-7, or a Hybrid electric vehicle achieving a minimum of thirty-three (33) miles per gallon in City use according to the US Environmental Protection Agency.

No vehicle shall be older than five model years at any time during the franchise period.

SECTION 3. All other provisions of Manhattan Beach Municipal Code shall remain unchanged and continue in full force and effect.

SECTION 4. Any provisions of the Manhattan Beach Municipal Code, or appendices thereto, or any other ordinances of the City, to the extent that they are inconsistent with this ordinance, and no further, are hereby repealed.

SECTION 5. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. The City Council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid or unconstitutional.

SECTION 6. This ordinance shall go into effect and be in full force and operation from and after thirty days after its final passage and adoption.

SECTION 7. The City Clerk shall cause this Ordinance or a summary thereof to be published and, if appropriate posted, as provided by law. Any summary shall be published and a certified copy of the full text of this Ordinance posted in the Office of the City Clerk at least five (5) days prior to the City Council meeting at which this Ordinance is to be adopted. Within fifteen (15) days after the adoption of this Ordinance, the City Clerk shall cause a summary to be published with the names of those City Council members voting for and against this Ordinance and shall post in the Office of the City Clerk a certified copy of the full text of this Ordinance along with the names of those City Council members voting for and against the Ordinance.

PASSED, APPROVED and ADOPTED this 21st day of October, 2008.

Ayes:
 Noes:
 Absent:
 Abstain:

 Mayor, City of Manhattan Beach, California

ATTEST:

 City Clerk

What Other Cities Are Requiring for Alternative Fuels for Taxicabs

Taxi cabs can drive anywhere from 50,000 to 100,000 miles annually. Because of this high annual mileage, taxis are a great area to focus on fuel efficiency and greenhouse gas emissions reductions. According to the Department of Energy, "...the gasoline-powered Ford Crown Victoria, the most common taxi vehicle in the United States, emits 64.7 tons per year compared with the CNG Ford Crown Victoria, which emits about 39.1 tons, the Ford Escape Hybrid, which emits 33.5 tons and Toyota Prius, which emits 23.6 tons."

The Department of Energy also says that the characteristics of taxi cab driving make taxis, "...ideal for alternative fuel and advanced vehicle technologies that can reduce taxi fleets' operational costs while improving air quality and public image."

Several city governments throughout the country have sought to reduce greenhouse gas emissions, and improve air quality, by adopting alternative fuel standards for the taxi cab franchises operating in their cities. Below are a few examples of these cities, taxi cab companies, and types of vehicles that are being used to reduce greenhouse gas emissions.

Boston

Boston is requiring all taxicabs licensed through the city to be hybrid by 2015.

www.cityofboston.gov

Las Vegas

According to the Taxi Authority there are no incentives or ordinances encouraging hybrid, alternative fuel vehicles or a mpg baseline.

Long Beach – Yellow Cab

Long Beach aims to green its taxi fleet over the next 3 years by converting 85% of the fleet to hybrid and CNG vehicles.

Los Angeles – 9 Franchises

According to Tom Drischler, the Taxicab Administrator, the City of Los Angeles is 4-6 weeks away from announcing a plan to encourage cab companies to purchase alternative fuel vehicles, hybrids, or vehicles with high mpg. Currently, 100 of the 2,303 taxicabs in operation have been converted to run on CNG. In 2010, the City will renew the taxicab contracts and implement stricter mileage and/or emissions standards.

New York

Over 300 New York City Medallion cabs have been converted to run on CNG, many of which travel 100,000 miles or more annually. The New York City Clean Fuel Taxi Program provides funds toward the purchase of new natural gas taxi cabs or the conversion of gasoline cabs to natural gas.

<http://www.nyserda.org/Programs/transportation/AFV/NYCFuelTaxi.asp>

Oakland

Oakland permits 120 taxicabs to serve OAK (the international airport). The Board of Port Commissioners requires that companies with more than 2 permits to have 50% of their fleet utilizing alternative fuels. They have also implemented incentives and grants to encourage more alternative fuel vehicles. Approximately 70% of the taxicabs that serve Oakland International are alternative fuel. www.oaklandairport.com

Phoenix

Phoenix contracts with three different taxicab companies for airport service, each company can manage a fleet of 66 vehicles as long as 58 are converted to run on CNG. The SkyHarbor Airport Ground Transportation office has not decided what the requirements (if any) will be when the current contracts are renewed. There have been questions regarding the number of CNG refueling stations.

Seattle

By July 1, 2013 all taxicabs operating in the City of Seattle will get at least 30mpg. The number of taxi licenses will increase from approximately 667 to 850. The switch to cleaner vehicles will reduce carbon dioxide emissions by 40%. http://seattlepi.nwsourc.com/local/374556_cabs12.html

San Francisco – Yellow Cab

110 CNG vehicles (50% 2003 models, 50% after-market BAF 2007-2008 conversions)
80 hybrid vehicles (mostly Ford Escape, a few Nissan Altimas)
A 2007 resolution passed by the Taxi Commission requires San Francisco taxi companies to reduce total greenhouse gas emissions by 50 percent from current levels and 20 percent from 1990 levels by 2011. <http://sanfrancisco.bizjournals.com/sanfrancisco/stories/2008/05/12/story10.html>

Washington, D.C

Taxicab Hybrid Technology Vehicle Expansion Act of 2007 sets goals for percentage of taxicabs that will be hybrid or alternative fuel in the future:

- 1/1/09 - 5% of taxicabs licensed in DC will be hybrid or alternative fuel vehicles.
 - 1/1/11 - 10% of taxicabs licensed in DC will be hybrid or alternative fuel vehicles.
 - 1/1/13 – 20% of taxicabs licensed in DC will be hybrid or alternative fuel vehicles.
 - 1/1/15 – 30% of taxicabs licensed in DC will be hybrid or alternative fuel vehicles.
 - 1/1/17 – 50% of taxicabs licensed in DC will be hybrid or alternative fuel vehicles.
- Also gave one-time \$2,000 tax credits for purchasing alternative fuel or hybrid vehicles to be used as taxicabs.

www.dccouncil.washington.dc.us

Airports

A number of airports across the country have implemented green vehicle standards.

Examples include:

- Seattle/Tacoma: 100% CNG
- Phoenix Sky Harbor: 100% CNG
- Oakland: 50% CNG
- San Francisco: “Front-of-the-line” privileges
- Ontario: Phasing-in to 100% alternative fuels within two years