



CITY COUNCIL AGENDA REPORT

MEETING DATE: JUNE 6, 2006

ITEM NUMBER:

SUBJECT: SCAQMD RULE 2202-ON-ROAD-MOTOR VEHICLE MITIGATION OPTIONS

DATE: MAY 25, 2006

FROM: PUBLIC SERVICES DEPARTMENT - TRANSPORTATION SERVICES DIVISION

PRESENTATION BY: PETER NAGHAVI, TRANSPORTATION SERVICES MANAGER

FOR FURTHER INFORMATION CONTACT: PETER NAGHAVI, TRANSPORTATION SERVICES MANAGER - (714) 754-5182

RECOMMENDATION:

1. Approve participation in the Emission Reduction Strategy Option, authorizing the transfer of credits from City's vendor, Cantor Fitzgerald Brokerage, LP, to the South Coast Air Quality Management (SCAQMD).
2. Approve a contract (Attachment 1) with Cantor Fitzgerald Brokerage, LP, 345 California Street, Suite 1260, San Francisco, CA 94104, for an amount not to exceed \$9,760 for the purchase and transfer of the Vehicle Emission Reduction Credits to SCAQMD for Rule 2202 compliance for 2006. Authorize the Mayor and City Clerk to sign.

BACKGROUND:

In December 1995, the South Coast Air Quality Management District (SCAQMD) Governing Board adopted rule 2202-On-Road Motor Vehicle Mitigation Options (Attachment 2). This rule requires the implementation of an emission reduction program related to employee commuters. Rule 2202 is intended to provide employers with less costly reduction strategy regulations.

The SCAQMD's Rule 2202 has been implemented to reduce emissions from mobile sources. Accordingly, this rule provides employers options that can meet an annual emission reduction target for Volatile Organic Compounds (VOC), Oxides of Nitrogen (NOx), and Carbon Monoxide (CO).

In 1996, 1999, and 2002, the City Council approved the City's triennial participation in the SCAQMD Air Quality Investment Program to comply with Rule 2202. The City is currently participating in the Emission Reduction Strategy Program. The approaching June 20, 2006 end of the current program therefore, necessitates that the City again implement an emission reduction program to meet a specified annual emission reduction target.

ANALYSIS:

The current emission reduction and trip reduction options as contained in Rule 2202 include:

- **Air Quality Investment Program (AQIP):** Employers could participate in the AQIP by submitting an air quality investment to be placed in a restrict fund. The AQMD's Governing Board uses monies collected by the district under the AQIP to fund approved mobile source

emission reduction programs. By participating in AQIP, the City would contribute funds in the amount of **\$60 annually**, or **\$125 triennially**, per employee reporting for work to the Civic Center during the Peak Commute Window. Under the Triennial Compliance Option, any subsequent increase in the number of employees at the Civic Center within the peak window shall be accounted for during the 2nd and 3rd year due date by investing \$60 per additional employee. Based on the recent survey, participation in the "Annual Option" for this program would cost \$19,200, and the "Triennial Option" (3 yrs.) would cost \$40,000, assuming no addition of employees at the Civic Center for the next three years. (NOTE: This is the plan the City has participated in for the years 1996 through 2005).

- **Emission Reduction Strategy/Vehicle Trip Emission Credits:** This program provides employers an option to meet their reduction target by purchasing Vehicle Emission Reduction Credits from vendors in the open market. The Credits would be transferred from the vendor to the SCAQMD to achieve compliance. The amount of credits needed to achieve compliance is based on the number of employees reporting to Civic Center during the Peak Commute Window (6AM to 10AM) and Average Vehicle Ridership (AVR).

The cost for subsequent year's Credits would be based on future market costs and the number of employees reporting to Civic Center.

- **Peak Commute Trip Reduction:** This program allows employees to develop a plan that will reduce the number of employee single-occupant vehicle trips to the Civic Center that occur during the morning Peak Commute Window. Under such a plan, the City would provide incentives to employees to encourage ridesharing and to use alternate transportation modes. (NOTE: Prior to SCAQMD offering the above options, the City administered a Peak Commute Trip Reduction Plan. In 1996, the annual cost to implement the City's approved plan was over \$57,000).

Based on a recent survey, the number of employees currently reporting to the Costa Mesa Civic Center between the window of 6 AM to 10 AM (Peak Commute Window) would require the reduction of 672 pounds of VOC, 728 pounds of NOx, and 7224 pounds of CO.

The Transportation Services staff has reviewed the available options, and has determined that Emission Reduction Strategy/Vehicle Trip Emission Credits is the least expensive option to achieve compliance for the upcoming year.

Accordingly, the City has completed a comprehensive survey and has determined the Peak Commute Window employee count to be 320. The City has opted to utilize the default Average Vehicle Ridership (AVR) of 1.1. instead of surveying individual employees to determine the AVR due to the extensive man-hours involved and negligible cost savings in conducting such a survey. Based on this, staff has solicited Vehicle Emission Reduction Credits on the open market. This option, at a cost of \$9,760 per year (or \$30.50 per employee reporting to Civic Center during the Peak Commute Window), would qualify the City to achieve AQMD compliance for the next fiscal year. The City shall also conduct Peak Commute Window surveys during 2007 and 2008 to establish employee counts necessary for annual Rule 2202 compliance for these years.

ALTERNATIVES CONSIDERED:

An alternative to the Emission Reduction Strategy would be the Air Quality Investment Program (AQIP). The cost to comply with this option for a period of three years would be approximately \$40,000 (approximately \$13,333 per year). This cost may increase in years two and three based on the number of employees at the Civic Center. This alternative is not recommended as the cost is higher.

A second alternative would be to develop an incentive plan to reduce trips to work site. However, this alternative appears to be even less cost effective. Such a plan, in 1996 cost the City over \$57,000 per year.

A third alternative would be to not comply with SCAQMD requirement for Rule 2202. This violation would result in significant financial penalties, and ultimately compliance would be required. Thus, this alternative is also not recommended.

FISCAL REVIEW:

Funds sufficient to comply with Rule 2202 Triennial Option have been proposed in the upcoming fiscal year 2006-2007 budget.

LEGAL REVIEW:

The City Attorney's Office has reviewed the information in this report, and does not anticipate any adverse impact by the City Council approving the recommended action.

CONCLUSION:

The City is required to submit an update plan by June 21, 2006 to comply with SCAQMD Rule 2202. Compliance with this rule has been attained for the past nine years through participation in the Air Quality Investment Program (AQIP) Triennial Compliance Option. Extensive employee surveys have now resulted in the ability of the City to participate in the Emission Reduction Strategy at a cost of \$9,760 per year, (or \$30.50 per employee reporting to Civic Center during the Peak Commute Window), which appears to be the most cost effective option for the City at this time.

Therefore, the Transportation Services staff recommends the approval of the Emission Reduction Strategy as the most efficient and cost effective option to meet SCAQMD's Rule 2202 requirements.

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Assistant City Manager
City Attorney
Police Chief
Fire Chief
City Clerk
Deputy City Mgr. – Dev. Services
Director of Public Services
Director of Administrative Services

ATTACHMENTS: 1 [Purchase and Sales Agreement](#)
2 [SCAQMD Rule 2202](#)

