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Agenda 12/17/02

Information item #38

TO: Berkeley City Council

FROM: Mayor Tom Bates
Councilmember Margaret Breland
Councilmember Linda Maio

SUBJECT: Implementing Biodiesel Fuel for Refuse Trucks and Other
Equipment

RECOMMENDATION:

Fully Implement Using Biodiesel Fuel in Refuse Trucks and other
equipment (not including fire truck/engine equipment)

BACKGROUND:

The most important reason to convert our fleets to biodiesel is to reduce air pollution and its impacts on community health, particularly in the area of asthma. The Ecology Center has demonstrated the ease with which trucks can be converted to biodiesel. They have shown the way. The City of Berkeley is now poised to convert most of its fleet to biodiesel. The most significant cost involved in using biodiesel is not in converting our equipment, but in the cost of the fuel itself. Biodiesel is more expensive at this time than fossil fuel diesel.

The staff has done a very good job of outlining the issues related to conversion in their report (Agenda Item #38). The report was very encouraging. Their research shows that the additional cost for converting refuse trucks can be covered from the refuse fund reserve this year and, potentially, by less than a 1/2% increase in future refuse fees. If biodiesel fuel costs come down significantly, this small increase may not be needed.

The additional funds to cover fuel for other equipment (except for fire trucks) are in the budget this year (\$21,000). Funding for future years, however, is a question. Yet, we should proceed as aggressively as possible as there are several good possibilities, which could result in bringing down the overall fuel cost or which could generate funds:

- 1) A federal subsidy is expected that will support soybean producers. This would bring down the cost of the fuel stock. In addition, the field is young and additional producers are coming on line.
- 2) As more users convert to biodiesel the field will mature. Greater demand will result in an economy of scale and greater competition, resulting in cheaper production costs, cheaper fuel.
- 3) As biodiesel is linked directly to cleaner air and reduced particulate matter in the air, the City should pursue health-related grants to help support our conversion to this innovative technology. A significant grant could assist with our converting

even our fire truck/engine fleet while we wait for wider production and use to bring down the fuel cost.

Finally, we want to extend our thanks and recognition to the Ecology Center for being a pioneering user of biodiesel in their recycling trucks and bringing this innovative technology to the City, and to encourage their involvement as we proceed with implementation.

FINANCIAL IMPLICATIONS:

None this year. Potentially \$21,000/yr in future years. Conversion of a motor to biodiesel is not difficult or costly. The large expense is in the additional cost of the fuel, as biodiesel production is an emerging field. Costs are expected to go down as the field matures. During this year we can track the federal subsidy, seek more competitive pricing for fuel, and pursue grant funding particularly in the health funds area.

CONTACT PERSONS:

Mayor Tom Bates		981-7100
Councilmember Margaret Breland	Council District Two	981-7120
Councilmember Linda Maio	Council District One	981-7110