



Randy Leonard, Commissioner
David G. Shaff, Administrator

1120 SW 5th Avenue, Room 600
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REPORT TO COUNCIL

January 25, 2010

Delay the increase of the minimum blend of biodiesel in diesel fuel sold in the City of Portland required by City Code 16.60 until the administrator of the biodiesel program deems that the necessary economic and technical conditions exist for implementation (Report).

On July 12, 2006, the Portland City Council adopted a Renewable Fuels Standard (RFS), establishing minimum amounts of biofuels (biodiesel and ethanol) to be blended into transportation fuels sold inside of the City of Portland. The requirements of the RFS became effective on July 1, 2007.

City Code 16.60.020.B states that on or after July 1, 2010, all diesel fuel sold or dispensed in the City of Portland shall contain a minimum blend of 10% biodiesel (B10 fuel). City Code 16.60.030.B goes on to state that the minimum biofuel content requirement of B10 may be temporarily suspended due to temporary infeasibility due to economic and technical circumstances.

There are potential technical and warranty issues for consumers if the B10 requirement is implemented. Currently, almost all major engine manufacturers warranty their engines as compatible with the use of B5. However, some manufacturers are using emission control technologies in new vehicles that may not be fully compatible with higher blends of biodiesel without modification. Due to the rapid evolution of these emissions controls, it would be difficult to provide accurate information to Portland fuel consumers in 2010 regarding biodiesel compatibility and manufacturer's recommendations.

According to City Code 16.60.030.B, the Director of the Bureau of Development Services has the responsibility to make a temporary suspension of the B10 requirement by filing a report with City Council. A Memo of Understanding signed in August of 2009 authorizes the Water Bureau to provide the administrative support for the biodiesel program is attached as Exhibit A. Therefore, the Portland Water Bureau is submitting this report to City Council.

David G. Shaff, Administrator

TO THE COUNCIL

The Commissioner of Public Safety concurs with the above Report to Council, and;

RECOMMENDS:

Delay the increase of the minimum blend of biodiesel in diesel fuel sold in the City of Portland required by City Code 16.60 until the administrator of the biodiesel program deems that the necessary economic and technical conditions exist for implementation.

Respectfully submitted,

Randy Leonard
Commissioner of Public Safety

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Memorandum of Understanding
between

Portland Water Bureau
And
Bureau of Development Services

Background:

The City Council passed the Renewable Fuel Standard (RFS) effective August 11, 2006. The ordinance authorized the Director of the Bureau of Development Services, or designee, to promulgate administrative rules and enforce the Chapter. In response to marketplace economic conditions, the Bureau of Development Services has had to undertake staff reductions and transfers. The Portland Water Bureau is willing to provide staff support, mutual help and cooperation to ensure that program work for the RFS continues unimpeded.

Agreement:

The Portland Water Bureau and BDS agree that through the end of FY 2010-11, except as otherwise specified, no money will be exchanged for the services provided arising from the transfer of the RFS work unit. The Water Bureau and BDS agree to provide, and do hereby provide, each other with any authority necessary to enforce those portions of Portland City Code as provided in the RFS work program.

The Water Bureau and BDS agree to work to cooperatively with each other to identify issues and to provide assistance to each other as needed to make this agreement effective.

BDS agrees:

1. To authorize Portland Water Bureau staff to enforce provisions of PCC Chapter 16.60 and Administrative Rules.
2. To authorize Water Bureau staff to use enforcement policies associated with PCC 16.60 and Administrative Rules.
3. To provide access to RFS records maintained at BDS.
4. To work with Water Bureau staff to maintain the City of Portland's Biofuels Portland website on a reasonably current level.

The above examples are illustrative only and are not intended to be exclusive. The Water Bureau and BDS agree to cooperate with each other in all areas where there is overlap in service to where one of the bureaus may need assistance from the other.

This agreement is made by the Portland Water Bureau and the Bureau of Development Services to be effective August 1, 2009. It shall be reviewed by June 30, 2010. By that date, the bureaus will determine whether this agreement shall be extended through the end of FY 2010-11 and shall be reviewed again by June 30, 2011.

AGREED:



David G. Shaff, Administrator
Portland Water Bureau

07.30.2009

Date



Paul L. Scarlett, Director
Bureau of Development Services

8-3-09

Date

Agenda No.
REPORT NO.
 Title

Delay the increase of the minimum blend of biodiesel in diesel fuel sold in the City of Portland required by City Code 16.60 until the administrator of the biodiesel program deems that the necessary economic and technical conditions exist for implementation (Report).

<p style="text-align: center;">INTRODUCED BY Commissioner/Auditor: Commissioner Leonard</p>	<p>CLERK USE: DATE FILED <u>FEB 26 2010</u></p>
<p style="text-align: center;">COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Adams</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Leonard <i>Randy</i></p>	<p style="text-align: center;">LaVonne Griffin-Valade Auditor of the City of Portland</p> <p>By: <u><i>[Signature]</i></u> Deputy</p>
<p style="text-align: center;">BUREAU APPROVAL</p> <p>Bureau: Water Bureau Head: David G. Shaff <i>[Signature]</i></p>	<p>ACTION TAKEN:</p> <p style="font-size: 1.2em; font-weight: bold;">MAR 03 2010 ACCEPTED</p>
<p>Prepared by: Anne Hill Date Prepared: January 25, 2010</p>	
<p>Financial Impact Statement</p> <p>Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/> Not Required <input type="checkbox"/></p>	
<p>Council Meeting Date March 3, 2010</p>	
<p>City Attorney Approval</p>	

AGENDA

TIME CERTAIN
 Start time: _____

Total amount of time needed: _____
 (for presentation, testimony and discussion)

CONSENT

REGULAR
Total amount of time needed: _____
 (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	1. Fritz ✓	
2. Fish	2. Fish ✓	
3. Saltzman	3. Saltzman ✓	
4. Leonard	4. Leonard ✓	
Adams	Adams ✓	