

May 7, 2013

State Environmental Commission
901 S. Stewart Street, Suite 4001
Carson City, NV 89701-5249

Petition for a Variance to NRS/NAC Chapter 486A

The Regional Transportation Commission of Southern Nevada (RTC) requests a variance for its transit fleet vehicles based on NAC486A.200(1)(b):

Due to Financial Hardship

- ✓ **The length of time requested for variance:**
 - One year from date of Variance approval and notification of fuel supplier, estimated to be July 1, 2013 to June 30, 2014.
- ✓ **The portion of the fleet to which the request applies:**
 - All diesel fueled vehicles used in Fixed Route and Paratransit service. The current fleet size for Fixed Route is 300, and Paratransit is 20, for a total of 320 vehicles. In addition, all flex-fueled vehicles used in Paratransit service. The current fleet size for this fuel type is 219.
- ✓ **A description of the nature and extent of the financial hardship experienced by the agency and the financial impact that would be experienced by the agency as a result of compliance with the alternative fuels program. Also indicate what has changed to bring about this financial hardship (e.g., loss of revenue, change in market price for alternative fuels, etc.):**
 - The Fixed Route and Paratransit services are funded by sales tax revenue. The economic recovery is slow and the sales tax funding source is lagging the need because of increases in demand. RTC must stretch its resources to maintain the highest level of transit service possible for its growing ridership.
 - The RTC hedge price for diesel fuel was \$2.44 per gallon. When the hedge price expired in May 2012, the market rate was too high to lock in a new hedge; therefore, RTC is paying a higher fuel price for bulk delivery. RTC's fuel budget increased by 28.49% from fiscal year 2012 budget to the tentative fiscal year 2014 budget.
 - Demand for Paratransit service is still growing at an average of twelve percent per year. Statistics on the Disabled Population in Clark County, published in

2011 by the American Community Survey, show an increase of 17.5% compared to 2005. RTC's requests for Paratransit Eligibility grew by 49.78% for the same period, and added to 2012's 9.62% growth.

- The RTC estimates that it will purchase 3,969,234 gallons of diesel fuel and 1,205,485 gallons of E85 fuel during the period of July 1, 2013 through June 30, 2014.
- Taking into consideration the \$1 Federal tax credit for B100, the price of biodiesel is still higher than for diesel.
- Though the price for E85 is actually lower per gallon than that for unleaded fuel, the loss in fuel economy with E85 makes the use of this alternative fuel more expensive.
- The RTC was forced to make policy changes, e.g., reduce the boundary of the Paratransit service area, eliminate the unlimited monthly pass for Paratransit riders, reduce the hours of transportation service, to balance the budget and manage demand.

✓ **The budgetary savings that the fleet expects to realize if the variance is granted. Savings should be broken down by fuel expenditure savings, vehicle acquisition savings, maintenance savings, or any other savings expected.**

- The estimated annual fuel savings is \$685,138

BioDiesel (current B5 price)	\$ 3.1288	E85 Gallons	1,205,485
		Price Per Gallon	\$2.92
ULSD	\$ 3.03500	Total	\$3,520,016
Difference	\$.0938	Unleaded Gallons	1,024,662
Gallons	3,969,234	Price per Gallon	\$3.13
Est. Additional Cost	\$372,314	Total	\$3,207,192
		Est. Additional Cost	\$312,824

- The average price for B5 in March 2013 was \$3.1288 per gallon. If only regular diesel was purchased, the invoice price would've been \$3.03500 per gallon. Though the price of diesel fluctuates, and the price of B5 is equally unpredictable, the price for B5 has shown no signs of being below the price of diesel, not even approaching. A reasonable daily savings of .0938 cents per gallon or approximately \$372,314 budgetary savings annually is quite possible, and the savings could be higher if diesel drops below \$3.035.
- RTC purchased E85 at an average price of \$2.92 per gallon during fiscal year 2013, but fuel usage is projected to be 180,823 more gallons annually with the lower fuel economy with E85. The price of unleaded fuel would need to be \$0.52 higher per gallon than E85 to offset this loss in fuel economy. Since unleaded fuel is more volatile in pricing than E85, and it also experiences lower price points, there were months during fiscal year 2013 when the RTC was able to purchase unleaded fuel at \$0.13 per gallon lower than E85. During fiscal year 2013, the RTC was able to purchase unleaded fuel at an average price of \$3.13 per gallon.

- ✓ **Documentation showing that the applicable local air pollution control agency agrees that granting of the variance would not cause a significant adverse impact to a State Implementation Plan (SIP) control strategy.**

- Attach email from Dennis Ransel, Clark County,DAQEM:

From: Dennis Ransel [mailto:RANSEL@ClarkCountyNV.gov]
Sent: Thursday, April 25, 2013 5:03 PM
To: Raymond Hess
Subject: RE: RTC waiver request - E85 & B5

Raymond,

The same situation applies today as it did in 2010. Although we mention the state's alternative fuel program in our EPA approved March 2011 ozone maintenance plan, it is identified as an "Additional Emission Reduction Control Measure" where the emissions reduction benefits are not quantified in the plan (see the plan page 4-6). Also, the regulatory requirements of NRS & NAC 486A were not adopted into this plan or any other EPA approved Clark County attainment or maintenance plan.

Please let me know if you have any further questions.

Dennis
Dennis Ransel, Planning Manager
Department of Air Quality
455-1660

From: Raymond Hess [mailto:HessR@rtcshv.com]
Sent: Wednesday, April 24, 2013 9:07 AM
To: Dennis Ransel
Cc: Sandy Stanko; Martyn James
Subject: RTC waiver request - E85 & B5

Dennis,

The RTC will pursue a variance on the requirement to use E85 and B5 fuel. The rationale for this variance is the economic hardship it places on the agency. This is very similar to a variance that was sought and approved in 2011. Before the RTC proceeds further, we'd like confirmation that this variance would not adversely affect a SIP control strategy.

I thank you in advance for your attention to this matter. I look forward to your reply and any assistance you can provide.

Gratefully,
Raymond Hess

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- DAQEM confirmed that a waiver posed no conflict with the CO SIP.

✓ **A discussion of any alternatives considered that would mitigate the need for the variance.**

- The RTC is not opposed to using B5 or E85 alternative fuels. In fact, RTC invested in and completed construction of an E85 fueling station at the Integrated Bus Maintenance Facility in December 2012 and immediately started to use E85.
- When the market price is lower than that for diesel or unleaded, we look forward to using the maximum level of diesel / B100 blend approved for transit vehicles, currently B20. As manufacturers respond to a growing demand for fuel efficient alternative fueled vehicles, we'll look to these advanced offerings with our fleet replacement plan. RTC's current fleet plan proposes to purchase only Compressed Natural Gas vehicles. Although the fuel economy is not as desirable, the price of CNG is still significantly lower than any other fuel type, and the stability of pricing is reliable.
- All measures to maintain Fixed Route and Paratransit service are necessary for the wellbeing of transit dependent citizens and the overall impact that transit has on the quality of life for residents of Clark County.

✓ **A description of how and to what degree financial conditions would have to change before the variance would no longer be needed and the expected time frame for such changes to occur.**

- The economic recovery would require at least two additional years to approach a closer to full employment status and a return to normal sales tax revenue. This is needed to account for the increase in the elderly population, the influx of more retirees into the Las Vegas service area, and the larger numbers of disabled people that must be served.
- The price of alternative fuels must more closely approximate the cost of equivalent fuels that produce air pollution but burn more efficiently. Science must be more directed toward this end, and funding for such research must be made available for this to happen. This seems unlikely in the extreme.