

MINUTES

Fiscal Committee Meeting

Tuesday, March 5, 2019 at 5:55 PM

Carnegie Town Hall, 235 West 10th St., Sioux Falls, South Dakota 57104

1. Call To Order

Present: Pat Starr, Christine M. Erickson, Greg Neitzert, Curt Soehl

Absent: None

Committee Chair Pat Starr called the meeting to order at 5:55 p.m.

2. Approval of Minutes

Tuesday, December 4, 2018

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A motion was made by Committee Member Soehl and seconded by Committee Member Neitzert to approve the minutes.

Voice vote to approve. Motion Passed.

3. Topics

A. Review Potential Renewable Fuel Use in City Vehicles by with Doug Berven, POET VP of Corporate Affairs, and the Department of Public Works

Committee Chair Pat Starr explained that the State of South Dakota and the Governor passed a resolution this past summer regarding E30 as a premium fuel. He invited Doug Berven of POET and Mark Cotter, Director of Public Works, to provide additional information on renewable fuel, how it is being used, and future possibilities.

Berven provided background on POET, noting that it's the world's largest biofuel refiner, headquartered in Sioux Falls, and has a large workforce. In recent years the federal and state government provided funds for fuel retailers for blender pumps that can dispense a variety of ethanol blends, making E30 availability greater in the future. E30 in particular is already available at a number of retail locations in the State of South Dakota. In 2019, the average price for E10 was \$2.20 and E30 was \$2.07 making it cheaper for consumers and agencies.

Considerable testing has been done showing that mid-level blends like E30 and E15 improve modern engine systems and, for years many South Dakotans have run their engines on E30 with no reported mechanical failures. E30 is approved for sale with certain labeling requirements as with other blends. Flex fuel vehicles are specifically designed to operate on any blend of fuel from E10 to E85.

Higher fuel blends are more environmentally friendly. Ethanol is 43% better than non-blended fuel according to a recent study by the EPA and is expected to improve further in the years to come. Blends provide for greater greenhouse emissions reductions at a lower cost. Berven stated that if all vehicles ran on E10 or E15 there would be a reduction of 10 million metric tons of greenhouse emissions per year. Additionally, from a public health standpoint, ethanol

burns cleaner and provides for significant reductions in vehicle tailpipe emissions.

Blended fuel secures farming jobs and provides significant economic benefits. South Dakota is one of the top-producing states for ethanol, producing more than 10 billion gallons each year. In the process, the state also produces millions of pounds of distiller's grain, corn oil, as well as other renewable uses. It supports thousands of jobs, higher wages, and a \$3.8 billion in economic value to the state. 350 million bushels of South Dakota corn are used in the ethanol refining process on an annual basis.

Berven concluded by providing some considerations for the City. First, the City should update policies to ensure the use of E30 when available and E15 when it isn't. The City should identify all 2001 and later flex fuel vehicles in the fleet in order to structure a program that uses the blended fuels to reduce operating costs. Consideration should also be given to existing fuel infrastructure and existing fueling policies. Upgrades should be made as needed. Lastly, the City should develop an education program for employees about the implementation of adopted policies.

Discussion followed about converting to all flex fuel vehicles, the impacts, if any, of current regulations on the use of higher blends, and the differences between the blend ratios of the fuel.

Cotter explained that the City currently has four fueling locations which are also used by other local agencies. As part of the 2019 Capital Plan, an upgrade will be made at the Street Fleet Campus for ethanol. Currently, all non-diesel engines run E10 with the goal of moving to E15 for vehicles and, later, other blends. In 2018, the City dispensed 507,000 gallons of diesel and 470,000 gallons of E10. There are currently 207 flex fuel vehicles and 439 non-flex fuel vehicles in the City's fleet (this does not include diesel vehicles.) Each of the four fueling sites have at least one E10 tank with the School District site having an E85 tank. Upgrades at the Street Fleet Campus will include updated pumps, lines, and submersible pumps to allow for the dispensing of E15. The next steps for the City include budgets, designs, and discussions with the external agency users to coordinate these strategic changes.

4. Open Discussion

There was none.

5. Public Comment

There was none.

6. Adjournment

A motion was made by Committee Member Soehl and seconded by Committee Member Erickson to adjourn at 6:28 p.m.

Voice vote to adjourn. Motion Passed.

Thomas M. Greco, City Clerk