

Clean Cities Initiative

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OFFICE OF THE ASSISTANT TO THE PRESIDENT FOR DOMESTIC POLICY
SECOND FLOOR, WEST WING
THE WHITE HOUSE
WASHINGTON, DC 20500
(202)456-2216 PHONE
(202)456-2878 FAX

TO: Mike Schmidt / Brian BurkeFAX #: 7028FROM: CAROL H. RASCODATE: 9/3/93NUMBER OF PAGES (including cover sheet): 4COMMENTS: Please note that CTR would like a joint
response from you by COB Wed. 9/8

If you have any problems with the fax transmission, please call
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- card has ^{copy of} Federal Fleet
Conversion TF Report

CED - 1 PFC

From the Office of the Chief of Staff

Phone: 202/456-6797 Fax: 202/456-1121

Orig: CHR

cc: Mike S.

Brian

Date: 31 Aug '93Response needed by: 8 Sept 93

COS Office Contact:

Bill Burton x6797

Mike & Brian:

Please review
and send
me a
joint rec
by noon
Wed, 9/8.
Thanks!
CHR

	Action	FYI		Action	FYI
Joan Baggett			Leon Panetta		
Rahm Emanuel			Howard Paster		
Mark Gossan			John Podesta		
David Gergen			Jack Quinn		
Jack Gibbons			Carol Rasco	X	
Marcia Hale			Bob Rubin	X	
Alexis Herman			Eli Segal		
Nancy Harnreich			Ricki Seidman		
Tony Lake			George Stephanopoulos		
Bruce Lindsey			Christine Varney		
Katie McGinty	X		David Watkins		
Regina Montoya			Maggie Williams		
Dee Dee Myers			<u>GREG SIMON</u>	X	
Roy Neel					
Bernie Nussbaum	X				

Remarks:

Please review the attached & provide your thoughts as to feasibility, appropriateness, politics, etc. Be advised that the initiative referenced is one of the primary recommendations of the Federal Fleet Conversion Task Force which the President created in April & which will present its report to the President &/or Vice President in short order.

Response:

Sue Tierney

Thanks

08/31/93 11:06

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MEMORANDUM

TO: Bill Burton
FROM: Garry Mauro *Garry Mauro*
DATE: August 31, 1993
RE: Presidential Clean Cities Initiative

To most effectively implement the goals of the Executive Order, the Task Force has strongly recommended the establishment of a Presidential Clean Cities Initiative.

Even if the entire Federal vehicle fleet were converted to alternative fuel use, that number of AFVs alone would not be sufficient to fully accomplish the broad air quality, energy security and economic stimulation objectives set forth by the President in Executive Order 12844. Those goals can be achieved only through greatly expanded use of AFVs by State and local governments, private fleet operators, and ultimately, private individuals. Also, such expanded use must initially be sufficiently concentrated to achieve the critical mass necessary to support a commercial alternative refueling and service infrastructure. Thus, the primary goal of Federal fleet conversion is to serve as a catalyst for broad acceptance of AFVs and for development of the necessary supporting vehicle production and infrastructure development.

Decisions regarding specific fuel use by specific fleets to achieve specific air quality and economic goals can be made most effectively at the local level by fleet users, fuel providers, air quality and energy regulators, and other directly affected parties, using criteria that emphasize local economic development and air quality improvement. Raising the program's status to a Presidential Initiative, however, would lend Presidential prestige and ensure appropriate high-level coordination, supervision and dispute resolution (particularly among Federal agencies). It would also provide a visible and continuing reminder of the President's commitment to reducing gasoline and diesel use and to improving air quality, as well as a direct link between the White House and state and local officials from governors to mayors and county commissioners.

This Initiative would provide the framework for a local, consensus building process to coordinate elements of the CAA SIP process, ISTEA implementation, the DOE Clean Cities program, and public information/education campaign to convince the general public of the merits of alternative fuel use. The Presidential Clean Cities Initiative would bring a clear national focus, coupled with aggressive local action, to the clean fuels effort.

08/31/93

11:07

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easy to convene Interagency TF

To effectively (and legally) implement the Initiative, an interagency task force should be established. The task force should be headed by a member of the White House staff and should include representation from the Office of Management and Budget and the Departments of Energy, Transportation and Defense, as well as the Environmental Protection Agency and the General Services Administration. Representatives should be at a policy making level but capable of making the time commitment necessary for real hands-on involvement with the development and implementation of the Initiative. An appropriate advisory role for the Federal Fleet Conversion Task Force should be defined.

not sure about detailing staff → Staff for the interagency implementation task force should be detailed from the member agencies. Initial focus should be on development of a clearly defined mission for the Initiative and the appropriate role to be played by each agency. Focus should be on a limited number of the 13 Tier I cities with the objective of making 4-6 programs really work in FY '94 to serve as models for the remainder. Focus should also be on making implementation of various legislative mandates compatible, both with each other and with the President's broader goals.

Working with the Federal Fleet Conversion Task Force in its advisory capacity, the interagency group can bring appropriate clarity of purpose and attention to the use of alternative fueled vehicles as tools for air quality improvement, domestic economic stimulation and energy security.

September 8, 1993

MEMORANDUM TO CAROL RASCO

FROM: Brian Burke, Mike Schmidt

SUBJ: Proposed "Clean Cities" Initiative: First
Interim Report of the Federal Fleet Conversion Task Force

Last Friday, you asked us to review and make recommendations on the Memorandum from Garry Mauro to Bill Burton Re: Presidential Clean Cities Initiative ("Clean Cities Initiative"). The initiative is the primary recommendation contained in the First Interim Report of the Federal Fleet Conversion Task Force ("the Report"). This memorandum discusses our review of the Report and our recommendations.

I. SUMMARY AND RECOMMENDATION

The Report frames a number of important issues surrounding the conversion of the Federal fleet to alternative fueled vehicles ("AFVs")¹. The concept underlying the Report's primary recommendation, the establishment of a Presidential Clean Cities Initiative, is innovative and should be supported. However, more hard data and analysis is needed on cost issues, funding availability, and technical feasibility. Hopefully, the next report, scheduled for later this month, will fully address these issues.

II. BACKGROUND

The Federal Fleet Conversion Task Force was created by Executive Order 12844, signed by President Clinton on April 21, 1993. The Order directs the Federal Government to increase the purchase of AFVs well beyond the levels required by current law. The President charged the Task Force with developing recommendations for carrying out the Executive Order, with special emphasis on setting a course that will lead to the widespread use of alternative fueled vehicles by Federal, State, and local government fleets, private fleets, and ultimately by individuals. Texas Land Commissioner Garry Mauro was appointed by the

¹ Such alternative fuels include, ethanol, methanol, propane, compressed natural gas, liquified natural gas, hydrogen and electric powered veicles.

President to chair the Task Force, while Energy Secretary Hazel O'Leary designated Susan Tierney as the Vice-Chair.

The main recommendation of the Task Force is the creation of a Presidential Clean Cities Initiative. This initiative is aimed at providing a high level of prestige and coordinated Federal, State, and local effort to make progress toward the eventual commercialization of AFVs. The Initiative would have two parts:

- A locally-directed program to acquire certified low-emitting AFVs and to establish the necessary refueling and service infrastructure to support their efficient use;
- Support of those locally-directed programs through coordination at the national level of efforts to remove regulatory impediments, provide Federal funds, and provide incentives for AFV use.

The Task Force has identified 38 cities and regions, prioritized into three tiers, for concentrating the initiative's efforts through Fiscal Year 1996. The Task Force continues to exist for an additional nine months, with the intent of assisting in implementing the initiative and monitoring progress.

III. IMPORTANT ISSUES

The Task Force's interim report is thoughtful, comprehensive and consistent with the President's commitment to have the federal government play a critical role in stimulating the development of and markets for environmental technologies. Additional analysis and discussion is needed in the following areas:

A. Economic Barriers

The Report identifies the following economic barriers: (1) inadequate concentrations of AFVs to make a refueling investment cost-effective, (2) inadequate incentives available to develop infrastructure; (3) lack of recognition of tax disparities as well as environmental and social externalities. However, the Report does not fully discuss the strategies for overcoming these barriers. Instead the Report has postponed their analysis of these problems until September 21, 1993.

B. Cost Analysis and Budgetary Implications

The report is unclear as to how this initiative will be paid for. It suggests several potential funding sources -- The Intermodal Surface Transportation Act (ISTEA) authorizes \$1 billion annually to fund State Air Quality Improvement

programs, The Department of Energy has some funding available in its Clean Cities Program, and the Energy Policy Act of 1992 has some unknown amount of funding available -- without specifying how much is available from these sources. Moreover, the report calls for "Provision of adequate resources for the successful implementation of the Presidential Clean Cities Initiative" (p. 32) without specifying where this funding will come from.

C. Technical Barriers

The Report recognizes that there are significant technical barriers to the implementation of the Clean Cities Initiative. Most importantly, the report recognizes that there is a lack of widespread alternative refueling infrastructure, which creates a strong disincentive to buying and operating AFVs and explains why auto companies are not willing to mass-produce AFVs. The Task Force suggests that Federal and State fleet conversion to AFVs will prompt the private sector to respond and provide alternative refueling stations. However, this barrier and other technical barriers are not fully discussed in the report. Task Force recommendations in these areas deferred until September 21.

D. Political and Public Perception Issues

There are two major issues in this area:

1. **Is this initiative politically feasible?** As it is discussed in the Report, it is not at all clear how this initiative will be received by the general public, by States, or on the Hill. There is reportedly a good deal of excitement among Task Force members, but there is no word on how the initiative will be received by other affected groups. For example, much will hinge upon the reaction of the first and second tier cities identified in the report, but no political analysis on this point is given. The Administration's Fall and Winter agenda is already quite full -- more information on these points is needed before adding another item.
2. **There is a good deal of "political baggage" already attached to this issue.** The politics of alternative fuels is inherently contentious, with pro-natural gas interests battling with supporters of methanol and other alternative fuels. This initiative will most likely inspire opposition and debate on the Hill. While a wide variety of alternative fuel interests participated on the task force, it is not clear how these interests will react politically to the initiative.

IV. RECOMMENDATIONS

- **A more comprehensive political analysis is needed before embarking on the Clean Cities Initiative.**
- **A more detailed analysis is needed on the level of funding already available for this initiative, and how much the initiative will cost.**
- **The Task Force should be directed to include a technical analysis, in its next report, covering the present status of AFVs, including the hauling capacity of the largest AFV's in existence, the range of AFV's, their service records, purchase maintenance and operation costs, refueling time, safety records, and the AFV's compatibility with the current needs of the Federal fleet (e.g., mail trucks, etc.).**
- **Consideration should be given to forming an interagency working group to analyze the task force's recommendations and to develop the Administrations response.** By convening a small working group the Administration would demonstrate its commitment to the Task Force's initiatives and assure a thorough review.
- **Consideration should be given to implementing the Clean Cities initiative on a smaller more controllable scale.**
- **Any subsequent reports by the Task force should include a discussion of the Administrations soon to be announced Greenhouse Gas and Global Climate Change Mitigation Plan.**