



City of Richmond

Report to Committee

To: General Purposes Committee
From: W. Glenn McLaughlin
Manager, Purchasing & Risk


Date: October 6, 2005
File:

Nikii Hoglund
Manager, Engineering & Public Works
Administration

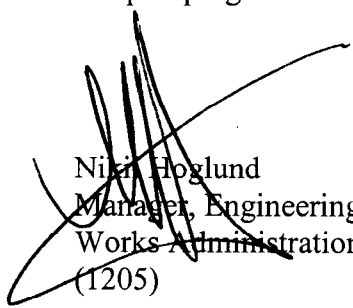
Re: Compressed Natural Gas Dispensing Station

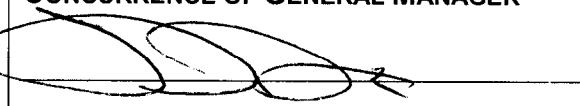
Staff Recommendation

That the City cancel the contract for a Compressed Natural Gas pumping station at the City Operations Yard.


W. Glenn McLaughlin
Manager, Purchasing & Risk

(4136)


Nikii Hoglund
Manager, Engineering & Public
Works Administration
(1205)

FOR ORIGINATING DIVISION USE ONLY		
CONCURRENCE OF GENERAL MANAGER		
		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/> dw	NO <input type="checkbox"/>
REVIEWED BY CAO	YES <input checked="" type="checkbox"/> [initials]	NO <input type="checkbox"/>

Staff Report

Origin

In late 1991 City Council approved the operation of a Compressed Natural Gas (CNG) fuel station to support the conversion of the City's and the local detachment of the R.C.M.P vehicles to CNG fuel.

A contract for services was executed with BC Gas for provision of the dispensing station and for the supply of natural gas. Subsequent to this time the contract for provision of the dispensing station has been transferred and is currently with Clean Energy Fuelling Systems Corp.

Findings Of Fact

In late 2004 the RCMP initiated a move away from CNG fuelled vehicles and as of September 2005, they run a fleet of gasoline-powered vehicles. The Federal government is responsible for the replacement of RCMP vehicles, including the decision of fuel type used.

The remaining City-owned equipment which currently are dual-fuelled with CNG will be converted to an alternate fuel.

Financial Impact

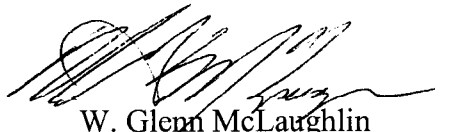
The monthly fixed fee cost of operating the compression station is \$3,750 plus the cost of CNG fuel. These costs have been historically distributed across the large volume of product dispensed. The large volume of RCMP consumption helped absorb the fixed fee minimizing the per unit cost of CNG for all vehicles, which made this fuel an attractive alternative to gasoline. However, with the loss of the RCMP volume, the City cannot economically absorb the compressing stations fixed monthly fee within the volume of product dispensed to City vehicles.

Conclusion

Terminating this agreement will relieve the City of their monthly payment obligation of \$3,750 to Clean Energy Fuelling Systems Corp.


Due to the original contract being authorized by City Council, it is appropriate that they also approve the contract's termination.

The City is fully committed to both reducing greenhouse emissions and leaving the smallest ecological footprint possible by utilizing biodiesel in place of regular diesel, purchasing hybrid technology, and exploring and implementing new technology such as Smart cars where appropriate.


W. Glenn McLaughlin
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