



Legislation Text

File #: PUB17-090, **Version:** 1

Agenda Information Sheet

DEPARTMENT: Solid Waste & Recycling

CM/ ACM: Jon Fortune

Date: April 24, 2017

SUBJECT

Consider recommending to the City Council the adoption of an ordinance awarding a contract with Atmos Pipeline - Texas, a division of Atmos Energy Corporation, to provide alternative fuel transportation services, to transport natural gas, to the Alternate Fuels Station located at 1251 S. Mayhill Road, Denton, Texas, in the not-to-exceed amount of \$2,285,450. (File # 6444)

BACKGROUND

The City staff has researched the potential benefits of converting a portion of the Solid Waste & Recycling Department's collection fleet to alternate fuel, and has presented this information on multiple occasions to both the Public Utilities Board and the City Council. The Solid Waste & Recycling Department began purchasing compressed natural gas (CNG) trucks in FY 2013. During this period CNG fueling was initiated with a mobile fueling contractor.

During August and September 2016 the Public Utilities Board and City Council approved the expansion of the public Alternate Fuels Station with an award to Zeit Energy LLC. CNG fueling materials and equipment are on site and construction is expected to begin soon on the gas transmission line, metering station, and public fueling areas.

The SW&R Department plans to work with Atmos Pipeline - Texas to secure a gas transportation agreement. They own the natural gas pipeline located on city landfill property which will service the Alternative Fuels Station. The Transportation Agreement enables the Department to transport natural gas through Atmos Pipeline - Texas, in order to receive gas at the City's public Alternative Fuels Station.

The Transportation Agreement includes the gas transportation rates, and maximum quantities they have agreed to transport for Denton. Fees charged will include a monthly metering fee of \$35, and a volume charge of \$1.25 per MMBtu. Atmos Energy provides gas transportation services but does not provide the gas commodity. Denton is in the process of obtaining a gas supplier. A separate contract for gas purchases will be brought to the Public Utility Board and the City Council in the near future.

OPTIONS

Atmos Pipeline - Texas is the gas pipeline which services the City's landfill property. The gas transportation service agreement is the standard agreement approved by the Public Utility Commission of Texas.

RECOMMENDATION

Staff recommends the execution of the attached agreement, enabling the City of Denton to utilize the Transportation Agreement to transport CNG to the City's Alternate Fuels Station.

ESTIMATED SCHEDULE OF PROJECT

The attached contract should be able to be completed within a few weeks of approval by the City Council.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

There have been no previous submittals concerning the attached Transportation Agreement.

FISCAL INFORMATION

Fuel purchases are funded through the Departmental budgets of those Department's planning to utilize natural gas fueling.

Gas transportation rates payable to Atmos Pipeline - Texas are established per their rate schedule at \$35 per month, and \$1.25 per MMBtu delivered. The contract is for ten years, providing a not to exceed amount of \$2,285,450 for gas transportation services.

BID INFORMATION

Utility services are exempt from bidding under the Texas Government Code.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Sustainable & Environmental Stewardship

Related Goal: 5.2 Improve air quality and greenhouse gas management

EXHIBITS

1. Atmos Pipeline - Texas Transportation Agreement 03-10-17

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