



## Legislation Text

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**File #:** 0625-2012, **Version:** 1

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**BACKGROUND:** The Fleet Management Division within the Department of Finance and Management has, among other duties, the procurement, delivery and coordination of fuel dispensing for many city agencies. In 2010 the City was awarded a federal grant to fund cost-shared projects that expand the use of alternative fueled vehicles and advanced technology vehicles, as well as the installation of infrastructure necessary to support these initiatives. From this grant, as well as from funding from City resources, a compressed natural gas (CNG) station was designed and constructed at 4211 Groves Road, and 24 CNG vehicles have been purchased.

A grant stipulation states that the City is required to allow public access to and purchases from the CNG facility. This ordinance authorizes the Director of Finance and Management, on behalf of the Fleet Management Division, to establish a mechanism for the creation and implementation of rates to be charged for the purchase of CNG and for the periodic review of these same rates. These rates can apply to either public or private consumers of this commodity from this facility or any other City-owned CNG facility that the City may operate in the future.

CNG vehicles produce significantly lower amounts of harmful emissions such as nitrogen oxides, particulate matter, and toxic and carcinogenic pollutants. Natural gas is a domestically available, inherently clean-burning fuel. Using CNG as vehicle fuel increases energy security by reducing our dependence on foreign oil, and improves public health and the environment. Currently, CNG is also significantly lower in cost than either gasoline or diesel. The City paid an average of \$3.24 per gallon in 2011 for diesel fuel. While, the cost of natural gas will fluctuate with market conditions, the Fleet Management division estimates the cost of CNG to approximate \$1.80 per gge (gasoline gallon equivalent), a \$1.44 per gallon or 44% reduction in fuel cost.

Also, as part of the City's commitment to shared regional cooperation, this ordinance authorizes the Director of Finance and Management to establish rates, procedures, and mechanisms to allow the sale of fuel and fueling services to other municipalities when deemed appropriate, and not detrimental to safe and efficient city operations. Furthermore, this ordinance authorizes the Director of Finance and Management to adjust rates to absorb fluctuations in commodity pricing due to market variables.

**Fiscal Impact:** Rates shall be established on the basis of gasoline gallon equivalents (or gge) for CNG and on a cost per gallon basis for unleaded and diesel fuels. Rates shall be uniform, established to recover capital and operating costs, taxes when applicable, and any fees associated with purchases via credit card. Establishment of rates will allow the City to be reimbursed for expenses it has already made and for expenses it will incur as a result of the capital and operating expense of selling CNG and other fuels. Revenue derived will be deposited in the Fleet Management Fund or such other fund as determined appropriate by the City.

To authorize the Director of Finance and Management to establish the rates for compressed natural gas (CNG), diesel, and unleaded fuel for sale to customers of City-owned dispensing facilities; and to declare an emergency.

**WHEREAS,** the Fleet Management Division within the Department of Finance and Management has, among other duties, the procurement, delivery and coordination of fuel dispensing for many city agencies; and

**WHEREAS**, In 2011 the City was awarded a grant from the United States Department of Energy (DOE) to fund cost-shared projects that expand the use of alternative fueled vehicles and advanced technology vehicles, as well as the installation of infrastructure necessary to directly support alternative fueled vehicle and advanced technology; and

**WHEREAS**, a grant stipulation requires that the City must allow public access to the Groves Road CNG facility; and

**WHEREAS**, this ordinance authorizes the Director of Finance and Management to establish rates to be charged to public and/or private consumers for the purchase of CNG, diesel, and unleaded fuels from City-owned facilities and for the periodic review of these same rates; and

**WHEREAS**, the cost of purchasing and dispensing fuel by the City are to be self-sustaining through the establishment of appropriate charges; and

**WHEREAS**, as the charges should be periodically reviewed and adjusted as warranted; and

**WHEREAS**, an emergency exists in the usual daily operation of the City in that it is immediately necessary to provide a mechanism for the establishment of rates for the sale of fuel to the general public and/or other governmental entities in order to meet the provisions of a federal grant and to further the City's efforts toward shared regional cooperation, thereby preserving the public health, peace, property, safety, and welfare; now, therefore:

**BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:**

**Section 1.** That the Director of the Finance and Management Department is hereby authorized to establish rates for the recovery of capital, operating, and maintenance expenses associated with the purchase and sale of fuel that is dispensed for sale to the general public and/or other governmental entities.

**Section 2.** Rates shall be established on the basis of gallons or gasoline-gallon-equivalents (gge), shall be uniform, and shall be established to recover capital and operating costs, taxes when applicable, and any fees associated with purchases via credit card.

**Section 3.** That the Director of the Department of Finance and Management will establish the process by which the rates are established by following the provisions of 121.05 of the Columbus City Codes, 1959, thereafter rates will be adjusted, if warranted, as costs change.

**Section 4.** That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this ordinance is hereby declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor, or ten days after passage if the mayor neither approves nor vetoes the same.