



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 10.1.3

**Halifax Regional Council
December 11, 2007**

TO: Mayor Kelly and Members of Halifax Regional Council

A handwritten signature in cursive script, appearing to read "Dan English".

SUBMITTED BY:

Dan English, Chief Administrative Officer

A handwritten signature in cursive script, appearing to read "Wayne Anstey".

Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: November 28, 2007

SUBJECT: Tender #07-393 - Supply, Delivery and Storage of Bulk Biodiesel Fuel

ORIGIN

The approved 2007/2008 Operating Budget

RECOMMENDATION

It is recommended that Regional Council award Tender # 07-393, Supply, Delivery and Storage of Bulk Biodiesel Fuel to Wilson Fuel Co. Limited, at the per litre price listed in Section "A" Table 1, 2 & 3 - Transit Buses of this report, for a period of three (3) years with funding from Operating Accounts, as outlined in the Budget Implications section of this report.

BACKGROUND

In 2004, HRM Council first approved the purchase of Biodiesel in an effort to reduce tailpipe emissions. That three (3) year contract has since expired. This resulted in the Halifax Regional Municipality publicly advertising a tender for the Supply of Bulk Biodiesel Fuel Blends. The following is a list of the responses:

SECTION A - FLEET TRANSIT BUSES

TABLE 1 (B-5 Biodiesel Blend - 5% Biofuel, 95% Diesel Fuel)

COMPANY NAME	DELIVERED PRICE PER LITRE	ESTIMATED ANNUAL USAGE(Litres)	TOTAL (Net HST Included)
Wilson Fuel Co. Ltd.	0.7191	2,200,000	\$1,582,020.00*
4Refuel	0.7600	2,200,000	\$1,672,000.00

TABLE 2 (B-10 Biodiesel Blend - 10% Biofuel, 90% Diesel Fuel)

COMPANY NAME	DELIVERED PRICE PER LITRE	ESTIMATED ANNUAL USAGE(Litres)	TOTAL (Net HST Included)
Wilson Fuel Co. Ltd.	0.7191	2,200,000	\$1,582,020.00*
4Refuel	0.7621	2,200,000	\$1,676,620.00

TABLE 3 (B-20 Biodiesel Blend - 20% Biofuel, 80% Diesel Fuel)

COMPANY NAME	DELIVERED PRICE PER LITRE	ESTIMATED ANNUAL USAGE(Litres)	TOTAL (Net HST Included)
Wilson Fuel Co. Ltd.	0.7191	2,200,000	\$1,582,020.00*
4Refuel	0.7927	2,200,000	\$1,743,940.00

* Recommended Bidder

Note: Per Litre prices for this tender evaluation have been calculated using the Oil Buyers Guide (OBG), Unbranded Rack Price, Halifax average for October 12th, 2007. Current per litre price paid to the contractor, will be based on the weekly posted OBG Canadian Unbranded Average Rack Price for Halifax, plus mark up, delivery charge, and applicable taxes. All per litre prices in this report for Biodiesel, include the expenditures listed above.

DISCUSSION

HRM requested tenders for the supply of Biodiesel Fuel Blends for the requirements of the Transit Bus Fleet. The biofuel is a by-product of the production of omega - 3 oil and is refined from fish oil. Biofuel testing has found that the blending of this product with diesel fuel dramatically reduces particulate matter, carbon dioxide and unburned hydrocarbon emissions. We feel that the benefits of the emission reduction far outweigh the cost increase of the fuel, which averages \$.013 per litre.

The base fuel from Wilsons was tested and has been verified by Environmental Technology Centre, for the Emission Research and Measurement Division of Environment Canada. The findings of the report conclude that:

Reduction in Total Hydrocarbon (THC) = 19%

Reduction in Carbon Monoxide (CO) = 18% - 28%

Reduction in Particulate Matter (PM) = 14%

No change was found in the Nitrogen Dioxide (NOx) or Fuel Consumption

Fleet Services has been using this fuel for three (3) years. There have been several operational concerns. Fleet Services has worked closely with Wilsons Fuel, resulting in the fuel being altered and the processing perfected. The fuel now meets all (ASTM) American Society for Testing & Materials # 6751, Quality Standards, and will be on line with the BQ9000 European specs that are currently being adopted within the next twelve (12) months, in North America.

BUDGET IMPLICATIONS

Funds are available in various Operating Budget accounts.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

There are no recommended alternatives.

ATTACHMENTS

None

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Dale Carman, Senior Procurement Consultant at 490-6476



Report Approved by: _____
Paul Beauchamp, General Manager, Fleet Services at 490-6604

Report Approved by: _____
Mike Labrecque, P. Eng., Director, Transportation and Public Works at 490-4855

Report Approved by: _____
Catherine Sanderson, Senior Manager, Financial Services at 490-1562