

County counting on new CNG facility to save money, attract businesses

By STUART KORFHAGE
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St. Johns County's status as a place of innovation in the area of alternative fuels was celebrated Wednesday with the ceremonial opening of the Nopetro compressed natural gas station.

The question going forward will now be what long-term effect it will have on county business and finances.

When the initial plan was proposed to convert county's fleet vehicles to CNG power and make a deal with Nopetro to help the company build a station on State Road 16, it was hailed as an instrument to save money and improve air quality.



Darryl Goodman fills his work truck with compressed natural gas at the new Nopetro natural gas station on State Road 16 in St. Augustine on Wednesday.

Two years after going before the County Commission with the plan and with gas prices now having fallen to around \$2 a gallon, all the benefits are still here, said Neal Shinkre, the county's public works director.

Shinkre said the net price of CNG is still lower than gas or diesel, and he added that the county's contract with Nopetro allows for greater discounts as it sells more fuel at the station. The county will also receive royalties of 10 cents per gallon of CNG that the Nopetro facility sells to private clients.

"In all, I really feel we have a solid contract that helps this county provide stability," Shinkre said.

To convert about 100 county vehicles to CNG, the North Florida Transportation Planning Organization provided a grant of \$734,000.

Using CNG trucks will save an estimated \$5 million over the next 20 years, Shinkre said, depending on fuel prices.

Shinkre said the county will save in more ways than the fuel for its own trucks. For example, he said when gas prices were higher a few years ago, the county's old waste removal contracts called for fuel differential payments to be made.

Current contractors Waste Management and Republic have both agreed to convert part of their truck fleets to CNG, which will save money for them and the county as well.

"About four or five years back, we were paying, between Waste Management, Advanced Disposal and Republic, we were paying \$50,000 to \$60,000 a month to them," Shinkre said. "We've eliminated that by doing this. The benefits don't stop."

Having the CNG station has the added advantage of potentially attracting new businesses that want to use fleet vehicles powered by CNG.

"It's a forward-thinking project," Shinkre said. "We're just proud that we're ahead. It took us three years to be at this point, so if we didn't think this three years back we wouldn't be here today."

"We're here. We have a stable contract. The facility is real and we're glad of it."

The Nopetro project is a public-private venture in which the county provided the land for Nopetro's investment of about \$2 million. Nopetro will pay \$40,000 a year to lease the property after sales of the equivalent of 300,000 gallons of CNG or the first month of the third year of the 25-year contract.

Most important, the county is providing customers for the CNG station, so Nopetro CEO Jorge Herrera said he knows the investment is a solid one.

"That's where you find the whole chicken or egg (situation)," he said. "Do you build the facility first or do people buy the (CNG-powered) vehicle first? Our thought seven years ago, the idea was we can marry both in the middle by forming a partnership."

Herrera said companies and governments like the transition to CNG because it's a cleaner-burning fuel that is produced domestically. That makes the pricing and availability more predictable.

"We're in a much better position to have stable fuel prices," he said. "So budgeting, companies, government, making sure they don't have to amend budgets because oil skyrockets in the summer. Natural gas normally flattens, especially [post 2008-2009] when our natural gas supply finally came to realization."

For Nopetro, the agreement with the county and the opening of the station is just the first step for business here.

Herrera said others are likely to take advantage of the availability of CNG in a location close to Interstate 95. The company also has stations in Orlando and Tallahassee, so CNG vehicles will be able to travel between those cities and St. Augustine with the knowledge that fueling options are available.

"The location is optimal, both in respect to interstate traffic as well as local transportation," Herrera said. "We do expect the (St. Johns County) School District and the city (St. Augustine) to join the partnership, as well. So we are working with them on a parallel path."