



Legislation Text

File #: 24-093, **Version:** 1

Termination of Agreement to Grant Use of Public Works Site to Carolina Biodiesel, LLC, formerly Piedmont Biofuels, Inc.

PURPOSE: To request Town Council, approve termination of the Agreement between Carolina Biodiesel, LLC, formerly Piedmont Biofuels, Inc., and the Town of Carrboro which currently permits the use of Public Works facility for the placement of a 500-gallon biodiesel fuel tank and fueling station.

DEPARTMENT: Public Works

CONTACT INFORMATION: Kevin Belanger, PE, Public Works Director, 919-918-7427,
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COUNCIL DIRECTION:

☒ Race/Equity ☐ Climate ☒ Comprehensive Plan ☒ Other

This corresponds with Comprehensive Plan: Carrboro Connects Chapter 4: Climate Action & Environment, Goal 1: Conserve and restore watersheds, ecosystems, and native species as there are downstream areas of concern for health, safety, and environmental impact from a potential release of fuel from the above ground storage tank.

To minimize the Town’s legal exposure, mitigate additional risks that could result in liability, and enhance security at the Public Works facility where the Town’s fueling depot and several emergency response vehicles and equipment are stored.

Race and Equity Pocket Questions can be viewed in Attachment A.

INFORMATION: On October 12, 2004, the Town Council granted permission to Piedmont Biofuels, Inc., a Cooperative Association, for the installation of a 500-gallon B100 biodiesel fuel tank at Public Works facility for a maximum period of one year. See Attachment B - A Resolution to Cooperate with Piedmont Biofuels, Resolution No. 38-2004-05. The Town renewed its agreement with Piedmont Biofuels, Inc. on August 15, 2006. According to the Agreement, it will renew automatically for another one-year term “unless either the Town or Piedmont Biofuels, Inc. gives written notice of non-renewal to the other party at least 60 days before the expiration date.” See Attachment C - A Resolution Approving the Renewal of an Agreement with Piedmont Biofuels, Resolution No. 8-2006-07, and Agreement. Piedmont Biofuels, Inc. filed Articles of Dissolution with the NC Secretary of State on March 28, 2018. The biodiesel tank is currently owned and managed by Carolina Biodiesel, LLC located at 3604 Southern Dr., Efland, NC. According to its website “Carolina Biodiesel was founded in June 2004 as a non-profit. In 2006 we converted to a limited liability company (LLC) to allow outside investment.”

Location of the biodiesel tank at Public Works facility:



Carolina Biodiesel, LLC utilizes a combination of B80/B100 biodiesel. The 500-gallon biodiesel fuel tank is accessible to users during normal operating hours (Monday - Friday, 7:30 am - 3:30 pm). Based on information provided by Marc Dreyfors, Manager of Carolina Biodiesel, the following table shows the number of users, trips, and gallons used FY20 - FY23.

Fiscal Year	Users	Visits	Total Gallons
2020	12	58	710.40
2021	10	80	956.69
2022	10	51	586.40
2023	6*	40	476.20

*Excludes one user listed at unknown.

The aboveground biodiesel tank and fueling station has remained inactive since July 23, 2023, due to needed maintenance, is approximately 20 years old and nearing the end of its lifespan. Because of its age, the tank's structure may weaken, potentially resulting in leaks or structural failures.

Alternative biodiesel fueling locations are listed in Attachment D.

The 500-gallon biodiesel fuel tank is included in the Town’s NPDES permit for the Public Works facility with the responsibility remaining with the Town to be prepared for, respond to, and be liable for any release associated with the tank’s operation, or natural or other unanticipated disasters or events. Additionally, there are downstream areas of concern for health, safety, and environmental impact from a potential release of fuel from the above ground storage tank. See Attachment E - Stormwater Utility Biodiesel Tank Transmittal.

In February 2023, Matt Reid, Risk Control Consultant for North Carolina League of Municipalities, completed a safety survey of the Public Works facility. Mr. Reid recommended to “consider finding a location outside of the Public Works facility for the biofuel operation. Allowing the public to enter the Public Works facility grounds creates potential added risks for which the Town could be held liable.” See Attachment F - NCLM Risk Control Visit Email.

Public Works facility houses the Town’s fueling depot and emergency response vehicles and equipment,

ensuring readiness for any crisis or disaster. In general, Public Works is primarily an employee-only facility. Exceptions are vendors who regularly deliver materials and individuals who are authorized to access the biodiesel tank located on the Public Works grounds. Removal of the biodiesel tank would improve security at Public Works facility and protect the Town's emergency response assets.

FISCAL IMPACT: The Town does not receive revenue from Carolina Biodiesel, LLC for use of the Public Works site. According to the August 15, 2006, Agreement, "Piedmont Biofuels shall remove all equipment and materials from the site within 30 days from the expiration or termination of this agreement and restore the site to its original condition to the satisfaction of the Public Works Director." If Carolina Biodiesel, LLC were to claim and remove the biodiesel fuel tank there would be no fiscal impact to the Town. If the tank is abandoned by the owner, the estimated cost to remove and recycle the biodiesel fuel tank is \$500.

RECOMMENDATION: It is recommended Town Council approve the Resolution (Attachment G) to terminate the Agreement between Carolina Biodiesel, LLC, formerly Piedmont Biofuels, Inc., and the Town of Carrboro which currently permits the use of Public Works facility for the placement of a 500-gallon biodiesel fuel tank and fueling station.