



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Use of City TDA Funds for Construction of Compressed Natural Gas Station in Lodi (\$26,667)

MEETING DATE: May 6, 1998

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council adopt the attached resolution authorizing the use of \$26,667 in TDA funds to help defray the construction cost of the Compressed Natural Gas (CNG) Station in Lodi in exchange for a lower fuel cost.

BACKGROUND INFORMATION: The Department of Energy has been working to reduce our nation's dependence on foreign oil. Lodi falls under the Environment Protection Act rules. No rules on municipalities have been formalized but, for cities like Lodi, the proposal is to require that by 2002 twenty percent of all vehicles purchased be alternatively fueled. After 2002, the percentages will go up.

Lodi's Public Works Department is pursuing a CNG program now because Fleetstar, Inc. is willing to invest over \$250,000 in a CNG station in Lodi. It is anyone's guess whether funding for fueling stations will be available in the next century. As it is, the San Joaquin Valley Unified Air Pollution Control District (SJVUAPCD) no longer accepts applications for fueling stations.

The fast-fill CNG station, to be located at E. F. Kludt & Sons on Pine Street and Cluff Avenue, will serve the needs of the City's transit fleet, Caltrans, the U. S. Postal Service, and the Lodi Unified School District. A station of this capacity costs about \$250,000.

Fleetstar, a SJVUAPCD funding recipient, was willing to invest in Lodi because the Public Works Department has secured funding for over \$1,100,000 for new CNG buses and CNG conversions. As part of the negotiations, Fleetstar is willing to lower its fuel price if Lodi's Public Works Department agrees to help defray the construction cost. The Public Works Department recommends contributing \$26,667 to the Fleetstar CNG fast-fill station project. Within two years, the cost will be made up by the lower fuel cost.

FUNDING: Funding from TDA fund balance to pay for part of the construction at a cost of \$26,667.

Funding available: Wesley M. Athie
Finance Director

Richard C. Prima, Jr.
Richard C. Prima, Jr.
Public Works Director

Prepared by Carlos Tobar, Transportation Manager
RCP/CFT/lm
Attachment
cc: City Attorney

APPROVED: H. Dixon Flynn
H. Dixon Flynn -- City Manager

RESOLUTION NO. 98-64

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING THE
USE OF TDA FUNDS TO HELP DEFRAY CONSTRUCTION COSTS
OF A COMPRESSED NATURAL GAS (CNG) STATION IN LODI

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WHEREAS, the Department of Energy has been working to reduce our nation's dependence on foreign oil; and

WHEREAS, the proposal for cities like Lodi would be to require that twenty percent of all vehicles purchased be alternatively fueled by the year 2002; and

WHEREAS, the Public Works Department is pursuing a CNG program now because Fleetstar Inc. is willing to invest over \$250,000.00 in a CNG station in Lodi; and

WHEREAS, the fast-fill CNG station is to be located at E. F. Kludt & Sons on Pine Street and Cluff Avenue and will serve the needs of the City's transit fleet, Caltrans, the U.S. Postal Service and the Lodi Unified School District; and

WHEREAS, Fleetstar, a SJVUAPCD funding recipient, will invest in Lodi due to the fact that the Public Works Department has secured over \$1,100,000.00 in funding for new CNG buses and CNG conversions; and

WHEREAS, Fleetstar is willing to lower its fuel price if the City agrees to help defray the construction cost.

BE IT RESOLVED, that the Lodi City Council hereby approves the use of Transportation Development Act (TDA) Funds in the amount of \$26,667.00 to help defray construction costs of a Compressed Natural Gas Station in Lodi in exchange for a lower fuel cost.

Dated: May 6, 1998

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I hereby certify that Resolution No. 98-64 was passed and adopted by the Lodi City Council in a regular meeting held May 6, 1998 by the following vote:

AYES: COUNCIL MEMBERS - Johnson, Land, Mann and Sieglock (Mayor)
NOES: COUNCIL MEMBERS - None
ABSENT: COUNCIL MEMBERS - None
ABSTAIN: COUNCIL MEMBERS - Pennino


ALICE M. REIMCHE
City Clerk