



**CITY OF LODI  
COUNCIL COMMUNICATION**

**AGENDA TITLE:** Adopt Resolution Authorizing City Manager to Execute Agreement with City of Elk Grove Regarding Their Purchase of Compressed Natural Gas (CNG) from City of Lodi at Municipal Service Center (MSC) Fueling Station

**MEETING DATE:** February 20, 2008

**PREPARED BY:** Public Works Director

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**RECOMMENDED ACTION:** Adopt a resolution authorizing the City Manager to execute a temporary agreement with the City of Elk Grove regarding their purchase of compressed natural gas (CNG) at the City of Lodi's Municipal Service Center (MSC) fueling station and extend the agreement, if necessary.

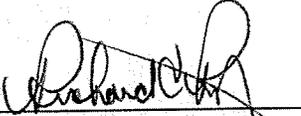
**BACKGROUND INFORMATION:** In late 2007, the City of Elk Grove contacted the City of Lodi's Fleet and Facilities Manager to request to fill some of their CNG-powered buses on a short-term basis when one of their regular CNG fueling stations became unavailable. City staff agreed to let them do so, and Elk Grove has been reimbursing the City for the cost of fuel.

Staff recognized, however, that Elk Grove's short-term need would continue months longer when we were informed that they would be building a new CNG fueling station to offset the existing CNG station loss. Elk Grove is now advertising for bids for construction of their new CNG fueling station, but construction will not be completed until this summer. Should construction take longer than anticipated, an extension may be needed. Staff recommends that the extension not exceed one year.

City staff recommends that an agreement to use the City's CNG fueling station at the MSC be formalized and that the City Manager be authorized to execute the attached agreement and an extension, should one become necessary. The City of Lodi will charge the City of Elk Grove the current cost per therm charged by PG&E to Lodi, plus maintenance and operation costs, administrative fees and taxes, and a CNG Station depreciation/replacement charge. The current charge is \$1.85 but fluctuates with the direct charge from PG&E.

**FISCAL IMPACT:** Reimbursement from the sale of CNG fuel will be received and credited to the Transit fund.

**FUNDING AVAILABLE:** Not applicable.

  
Richard C. Prima, Jr.  
Public Works Director

Prepared by Dennis J. Callahan, Fleet and Facilities Manager  
RCP/DJC/pmf  
Attachment  
cc: Tiffani Fink, Transportation Manager  
Randy Laney, Fleet Services Supervisor  
Janice Magdich, Deputy City Attorney  
Carlos Tobar, Elk Grove Transit Systems Manager

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**APPROVED:** \_\_\_\_\_  
Blair King, City Manager

## AGREEMENT TO USE CNG FUELING STATION

This Agreement is made and entered into February \_\_\_\_\_, 2008 ("Effective Date"), by and between the City of Lodi, a municipal corporation ("Lodi"), and the City of Elk Grove, a municipal corporation ("Elk Grove").

WHEREAS, Lodi is the owner of a CNG Fueling Station located at its Municipal Service Center, 1331 South Ham Lane, Lodi, San Joaquin County, California ("CNG Facility"); and

WHEREAS, Elk Grove desires to temporarily use the CNG Facility for the purpose of fueling certain buses in its municipal fleet; and

WHEREAS, Lodi has consented to the use of the CNG Facility on the terms and conditions detailed below.

NOW, THEREFORE, the parties agree as follows:

1. Lodi will permit Elk Grove to use the CNG Facilities, for the sole purpose of fueling buses in its municipal fleet. Elk Grove will be charged per gallon of compressed natural gas and billed monthly for charges incurred, as follows: the current cost per therm (at the rate charged by PG&E to Lodi) X 1.278 (conversion factor) plus \$0.42 per gallon for maintenance and operation costs, administration fees and taxes<sup>1</sup>, and plus \$0.27 per gallon for CNG Station depreciation/replacement charge<sup>2</sup>.

Payment by Elk Grove is due and payable upon receipt of Lodi's invoice and delinquent if not paid in full within 15-days of receipt.

2. The term of this Agreement shall be from September 1, 2007, through December 31, 2008 ("Term").

3. Employees of Elk Grove using the CNG Facilities are required to receive training by Lodi in the proper use of the CNG Facilities prior to use.

4. In the event that the CNG Facility is damaged by employees or agents of Elk Grove during the Term of this Agreement, Elk Grove agrees to reimburse the City for all costs incurred by the City that are necessary to return the CNG Facility to its condition prior to the damage.

5. Elk Grove acknowledges that no more than two (2) buses are permitted at any one time at the CNG Facility and that buses waiting for fueling will be staged at an area designated by Lodi's Fleet & Facilities Manager or his designee. Elk Grove also

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<sup>1</sup> Cost per therm X 1.278 + \$0.20 maintenance & operation + \$0.10 administration + \$0.12 taxes = price per gallon of CNG fuel.

<sup>2</sup> CNG Station Depreciation/Replacement Charge = + \$0.27 per gallon of CNG fuel.



To Elk Grove:           City of Elk Grove  
Carlos Tobar, Transit System Manager  
10250 Iron Rock Way  
Elk Grove, CA 95624

12. This Agreement contains the entire agreement between the parties relating to the rights granted and obligations assumed under it. Any amendments or modifications to this Agreement will not be effective unless contained in a writing signed by both parties.

13. This Agreement shall be interpreted and construed under the laws of the State of California. The forum for any dispute arising out of this Agreement shall be the San Joaquin County Superior Court.

IN WITNESS WHEREOF, this Agreement has been entered into as of the effective date as written above.

CITY OF LODI  
a municipal corporation

CITY OF ELK GROVE  
a municipal corporation

By: \_\_\_\_\_  
BLAIR KING  
City Manager

By: \_\_\_\_\_  
JIM ESTEP  
Interim City Manager

ATTEST:

ATTEST:

By \_\_\_\_\_  
RANDI JOHL  
City Clerk

\_\_\_\_\_  
PEGGY JACKSON  
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: \_\_\_\_\_  
JANICE D. MAGDICH  
Deputy City Attorney

By: \_\_\_\_\_  
SUSAN BURNS COCHRAN  
City Attorney

RESOLUTION NO. 2008-\_\_\_\_\_

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE CITY MANAGER TO EXECUTE AGREEMENT BETWEEN CITY OF LODI AND CITY OF ELK GROVE FOR PURCHASE OF COMPRESSED NATURAL GAS (CNG) AT CITY OF LODI'S MUNICIPAL SERVICE CENTER AND EXTENSION

WHEREAS, the City of Elk Grove contacted the City of Lodi's Fleet and Facilities Manager with a request to fill some of their CNG-powered buses on a short-term, emergency basis when one of their regular CNG fueling stations became unavailable; and

WHEREAS, the City of Elk Grove's short-term need will continue months longer than expected as they will be building a new CNG fueling station to offset the existing CNG station loss. The City of Elk Grove is now advertising for bids for construction of their new CNG fueling station, but construction will not be completed until June 2008. Should construction take longer than anticipated, an extension may be needed; and

WHEREAS, City staff recommends that an agreement to use the City's CNG fueling station at the MSC be formalized and that the City Manager be authorized to execute the attached agreement; and

WHEREAS, the City of Lodi will charge the City of Elk Grove the current cost per therm charged by PG&E to Lodi, plus maintenance and operation costs, administrative fees and taxes, and a CNG Station depreciation/replacement charge.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby authorizes the City Manager to execute an agreement with the City of Elk Grove to purchase compressed natural gas (CNG) at the City of Lodi's Municipal Service Center (MSC) fueling station; and

BE IT FURTHER RESOLVED that the Lodi City Council hereby authorizes the City Manager to execute an extension to the agreement not to exceed one year; and

BE IT FURTHER RESOLVED that the charge for the CNG will be the current cost per therm charged by PG&E to Lodi, plus maintenance and operation costs, administrative fees and taxes, and a CNG Station depreciation/replacement charge.

Dated: February 20, 2008

I hereby certify that Resolution No. 2008-\_\_\_\_\_ was passed and adopted by the City Council of the City of Lodi in a regular meeting held February 20, 2008, by the following vote:

- AYES: COUNCIL MEMBERS –
- NOES: COUNCIL MEMBERS –
- ABSENT: COUNCIL MEMBERS –
- ABSTAIN: COUNCIL MEMBERS –

RANDI JOHL  
City Clerk