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Staff Report

SS ITEM 2

To: Lemoore City Council
From: Lauren Apone, Administrative Analyst *LA*
Date: September 10, 2013
Subject: CNG Station Grant Opportunity

Discussion:

The CNG Station jointly operated by the City and Lemoore Area Schools Transportation (LAST), comprised of the four area school districts, has seen a recent surge in usage. While the City and school fleets haven't changed very much, the interest in our public fast-fill station has increased dramatically in recent months. Besides general members of the public using the station, CalVans has recently purchased 5 CNG vanpool vans and have 25 additional vans on order. KART has also used our station while their station was recently being repaired.

Our MOU with the school districts says that LAST, through Lemoore Union High School District (LUHSD), will collect money from each gallon equivalent of CNG sold to help offset maintenance costs. There are two maintenance funds: a monthly maintenance fund and a maintenance set-aside fund. The monthly maintenance fund helps pay for routine, preventative maintenance that we pay a contractor to do monthly. The maintenance set-aside fund is meant for things like facility expansion, compressor overhauls, and anything that does not fall into monthly maintenance. Below is a summary of the costs associated with the station since its inception in September 2012 through end of the fiscal year June 30, 2013:

Revenues

\$ 32,132	LUHSD
\$ 7,193	City of Lemoore
\$ 9,146	Retail/KART/CalVans (\$11k from 7/1/13-8/20/13)
\$ 10,454	Alternative Fuel Excise Tax Credit (expires 12/31/2013)
\$ 58,925	Total Revenues

Expenditures

\$ 15,957	Gas
\$ 10,958	Electricity
\$ 6,842	Maintenance/Repairs
\$ 3,821	Spare Parts
\$ 37,578	Total Expenditures

\$ 21,347 *Contribution to maintenance set-aside fund per MOU*

The San Joaquin Valley Air Pollution Control District (SJVAPCD) has announced a grant opportunity to expand alternative fuel infrastructure. As the owner of the facility, LAST, through LUHSD, has decided to apply for the grant to add three additional storage vessels to the station in order to accommodate the increased usage expected with the 25 additional CalVans and the City's vehicles that are on order. The grant has no match, but does not pay for engineering costs. If the grant is awarded, we are proposing to use the maintenance set-aside money accumulated to pay for the engineering costs associated with the expansion.

Budget Impact:

There will be no cost to the City, except for staff time assisting with writing the grant proposal.

Recommendation:

Information only.