

STAFF REPORT
City of Lancaster

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12/09/14
MVB

DATE: December 9, 2014

TO: Mayor Parris and City Council Members

FROM: Mark V. Bozigian, City Manager

SUBJECT: **Approve Traction Seal Program Fiscal Year 14-15 Budget and Authorize the City Manager to Set Prices, Charges and Terms of Sale of Excess Asphalt Supply Within Approved Price Ranges**

Recommendation:

Adopt **Resolution No. 14-74**, approving Traction Seal Program Fiscal Year 14-15 Budget and authorizing the City Manager to set prices, charges and terms of sale of Excess Asphalt Supply within approved prices ranges.

Background:

The City of Lancaster (the “City”) owns certain real property located within its own jurisdictional boundaries (the “Property”) that is improved with facilities, equipment and machinery (“Plant”) necessary in order to manufacture asphalt rubber binder coatings (“Asphalt”) based upon certain core technologies that the City has licensed from Ecostar Science & Technology, Inc (“Ecostar”) pursuant to the terms of that certain “Manufacturing License and Sales Agreement” dated as of June 6, 2014. The City may produce a quantity of Asphalt at the Property that exceeds the City’s own needs and that the City does not need for its own purposes (the “Excess Asphalt Supply”).

Section 304 of the City’s Charter provides that “[t]he City shall have the power to engage in any enterprise deemed necessary to produce revenues for the general fund or any other fund established by the City Council to promote a public purpose.” Therefore, staff believes it is in the City’s best interest to sell the Excess Asphalt Supply on the open market in order to offset the costs to construct the Plant and to produce revenue for the general fund. To that end, this proposed Resolution authorizes the City Manager to establish the prices, charges (including, without limitation, shipping charges), and terms governing the sale of the Excess Asphalt Supply; provided, however that the City Manager may only establish a sales prices between \$1.80 and \$2.80 per gallon without prior City Council approval.

Additionally, this proposed Resolution approves the Fiscal Year 14-15 budget for the Traction Seal Program, as attached.

Attachment:

Resolution No. 14-74