

**ORDINANCE NO. 14-03**

**AN ORDINANCE OF THE CITY COUNCIL OF SOMERSET,  
KENTUCKY, TO AUTHORIZE THE SALE OF GASOLINE AND  
NATURAL GAS FROM THE CITY'S BULK GASOLINE PLANT**

WHEREAS, the City of Somerset has shown to possess the experience and foresight, using its knowledgeable employees and agents, its geographical location and its natural gas pipeline, to be an innovator in the field of energy as evidenced by the soon to be constructed Somerset Energy Center;

WHEREAS, the City of Somerset now also owns and operates a bulk gasoline plant known as the Somerset Fuel Center that has 60,000 gallons of capacity, which was purchased by the City to provide gasoline to the fleet of the City's vehicles that are operated by the City's employees, agents and officials;

WHEREAS, the City of Somerset has demonstrated in its operation of the Somerset Fuel Center that the City is efficient, capable and competent in providing gasoline and natural gas for the operation of the City's fleet and also in providing natural gas for vehicles of the public that are equipped to operate using natural gas;

WHEREAS, the Somerset Fuel Center had (and has) excess capacity, which allowed the City to enter into agreements for the sale of gasoline to other governmental entities, including the Somerset School System, and has further demonstrated that the City is efficient, capable and competent in the delivery of gasoline to the vehicles of these other governmental entities;

WHEREAS, a gasoline refinery known as Somerset Energy Refining, formerly Somerset Refinery, once operated in the City of Somerset and provided jobs and economic and energy-related activity that was valuable to the City of Somerset and its citizens;

WHEREAS, Somerset Energy Refining experienced financial difficulties in operating and maintaining its gasoline refinery in Somerset, which resulted in decreased capacity of production and a corresponding loss of jobs at the refinery and also the loss of indirect jobs related to the operation of the refinery;

WHEREAS, the refinery then operated as Somerset Energy Refining was purchased by Continental Refining Company aka Continental Refining Company of Southern Kentucky in 2011 with the intent and desire to increase production from the refinery's then "warm idle" status to an increase of 61% in capacity by the end of 2012 and to full capacity by mid-2013 with an estimated corresponding increase of an additional forty (40) jobs at the refinery and with an estimated additional 200 indirect jobs related to the operation of the facility;

WHEREAS, the refinery of the Continental Refining Company located in Somerset, Kentucky, has excess capacity and the ability to utilize this excess capacity for the production of quality unleaded gasoline of sufficient volume for sale on a bulk basis;

WHEREAS, the refinery of the Continental Refining Company located in Somerset, Kentucky, is a single source for the potential purchase of competitively priced, quality gasoline of sufficient volume that is refined in the geographical area of Somerset, Pulaski County;

WHEREAS, the supplies of gasoline being refined, and the additional quantities of gasoline that is capable of being refined, by Continental Refining Company located in Somerset, Kentucky, is not being purchased so that the capacity of the refinery is not being fully utilized and so that the potential for sustained and increased jobs and economic and energy-related activity in the City of Somerset as a result of the refinery's activities is at risk;

WHEREAS, the Somerset Fuel Center has excess capacity and the City has a need for the purchase of quality unleaded gasoline for the needs of the City and for the efficient operation of the plant at a greater capacity than currently exists at the plant;

WHEREAS, the City of Somerset has utilized competitive sealed bidding that resulted in the purchase of gasoline on the open market through a wholesaler for use and storage at its bulk gasoline plant and will continue to do so to the extent necessary and prudent, which serves a public purpose and which increases the capacity and efficiencies of the Somerset Fuel Center;

WHEREAS, an opportunity exists through noncompetitive negotiation with Continental Refining Company located in Somerset, Kentucky, for the City to purchase a sufficient volume of quality and competitively priced gasoline that is refined in the geographical area of Somerset, Kentucky, given that competition by competitive sealed bidding and/or competitive negotiation is not feasible as this is the single source of gasoline that is refined in Somerset, e.g. there is no other local refinery.

WHEREAS, in the event that the City can negotiate the purchase of sufficient volume of competitively priced gasoline from Continental Refining Company located in Somerset, Kentucky, for the needs of the City and for the proprietary resale to other local governmental entities and to the public, then such purchase(s) will serve to increase the capacity at the City's bulk gasoline plant, which will increase the efficiency of the City's Somerset Fuel Center and which will further serve to increase the capacity at this local refinery, which will serve to maintain jobs at the refinery, to increase jobs both directly and indirectly related to the refinery and to increase economic and energy-related activity in the City of Somerset;

WHEREAS, the City has purchased natural gas for the City's vehicle fleet and has also provided natural gas for the proprietary resale for vehicles of the public that are equipped to operate using natural gas, which has proved to be an innovative mechanism for use of the Somerset Fuel Center and a gasoline alternative for the operation of motor vehicles, a potentially more environmentally friendly means for the operation of motor vehicles and a potential catalyst for increased energy-related activity and increased economic activity in the City of Somerset.

NOW, THEREFORE, pursuant to the applicable provisions of KRS 82.082, KRS 45A.365, KRS 45A.380 and KRS 45.570, be it ordained by the Common City Council of the City of Somerset, as follows:

1. The Common Council of the City of Somerset adopts and incorporates the foregoing preamble provisions as its determinations and findings of fact in support of this Ordinance.
2. The Common Council of the City of Somerset hereby finds a public purpose and authorizes the purchase of gasoline and natural gas for use at the Somerset Fuel Center for the operation of the City's motor vehicle fleet and for resale for the operation of motor vehicles of other governmental entities and of the public.
3. The Common Council of the City of Somerset authorizes the Mayor to negotiate and execute such agreements as necessary, and as set forth herein, for the purchase of quality gasoline and natural gas at competitive prices for use and resale at the Somerset Fuel Center utilizing the expertise of the employees and agents of the City of Somerset and the Somerset Gas Department and with a preference for local vendors, including but not limited to Continental Refining Company located in Somerset, Kentucky, and producers utilizing the City of Somerset's natural gas pipeline.
4. If any of this Ordinance is deemed by a court of competent jurisdiction to be unenforceable or unconstitutional, the remaining provisions of this Ordinance shall continue in full force and effect.
5. Any Ordinance in conflict with this Ordinance or any policies in conflict with the ones enacted herein are hereby repealed in so far as the same are in conflict herewith.
6. This Ordinance shall be in full force and effect upon approval and publication according to law.

FIRST READING June 9, 2014

SECOND READING June 23, 2014

ATTEST: David Godsey APPROVED: Eddie Girdler  
 City Clerk, David Godsey Mayor, Eddie Girdler