

RESOLUTION NO. 2014295

RE: FOR DUTCHESS COUNTY DEPARTMENT OF PUBLIC WORKS TO
EVALUATE COST/FEASIBILITY OF FUEL CENTER WITH GASOLINE
FOR PUBLIC

Legislators TYNER, JETER-JACKSON, STRAWINSKI, and FARLEY offer
the following and move its adoption:

WHEREAS, this September the small city of Somerset, Kentucky, drew national attention when it opened a municipally owned and operated fuel center in an effort to drive down gas prices for local residents; as a result of its proximity to Lake Cumberland, a popular tourist destination, the city of 11,000 residents has long struggled with high fuel prices, especially during the summer months between Memorial Day and Labor Day, and

WHEREAS, under the leadership of Republican Mayor Eddie Girdler, the conservative-leaning city purchased a fuel storage facility for \$200,000 and spent \$75,000 building the infrastructure to distribute gasoline to the public—including the installation of 10 pumps; the city now purchases gas from a local supplier (Continental Refining Company) and uses city employees who rotate in from other departments to operate the station, and

WHEREAS, in a city where gas prices can spike 20 to 30 cents a gallon on weekends, the public station will not aim to turn a profit; rather, the mayor's office intends to set prices in a way that the city breaks even on the cost of fuel plus operating expenses; however, an additional goal is to provide an incentive for motorists on their way to Lake Cumberland to stop in Somerset to refuel, thus generating additional business for—and greater tax revenues from—the city's restaurants, shops, and other small businesses, and

WHEREAS, as Mayor Eddie Girdler has pointed out, government needs to step in to protect the public with affordable gas prices when the market fails to do this; it is the role of government to protect ordinary taxpayers from big business and corporate power, and

WHEREAS, while Somerset's publicly owned gas station is the first of its kind in a good many years, it draws upon a rich tradition in the United States of municipal enterprises that reduce costs for local residents, provides services for those underserved or exploited by private operators, and allows for community participation in economic decision-making, and

WHEREAS, historically, municipal ownership and operation of strategically important industries and services was commonplace in America's cities; often these included subways, trolleys, buses, power plants, power lines, telephone networks, water and sanitation systems, railroads, ice plants, bus and train stations, freight shipping facilities, grocery stores, coal distribution companies, and lodging houses, and

WHEREAS, as both history and the recent events in Somerset attest, support for public ownership and enterprise at the municipal level often cuts across political ideologies and affiliations; public ownership and operation of a gas station in order to reduce the cost of carbon-intensive, high-polluting fossil fuel raises important environmental and climate change-related questions, but what is important is not the type of enterprise being owned and operated but rather the template that municipal ownership offers communities to regain direct control over the vital economic decisions that affect their daily lives, and

WHEREAS, Dutchess County government already includes a County Airport that sells fuel to the public, and an Auto Center that fuels and services our county fleet, now, therefore be it

RESOLVED, that the Dutchess County Legislature requests that our county's department of Public Works evaluate the cost and feasibility of a county-owned and operated fuel center to sell gasoline at reduced prices to local taxpayers, and report back to the Dutchess County Legislature on this in 90 days, and, be it further

RESOLVED, that a copy of this resolution be sent to the Dutchess County Executive and Dutchess County Department of Public Works.

STATE OF NEW YORK

ss:

COUNTY OF DUTCHESS

This is to certify that I, the undersigned Clerk of the Legislature of the County of Dutchess have compared the foregoing resolution with the original resolution now on file in the office of said clerk, and which was adopted by said Legislature on the 10th day of November 2014, and that the same is a true and correct transcript of said original resolution and of the whole thereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of said Legislature this 10th day of November 2014.

CAROLYN MORRIS, CLERK OF THE LEGISLATURE

FOR PCDPW TO EVALUATE COST/FEASIBILITY OF FUEL CENTER

No Fiscal Impact

WITH GASOLINE FOR PUBLIC

FISCAL IMPACT STATEMENT

APPROPRIATION RESOLUTIONS

Total Current Year Cost \$

Total Current Year Revenue and Source: \$

Source of County Funds (check one): Existing Appropriations
Contingency
Transfer of Existing Appropriations
Additional Appropriations
Other (explain)

Identify Line Item (s):
Related Expenses:

Nature of Expenses:

Anticipated Savings to County:

Net county Cost (this year): \$

(over five years): \$

Additional Comments:

Background
2014295

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Red Hook, NY 12571
(845) 758-9121 (845) 758-6336 fax
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November 5, 2014

Dutchess County Legislature

Dear Legislators,

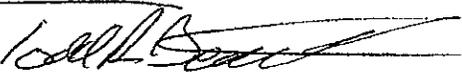
This letter is in reference to the proposed county owned gas station sponsored by Joel Tyner. I am representing my family, who owns the Foam & Wash Mobil gas station, carwash and oil lube at 1942 Route 9 in Poughkeepsie. I'm writing in hopes of clarifying some of the misunderstandings in the proposal.

There is a minimal margin or markup from the sale of gas. Therefore to think an alternative or public type of station ownership could substantially lower the retail price is a fallacy. Running a gas station with a mission to drive retail prices down is an unsustainable business model even if a breakeven is desired.

OPEC, major petroleum suppliers, the financial markets, and the taxes imposed control the price of gasoline, not the local station owner. Supply and demand and competition also act to moderate gas prices. Local gas station business owners struggle every day to pay their staff, taxes and overhead. Please note that our gas station alone collected and paid more than \$200,000.00 in county sales tax for the last twelve month period.

If one gas station dropped their price more than 5¢ (only a 1.5% retail reduction on a gallon) they would very well be losing money. If a publicly owned business did manipulate retail prices down a few pennies, that shift would devastate many local small businesses. Local station owners would begin to lose money which would in turn lead to layoffs and they may be forced to close their doors.

Regards,



Todd Baright