

STAFF REPORT



SUBJECT: Approval of Fuel Purchase Contract for June 2022 through September 2023 with Texas Association of School Boards Energy Cooperative

DEPARTMENT: Finance

STAFF CONTACT: Monica Harris

RECOMMENDATION:

Staff requests Council to authorize staff to negotiate a contract for fuel purchases for July 2022 through September 2023 with Texas Association of School Boards Energy Cooperative at \$3.50 or less per gallon for 46,070 gallons of gas and \$3.85 or less per gallon for 18,147 gallons of diesel, plus taxes and delivery charge.

BACKGROUND:

The City of Stephenville previously utilized the Tarrant County bid with US Oil for fuel purchasing, paying \$.018 over OPIS (Oil Price Information Service) price for gas and \$.0063 over OPIS price for diesel plus delivery fee for outside Tarrant County delivery. The Tarrant County bid expired in April 2022, and a new bid was awarded to Jack Ray Oil. Under the new bid, delivery outside Tarrant County is also an additional cost, which was quoted at \$.20 per gallon, a cost increase of about \$.15 per gallon.

Staff searched for alternatives and contacted the Texas Association of School Boards Energy Cooperative, of which the City of Stephenville is already a member. The program and its benefits were presented by TASB, and current quotes were received. Under the program two options are available. The first is to purchase based upon current RAC (Refiners' Acquisition Cost) price, which changes daily. The second is to commit to a contract for a specified period purchasing a specified amount at a specified price. The contract requires purchasing the specified amount whether or not the full amount was delivered.

Staff is recommending contracting for 75% of previous annual purchases, allowing the flexibility to purchase at the lower of contract price or the daily quoted price that is based on current RAC price.

FISCAL IMPACT SUMMARY:

The total cost for the contract would be up to \$231,111, excluding taxes and delivery. Contracting for fuel does allow for more accurate budgeting of annual fuel costs.

ALTERNATIVES

Not approve negotiating a contract and paying best price quoted each time fuel is needed.

Approving negotiating a contract at different prices.