

INFORMATION ATTACHMENT

DIESEL FUEL

Background

On April 16, 2019, the Board of Directors ratified staff action executing a fixed-price diesel fuel purchase at a delivered price of \$2.1209 per gallon for the period of May 1, 2019 through October 31, 2019. Staff continued to watch the market for an optimal buying opportunity to fulfill future fuel needs. Market conditions presented such an opportunity. James River Solutions was instructed to utilize the fixed price purchasing method by locking in at the then current rate of \$1.944 (NYMEX \$1.905 + Differential \$0.039) per gallon on October 22, 2019 for the period of November 1, 2019 through April 30, 2020.

Highlights

- The base contract term with James River Solutions is one year and will cover deliveries for the period of May 1, 2019 through April 30, 2020. GRTC also has the option to renew for one additional one-year period.
- Under the contract, GRTC retains the choice of paying wholesale fuel prices that fluctuate from week to week or locking into a fixed price.
- Staff estimated a monthly diesel fuel usage of 28,800 gallons which equates to 172,800 gallons over a 6-month period. As a result, the estimated cost of fuel is \$335,923.
- James River Solutions is certified by the Virginia Department of Small Business and Supplier Diversity as a small and woman-owned business.
- This expense is funded completely from the operating budget.

Recommendation

That the Board of Directors ratifies staff's action executing a fixed-price diesel fuel purchase at a delivered price of \$1.944 per gallon for the period November 1, 2019 through April 30, 2020.

November 19, 2019