

Building Utilities

Motion: Mr. Monfredo asked if the Administration could talk to the City about locking in the rate for fuel now, since prices are so low.

Response:

The City recently bid for Number 2 Fuel Oil and it will be awarded based on a variable price on the date of delivery. Based on recent and future oil prices, it is possible that \$10,000 in savings could be achieved in that line item given usage of approximately 30,000 gallons.

However, the contract for Natural Gas expires in October 2015 and the budget reflects an estimated reduction of \$0.04 per therm, from \$0.90 to \$0.86 per therm. The WPS and City are currently working to execute a new contract for natural gas. However, the price has not yet been locked in and every change of \$0.01 in the actual price is a variance of approximately \$21,000.

The Administration recommends that the overall account be approved as presented to allow for coverage in the other (larger) utility accounts that may be needed during the course of the fiscal year. Adjustments to the budget can be made as necessary during the quarterly budget status report.