

# New Castle County

## Fuel Usage





### Overview:

- Why fuel costs are rising
- How we buy fuel
- What we can't control
- What we can control
  - o Administrative fleet size
  - o Awareness of driving behavior
  - Assignment of vehicles



#### Why Fuel Costs Are Rising

- The Petroleum Market is volatile, even at its most stable......
- Geopolitical tensions in the middle east
- Speculation on supply-demand balances
- Growing interest in petroleum as an asset class in futures commodities
- Lack of local refineries import/export market



#### How we buy fuel

- With both consumers and suppliers panicked about margins, Fixed- Price Contracts are not currently available
- The type of contract we DO use enables us to change suppliers to our advantage as the market moves
- We currently purchase No. 2 fuel and Diesel on a NCC Contract based on the Philadelphia OPIS (*Oil Price Information Service*) Pad Report #1, marked up .1175 per gallon.
- We currently purchase gasoline through the State of Delaware's Contract at the OPIS Unbranded Rack Average Price for Unleaded Regular gasoline (87 octane) with 10% ethanol at -.0340 per gallon from the rack price for tanks 5,000 gallons and up, +.1290 per gallon for tanks 2,000 4,999 gallons and +.1769 per gallon over the rack price for tanks up to 1,999 gallons.



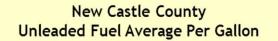
#### What We Can't Control

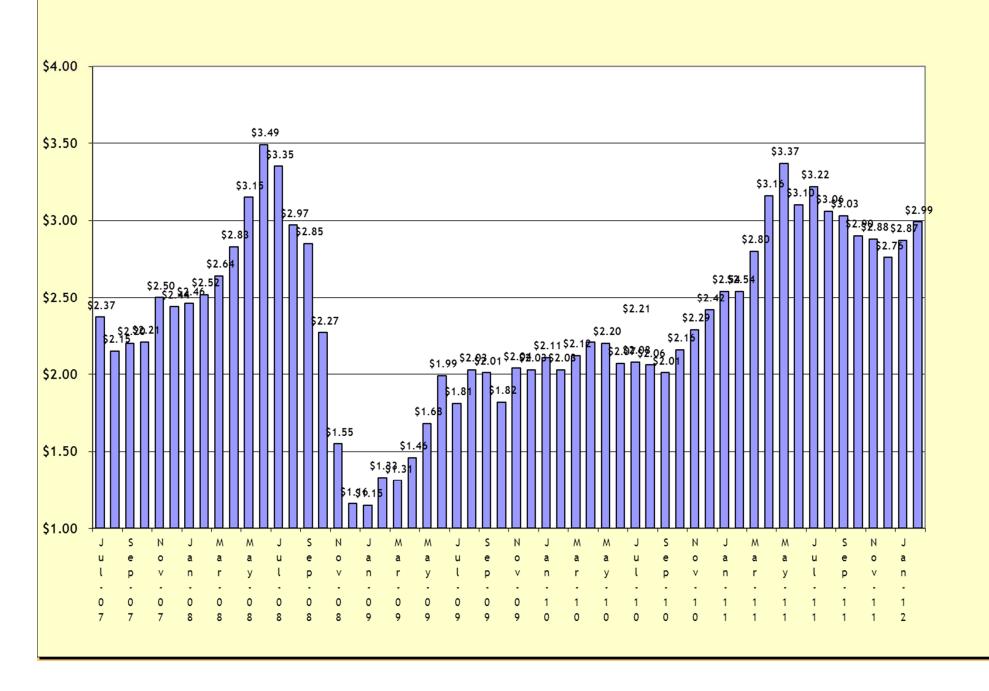
• *Volatility of the Market* – recent price per gallon quotes

	<b>Budgeted</b>	Average FYTD	Current
Diesel	\$2.75	\$3.22	\$3.45
Gasoline	\$2.57	\$2.95	\$3.21

• <u>County Service / Response</u> – Vehicle miles for police, paramedics and Special Services

<sup>\*</sup> Note that these price are <u>not</u> pump prices. As a Government entity, NCC is exempt from Federal and State taxes.







#### What We Can Control

• Administrative Fleet Size

#### **Recent reductions...**

- Department of Community Services: 2 of 8
- Department of Land Use: 4 of 18
- Department of Special Services: 5 of 22

Total 11 of 48 or 23%



#### What We Can Control

• Driving Behavior

Now Running Pilot Program with Telematics Equipment That Allows for <u>Tracking of:</u>

- **Idle Time** monitor and insure idling is minimized (7/10 gal)
- **Speed** Monitor and insure posted speed is not exceeded

There are plans to expand the pilot program to all of the fleet's vehicles



#### What We Can Control

- Assignment of Vehicle Type
  - Ongoing review of all vehicle assignments for appropriateness, best economy and longest life



**Questions?**