TO: CAO and/or CFO  
FROM: Anna-Maria Wijesinghe,  
Mananger, Member & Association Services  
DATE: June 26, 2009  
RE: Survey on Bulk Fuel Purchase – submit by July 15th, 2009

As part of our ongoing commitment to provide services that reduce costs and achieve efficiencies for BC local governments, UBCM has been investigating the possibility of forming purchasing partnerships with our counterpart organizations in western Canada to bulk purchase fuel.

Currently, three other associations (Alberta Association of Municipal Districts & Counties, Saskatchewan Association of Rural Municipalities and the Association of Manitoba Municipalities) participate in a Fuel Supply Program (FSP) program, which includes cardlock and keylock fuel and retail fuel and automotive lubricants. UBCM has been invited to participate.

The program’s objective is to assist members with purchasing fuel at a lower cost while still supporting local fuel dealers you currently use. Specifically, the program’s advantages include:
- leveraging member buying power to obtain lower fuel and lubricant prices;
- providing members advance notice of price changes;
- providing instant web-site rack price checks and analysis; and
- tracking of purchases.

We want to emphasize that the program allows all fuel deliveries and services to be provided by local agents or retailers. The feedback from local retailers and agents in the other provinces has been positive since they also receive a commission for handling the fuel for participating members.

We would like to know if this program is of interest to you. To assist us in determining the interest in the “Fuel Supply Program”, please complete and return the attached survey by July 15th, 2009. If the survey results indicate an adequate level of interest, we hope to be able to begin offering the program within the next few months. Completion of this survey does not obligate you to participate in the program. We have attached a more detailed explanation of exactly how the Fuel Supply Program works in Alberta.

Please return the attached questionnaire, either by email (ubcm@civicnet.bc.ca), or fax to (604) 270-9116 by July 15th, 2009. If you have questions please call me at (604) 270-8226 (111).
Please note: By participating in this survey you are not obligated to enrol in this program, this is simply to determine interest level.

Local Government Name:  
Name of Contact Person (or person filling form):  
E-mail address:  
Phone Number: 

1. Does your local government purchase automotive fuel?  
   Yes ☐  No ☐

2. Would your local government consider joining a “Fuel Supply Program” managed by UBCM, assuming it can lower your cost of fuel and eliminated much of the administrative burden of managing fuel purchasing on your own?  
   Yes ☐  No ☐

3. Does your local government purchase bulk fuel? (i.e. fuel delivered to your storage tanks by supplier.)  
   Yes ☐  No ☐  (go to #6)

4. What type of bulk fuel does your local government purchase and approximately how many litres per year do you purchase?  
   Check if applicable  
   Approx. Annual Purchase (Litres)  
   # of Locations  
   Low Sulphur Diesel ☐  
   Marked Diesel ☐  
   Regular Unleaded Gasoline ☐  
   Ethanol Blended Gasoline ☐

5. Please identify your present bulk fuel suppliers (and/or oil companies represented). 

6. Does your local government purchase fuel at cardlock or keylock locations? (Please check one box)?  
   Yes ☐  No ☐  (go to #8)

7. Please identify your present cardlock or keylock suppliers (and/or oil companies represented). 

8. Does your local government purchase fuel retail locations? (Please check one box)?  
   Yes ☐  No ☐  (go to #10)

9. Please identify your present retail suppliers (and/or oil companies represented). 

10. Your comments and suggestions are appreciated. Please assist us to evaluate this potential service.
PRAIRIE Fuel Advisors

PROFESSIONAL ASSISTANCE TO FUEL BUYERS FOR CANADIAN MUNICIPAL & NON-PROFIT GROUPS
Prairie Fuel Advisors (2008) Ltd. (PFA) offers a total fuel management program to members that includes lower prices, advanced price change notices, price maintenance, invoicing and fuel cost tracking.

Under this program, members can combat the one-sided pricing advantages enjoyed by petroleum producers and purchase fuel at a lower cost all while supporting local fuel dealers.

The program works because of the benefits of volume purchasing and professional management. This includes price, payment terms and delivery. As well, PFA uses proprietary software that monitors invoice values, accuracy, price discrepancies, past pricing and future pricing estimates. The software also provides fuel cost tracking information and purchase history to members.

PFA was specially designed to assist all municipalities, school divisions and related municipal organizations in managing their fuel purchases. Since 1995 the program has been successfully negotiating fuel contracts and developing long-standing relationships with petroleum providers such as United Farmers of Alberta (UFA), Imperial Oil/ESSO and Petro-Canada on the delivery of bulk and cardlock fuel. PFA also works with Fas Gas/RaceTrac who is the retail supplier and operates the fuel card program.

There is no cost to join the program; however you must be a member of one of PFA’s partner associations.

Here’s how it works...

**how it works**

Taking advantage of PFA membership benefits is easy.

Under the bulk fuel and packaged lubricant delivery process, a member calls the local agent of the approved supplier to place the order. Thus, supporting local businesses – who delivers the fuel. Invoicing and pricing is handled by the approved suppliers’ local or regional head office.

The PFA receives the invoices from the head office, processes them and re-invoices members, with the inclusion of an administration fee. A summary of the receivables from members and payable to the supplier and PFA is also sent to the association. The association then pays the supplier in advance of member payment and also pays a portion of the fee to PFA. By paying in advance, the PFA is working to ensure that there is no break in the service delivery chain.

After receiving their invoice, the members then pay their partner association.

The cardlock and keylock processes are similarly straightforward under PFA.

After a member fills their vehicle at a cardlock agency, the billing, collection and payment process proceeds in the same manner as for bulk fuel and packaged lubricants.

For the retail credit card program, the process is the same as above except the member gets fuel from any Fas Gas or RaceTrac retail outlet.

If a member feels that it is no longer advantageous to continue, they may withdraw from their fuel supply contract, with notice, at any time, without penalty.

**Member Benefits**

- Lower the cost of gasoline, diesel and lubricants
- Retail credit card program with Fas Gas and RaceTrac Gas allows for a discount of 7 cents per litre in addition to any local discount
- Control the price changes of fuel to eliminate the practice of fuel suppliers providing “give away” prices in response to a tender and then increasing the prices to more profitable levels in the following months
- Eliminate the cost and burden of tendering for fuel
- Support for local fuel agents

**Approved Suppliers**

Imperial Oil/ESSO
United Farmers of Alberta (UFA)
Petro-Canada
Fas Gas/RaceTrac
Milligan Bio-Tech

**free cost analysis**

IF YOU WOULD LIKE TO CONSIDER JOINING THE PROGRAM, PLEASE FORWARD A COPY OF YOUR FUEL INVOICES FOR THE PAST YEAR TO THE PFA OFFICE. OUR PROGRAM MANAGERS WILL COMPARE THE PRICES YOU PAID FOR FUEL TO THOSE THAT YOU WOULD HAVE PAID HAD YOU PURCHASED THROUGH THE PROGRAM AND GIVE YOU A DETAILED REPORT OF THEIR FINDINGS.

www.PrairieFuelAdvisors.ca
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