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ITEM ID:	**2026-347-0**
TRANSMITTAL DATE:	**November 6, 2026**
MEETING DATE:	**November 13, 2026**
TO:	**Board of Directors**
FROM:	**Tom Schamber, Chief Financial Officer**
SUBJECT:	**FY2026-27 Quarterly Fuel Purchase Program Update - Quarter Ending September 30, 2026**

Issue

Staff is providing an update on the Authority's Fuel Purchase Program for the quarter ended September 30, 2026.

Recommendation

Receive and file.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, object metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. Working together with our fuel purchase program partners we can provide better assurance we will meet our budgetary goals.

Background

The Agency's FY26 fuel budget is approximately 9.1% of the total Operating Budget. Given the volatility of fuel pricing, the Authority's actual fuel expense has ranged from $28.5M to $31.9M, accounting for 8.4% to 12.1% of the actual operating expenditures in the past four years (FY23-FY26).

Finance Policy FIN-11.1, Fuel Purchase Policy, was approved by the Board on December 11, 2020. This policy was implemented to minimize the budget risk resulting from the purchase of diesel fuel. In addition, it identifies how the fuel purchase program performance is monitored and reported to the Board. Over the past five years, the policy has undergone multiple revisions, with the most recent version approved by the board on October 23, 2026. This latest update extended the hedging window from 6 months to 12 months.

The Board has requested that staff provide quarterly updates on our Fuel Purchase Program.

Discussion

The primary objective of the Fuel Purchase Program is to ensure predictability in the Agency's fuel costs. Accordingly, the sale of positions may result in a gain or loss, depending on fluctuations in fuel contract prices.

As of September 30, 2026, the Authority's hedging account had a value of $4,206,007, an increase of $11,592 from June 30, 2026, after transferring excess funds back to a money market account. On September 3, 2026, the Authority returned $4.0 million in excess funds held in the futures account. The futures account report for the quarter ended September 30, 2026, provided by Blue Lacy, LLC, is included in Attachment A. The performance of contract purchases against the spot market with the realized gains achieved by the program are included in Attachment B.

A current fuel hedging and petroleum market update from Blue Lacy is included in Attachment C. In addition, Attachment C graphically illustrates anticipated market movements and the associated risks related to those fluctuations.

Next Steps

Staff will provide a quarterly update for the second quarter of FY27 in March.

Prepared by:	Marcus Tapia, Finance Analyst II, Finance
Approved by:	Tom Schamber, Chief Financial Officer

Attachment(s)

Attachment A - Quarter Ended September 30, 2026
Attachment B - Performance of Futures Purchased - Quarter Ended September 30, 2026
Attachment C - Fuel Hedging Commentary - Quarter Ended September 30, 2026
Presentation - Quarterly Fuel Hedge FY27 Q1