



**ITEM ID:** 2026-138-0

**TRANSMITTAL DATE:** February 20, 2026

**MEETING DATE:** February 27, 2026

**TO:** Board of Directors

**FROM:** Tom Schamber, Chief Financial Officer

**SUBJECT:** FY2025-26 Quarterly Fuel Purchase Program Update - Quarter Ending December 31, 2025

**Issue**

Staff is providing an update on the Authority's Fuel Purchase Program for the quarter ended December 31, 2025.

**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 FY25 fuel budget is approximately 10.0% of the total Operating Budget. Given the volatility of fuel pricing, the Authority's actual fuel expense has ranged from \$21.2M to \$31.9M, accounting for 8.7% to 12.1% of the actual operating expenditures in the past four years (FY22-FY25).

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. At the May 27, 2022, Board meeting, an update to the Fuel Purchase Program was made addressing the issue of purchasing contracts in light of the increase in diesel fuel costs.

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

### **Discussion**

The primary function of the Fuel Purchase Program is to make the Agency's fuel costs predictable. On that basis, it is to be expected that the sale of positions may create a gain or loss depending on the movement of fuel contract prices.

Beginning in July 2024, Blue Lacy, LLC. assumed the day-to-day duties as the Authority's Fuel Hedge Advisor, replacing our previous advisor Linwood Capital, LLC. As of December 31, 2025, the Authority's hedging account had a value of \$2,374,595, a decrease of \$329,221 from September 30, 2025, after transferring the excess funds. The futures account report for quarter ended September 30, 2025, 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.

The purpose of the fuel hedge is not to make money or lose money, but to make costs predictable, it is expected that the sale of positions (or contracts) may create a gain or loss depending on the movement of fuel prices. In this board report we've seen a loss on the sale of contracts over the last quarter. During the same time period we have seen a decrease in the price paid for a gallon of diesel to fuel our trains. These two movements offset each other. A decrease in the value of our fuel hedge position will be offset by the amount we are paying for each gallon of diesel to fuel our trains. During this last quarter the price for a gallon of renewable diesel averaged a decrease of \$0.34 per gallon during the quarter.

### **Next Steps**

Staff will provide a quarterly update for the third quarter of FY26 in May.

Prepared by: Alex Barber, Assistant Director, Finance

Approved by: Tom Schamber, Chief Financial Officer

### **Attachment(s)**

[Attachment A - Quarter Ended December 31 2025](#)

[Attachment B - Performance of Futures Purchased - Quarter Ended December 31 2025](#)

Attachment C - Fuel Hedging Commentary  
Presentation - FY26 Q2 Quarterly Fuel Hedge