

NASPO (National Association of State Procurement Officials) Award

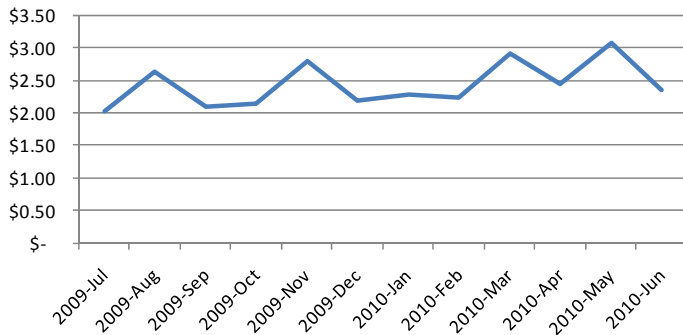
SUBMISSION 1 - Fixed Gas Price Executive Summary

Atlanta Public Schools (APS) is accountable to the children in Fulton County where the majority of the children in this district are from impoverished families therefore every dollar spent on behalf of the district must be spent taking into consideration potential long-term savings. It is important that the majority of the money isn't used for operational support, but in support of instructional programs that provide every available opportunity to the children of Atlanta so they can compete today and in the future.

This responsibility doesn't come without many challenges, especially when the District has to solicit for the best price/quality for the services that are necessary to operate the schools and supporting infrastructure. One such example is the ever fluctuating gas prices which are impacted by various factors across the globe. Changes in crude oil prices are determined by supply and demand, and wars and acts of God (as in the case of Katrina) help drive these supply and demand factors providing never-ending ebbs and flows in gas prices making it almost impossible to budget accordingly to supply gas for the thousands of buses that are needed to transport the tens of thousands of children within the District. The Transportation Department made valiant attempts projecting the annual spend only to have budgets that weren't able to withstand the market changes. Both the Transportation and the Procurement Departments had the very frustrating task of constantly amending approved board documents in an attempt to manage the District needs, but they needed a better way.

The APS Procurement Services Department decided to take a more innovative approach by entering into an annual fixed price contract for the District. This forward thinking has provided true savings in a time of economic challenges thereby mitigating any surprises with market spikes and allowing the District to manage their budget throughout the year. The contract, entered into in July 2009 provided a fixed rate of \$2.04/gallon versus the OPEC annual average of \$2.43/gallon.

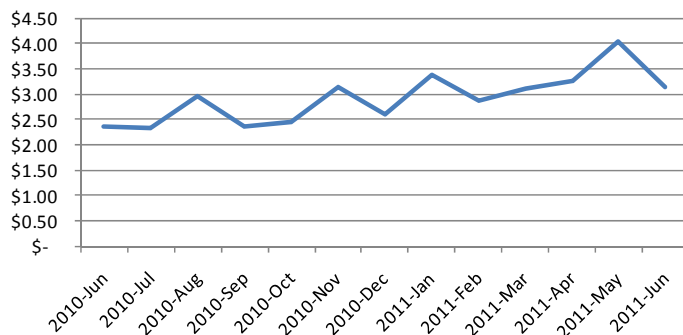
FY 2009-2010 OPEC Data



OPEC data¹ shows fluctuations in fuel prices through the year with the lowest price at \$2.50/gallon during the third week of July 2009, and the highest price at \$3.13 during the second week of May 2010.

Using these same numbers, the District can identify a savings of up to \$477,540 for 2009 (using the maximum price of \$3.13).

FY 2010-2011 OPEC Data



In July 2010, we had a fixed rate of \$2.41/gallon versus the OPEC annual average of \$2.97/gallon. OPEC data shows fluctuations in price through the year with the lowest price at \$2.90/gallon during the third week of July 2010, and the highest price at \$4.12 during the first week of May 2011.

Using these same numbers, the District can identify a savings of up to \$924,760 for 2010 (using the maximum price of \$4.12).

Total Savings = \$1,402,300.00

The Procurement Department's role as a strategic partner to the District helps manage expectations, prevents the Transportation Department from multiple visits to the Board with unnecessary contract amendments, and allows the District to focus on what's most important....the children.

¹ eia Independent Statistics and Analysis U.S. Energy Information Administration, Released 6/27/2011