Legislative Council Follow-up Questions from

March 12, 2015

Follow-up to Technology Question

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In order to smooth out technology equipment expenditures, $545,307 (0.76% of an approximately 72 million dollar total school budget) would need to be budgeted each year to just replace obsolete equipment. Only $429,555 are included in the 2015-16 budget request for obsolete equipment replacement, respecting the desire to keep the budget increase minimal. This is $115,752 less than the projected annual need for obsolescence.

Dollars allocated for equipment (items such as network infrastructure, phones, computers, laptops and projectors) represent the most variable portion of the Technology Department budget. Without any adjustments, our projected needs for the following years would be:

2015-2016	$428,300
2016-2017	$722,470
2017-2018	$443,460
2018-2019	$287,775
2019-2020	$1,069,785

This budget projection shows large swings and reflects past funding patterns.

It is a District goal to have the dollars designated for the replacement of obsolete equipment and the investment in new technologies become more consistent across budget years.
The importance of keeping our inventory up-to-date and functioning is not only being driven by our need to prepare our students to be successful in a technology rich world but also further dictated by increased state demands for testing.

With this in mind, the 2015-2016 Technology Department budget request makes an attempt:

- To meet technology needs in the district including those defined by the state.
- To begin the process to even out the spending for technology equipment in the future.

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October 1, 2014

Mr. Ron Bienkowski
Business Manager
Newtown Board of Education
3 Primrose Street
Newtown, CT 06470

Transmitted via Electronic Mail

Dear Mr. Bienkowski:

East River Energy is pleased to confirm the following fixed price contract which has already been processed, effective this date, as per the electronic mail exchange between Ron Bienkowski of the Newtown Board of Education and Jesse Herzog of East River Energy

East River Energy shall supply and the Newtown Board of Education shall purchase the following as listed below.

Product	Contract Period	Contract Gallons	Fixed Price Per Gallon Including Taxes
#2 Heating Oil	7/1/2015-6/30/2016	168,000	$2.9900

The fixed price above includes L.U.S.T. of $0.0010 per gallon, the Federal Spill Fund Recovery Tax of $0.0019 per gallon and NORA of $0.0020 per gallon.

East River Energy's payment terms are net 25 days.

Please sign below where indicated, along with Attachment A, and return to my attention **immediately**.

Thank you for your valued business. I look forward to continuing our mutually rewarding relationship.

Sincerely,

Jesse M. Herzog
Vice President

Accepted by:

Mr. Ron Bienkowski
Dated: 10/1/14

JMH:teb

Your Energy Partner
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Attachment A

The price contained and offered in this contract is based upon the sale of the quantity of contract gallons as stated in the specifications. In the event that the customer exceeds 100% of the contract gallons during the contract period, East River Energy reserves the right to (1) extend the contract under the same terms and conditions, or (2) change the contract price to the Oil Price Daily New Haven Harbor Average plus $0.15 per gallon. In the event that the customer purchases less than 100% of the contract gallons during the contract period, East River Energy reserves the right to (1) extend the contract under the same terms and conditions, (2) have the customer purchase at the contract price the difference between the contract gallons and the actual delivered gallons; East River Energy shall have no obligation to deliver remaining gallons, or (3) terminate the contract. Storage fees or liquidation charges may apply and customer will be responsible for payment of any storage fees or liquidation charges. East River Energy will monitor consumption on a monthly basis. East River Energy reserves the right to allocate committed gallons on a pro-rata basis over the term of this contract. Should customer request a #1 Diesel (Kerosene) blend, the #1 Diesel Fuel gallons delivered will be invoiced based on the Oil Price Daily New Haven Harbor Kerosene Average, plus $0.20 per gallon. Should customer request a Performance Bond, cost is $15.00 per thousand with a minimum charge of $100.00.

Customer agrees to the terms of sale as set forth in this contract. If customer fails to pay within the terms of contract, customer agrees that East River Energy has the right to charge, and customer agrees to pay, a finance charge of 1.5% per month on any unpaid balance. If East River Energy hires an attorney or collection agency to collect the amounts the customer owes, customer agrees to pay any costs and expenses, including reasonable attorneys' fees and/or collection agency fees, incurred in the collection of the account or in enforcing the contract. In addition, any credit balance remaining on an account will be applied to the following year's purchases. Please note that any change in State or Federal taxes/fees over the course of the contract period will be passed down to the customer and customer will be responsible for payment on such new tax/fee rate.

East River Energy reserves the right to refuse to deliver to any tank, which, in its sole discretion, is deemed unsafe. Deliveries will resume once the problem is corrected. In the event a "run-out" occurs at a "will-call" tank, East River Energy reserves the right to levy a surcharge commensurate to the cost of providing immediate delivery, if one is requested. In the event a driver is re-routed due to a will call customer not taking the full load as ordered, East River Energy reserves the right to levy a delivery charge. Customer acknowledges that all tanks and piping are in good condition and meet all State and Federal regulations and specifications. Product samples, when requested, must come directly off of the truck before delivery is made. East River Energy is not obligated to deliver to any tanks or locations other than what is stated in the contract and/or bid specifications. ~~In addition East River Energy reserves the right to levy a fuel surcharge.~~ East River Energy does not provide assurances for fuel which the customer stores in their tanks, or the condition of their tank, leakage or environmental contamination. This is including but not limited to spillage and inaccuracy of fuel ordering. Customer is responsible to notify East River Energy if any tank is replaced, eliminated, or if there is construction work around a tank location. These changes could affect scheduled delivery times, hose lengths, and fittings required to make the delivery. Please have your maintenance personnel keep driveways, pathways and fills clear of ice and snow. This ensures ability of timely delivery and personal safety of our drivers. Demurrage will be assessed if a delivery is delayed at your location by circumstances beyond our control, and/or if our driver finds it necessary to clear ice or snow in order to deliver fuel to your tank(s). Customer is responsible to pay any demurrage, delivery or fuel surcharges assessed during the contract period.

Publication: OPIS publications including the Oil Price Daily are copyrighted documents and therefore are not to be transmitted by East River Energy to the Customer by law. These publications change daily and it is the customer's responsibility to validate posted prices. The posting utilized will be most closely reflective of the product actually being delivered.

Force Majeure: East River Energy shall not be liable to the customer for any losses or damages to that customer in the event East River Energy is unable to fulfill its obligations under this agreement due to acts of God, fire, flood, war or any other causes beyond its control.

Received by: ________________ Dated: 10/1/14

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The way an oil contract works is once the consumer "locks-in" on a price and signs a contract for the amount of gallons needed, the oil company will buy an oil futures contract on that day based on that price. The oil company then pays 60% or more for the contract (to New Haven Harbor) to guarantee that the oil will be delivered. Once the oil is delivered, the oil company then pays a storage fee to New Haven Harbor. The only flexibility in the total cost in in the delivery price.

The cost to rescind our contract would be $1.80 per contracted gallon. At 168,000 gallons, the BOE would have to pay $302,400 and have nothing to show for it. If we could find oil at $1.00 per gallon, it would be worth-while to do so, but a highly unlikely scenario. (An ultimate savings of about $31,920 or $0.19 per gallon).

The Town would not have benefited from the BOE's gallons, as they were part of a much larger consortium (CROG) anyway. At our purchasing level, quantity does not necessarily influence the cost. The only component where the price can be lowered is on the delivery price, not the actual cost of the oil. Looking at the current futures market on various price curves, the price today would be somewhere between $2.03 - $2.15 per gallon.

The Town decided to join the consortium and let CROG go out to bid for them. Had the BOE waited until February to lock in, it is possible that we could have taken advantage of the consortium pricing but history has proven that it's not always to our benefit to wait. In 2014-15 BOE paid $3.0949 for oil and consortium price was $3.17. In 2010-11 & 2011-12 BOE's price was lower than the consortium and in 2012-13 & 2013-14 consortium was lower than the BOE. At the time of our lock-in (for fiscal 2015-16) oil prices were at a 26-month low and all market indicators were suggesting to lock-in before the heating season began as oil prices typically rise during this time.

3/19/15 RB