

Citizens for Education in Town Governance

Propane Purchases

August 3, 2023

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Propane Purchases

INTRODUCTION

On August 2, 2023, town officials opted to rely on pre-buy credit rather than purchase additional pre-buy at this time ([Agenda](#), [Audio](#), Minutes). A year ago, August 3, 2022, the town board approved purchasing 15,000 gallons of propane at \$1.80/gallon from Petroleum Heat & Power for 2023 ([Agenda](#), [Audio](#), [Minutes](#)). About \$27,000 of the original pre-buy is still available.

CHRONOLOGY

Minutes of town board meetings from 2014-2021 include the following statements related to purchasing propane (italics added). Click a date to access a copy of the actual minutes. "Official" documents are available at the Town Hall.

December 3, 2014. *Ritchie Fuel Prepay: Mr. Gaulke stated at the budget meeting he was asked to contact Ritchie Fuel for a possible prepayment fuel contract. Ritchie was contacted and they stated that last year we used approximately 8700 gallons of fuel for the Town Hall, garage and fire barns. They came up with a prepayment rate of \$1.74.9 per gallon for a total of \$15,216.30. Ritchie stated that if all the gallons are not used in 2015 they can be carried into the next year. Ritchie also stated that we could pay for this fuel in January 2015 with the new budget figures. Motion by Mr. Hoover seconded by Mrs. Schwanebeck to direct Mr. Gaulke to sign the prepayment agreement with Ritchie at the rate of 1.74.9 or less. Motion carried.*

December 17, 2014. *Motion by Mr. Hoover seconded by Mrs. Schwanebeck to approve the minutes of the December 3, 2014 Regular Town Board meeting with one correction on the price of the fuel contract thru Ritchie. Should have read 1.74.9. Motion carried.*

October 21, 2015. *Propane bid opening: One bid was received from Ritchie Lakeland Oil and Propane. They offered 2 options. Option 1: Unlimited amount of gallons for Town Hall, Fire Dept. #1 and #2 at a guarantee price of .849 gallon – due 15 days from delivery. Option 2: A specified amount of gallons for the Town Hall, Fire Dept. #1 and #2 at a pre-purchased price of .749 gallon. Bid price good for 30 days. Full payment must be received within 30 days of accepted bid if pre-buying. The board had discussion that Option 2 would be the way to go but is questioning how we could pay for this out of the 2015 budget. Mr. Gaulke is going to ask Joe Ritchie if we go with the pre-purchased option using 10,000 gallons could we pay the entire amount after January 1, 2016 using the 2016 budget money. Motion by Mr. Mayer seconded by Mrs. Schwanebeck to accept the Ritchie bid of .749 per gallon for 10,000 gallons if we can pay after the first of the year and if that is unacceptable go with the price of .849 for unlimited gallons. Motion carried.*

Note: After the meeting Mr. Gaulke called Joe Ritchie at Ritchie Lakeland Oil and asked if we could do the pre-buy option of 10,000 gallons at the rate of .749 per gallon and pay for the entire amount after January 1, 2016 with the new budget

funds for 2016. Mr. Ritchie agreed.

November 4, 2015. *Special Note: Mr. Gaulke reported that after the last meeting he was able to get in contact with Joe Ritchie at Ritchie Lakeland Oil and asked if we could do the pre-buy option of 10,000 gallons at the rate of .749 per gallon and pay for the entire amount after January 1, 2016 with the new budget funds for 2016. Mr. Ritchie agreed.*

February 8, 2017. *Propane Bids: Request for bids for propane was published and one response was received from Ritchie Oil. The bid was for 10,000 gallons for the town hall, fire department locations #1 and #2 at a pre-purchased price of 1.049 per gallon or the option of unlimited amount of gallons at a guaranteed price of 1.149 per gallon. Motion by Mr. Mayer seconded by Mrs. Schwanebeck to take the pre-purchased price of 10,000 gallons at 1.049 per gallon. Motion carried.*

March 21, 2018. *Propane bids: The clerk reported she received two sealed bids for propane. One bid was from Ritchie Lakeland Oil and Propane which stated a pre-buy price for 10,000 gallons at \$1.189. If the pre-pay method was not used the price per gallon would be \$128.9 payable within 15 days of invoice. The second bid was from Petroleum Heat and Power Inc. which stated a pre-buy price of \$ \$1.18 for 10,000 gallons. There was also an open purchase price of \$1.60 or a Guarantee Price of .25 under board price. Motion by Mr. Hanson seconded by Mr. Gaulke to accept the bid from Ritchie Oil and Propane. Motion carried.*

October 2, 2019. *Propane Bids: Two bids were received. The first bid was from Ritchie Lakeland Oil and Propane. 10,000 gallons at the pre-purchase price of \$.999 per gallon. This price will be good for 30 days from October 2, 2019. Full payment must be received within 30 days of accepted bid. The price per gallon will begin immediately and expire April 1, 2020 or 10,000 gallons are received whichever comes first. The second bid is from Petroleum Heat and Power, Inc. which proposes a price of \$1.00 per gallon until all 10,000 gallons are received. Discussion was held on the Ritchie bid regarding the expiring date of April 1, 2020. The board was not quite sure what happens after that date if the 10,000 are not used by then. Motion by Mr. Mayer seconded by Mr. Mayer to accept the bid from Petroleum Heat at \$1.00 per gallon for 10,000 gallons. Motion carried. The clerk will contact Petroleum Heat and see if payment could be made in January with the 2020 budget funds. ([Agenda](#), [Audio](#), [Minutes](#))*

April 9, 2020. On April 9, 2020, the board approved purchasing 5,000 gallons of [propane](#) at \$1.00 per gallon from [Petroleum Heat and Power, Inc.](#) ([Agenda](#), [Audio](#), [Minutes](#)). The following statement is in the minutes for the town board meeting on April 9, 2020.

Purchase of additional Pre-Pay Propane: The clerk reported she was contacted by Petroleum Heat and Power with an offer to purchase additional propane at our pre-pay price of \$1.00 per gallon. We currently have approximately 1000 gallons left on our 10,000 pre-pay program, which would have to last us until heating season of December. It is a gamble right now to foresee propane prices in the future. Motion by Mr. Mayer seconded by Gloria Cobb to purchase an additional 5,000 gallons of propane at the pre-pay price of \$1.00. Motion carried.

February 3, 2021. On February 3, 2021, the town board approved purchasing [propane](#) at \$1.00 per gallon from [Petroleum Heat and Power, Inc.](#) ([Agenda](#), [Audio](#), [Minutes](#)).

August 4, 2021. On August 4, 2021, the town board approved issuing bids for purchasing propane for 2022 ([Agenda](#), [Audio](#), Minutes).

ADDITIONAL INFORMATION

[History of Propane](#) (Propane Education & Research Council)

[What is propane?](#)

[Propane](#) (Wikipedia)