



DATE: December 21, 2022

TO: Board of Trustees

FROM: Liliana LeVesconte, Associate Superintendent, Corporate Services

ORIGINATOR: Transportation Committee
Liliana LeVesconte, Associate Superintendent, Corporate Services

GOVERNANCE POLICY: [Policy 230 – Board Committees](#)

ADDITIONAL REFERENCE: [Policy 405 – Budget Development and Transparency](#)
[Policy 500 - Transportation](#)
Board Procedures Regulation 82/2019
Assurance Domain – [Governance](#)

SUBJECT: 2022-2023 Fuel Subsidy Program

PURPOSE:

For approval. Motion required.

RECOMMENDED MOTION:

- a) That the Board of Trustees approve the distribution of the fuel price contingency to the Bus Contractors, as received by the Division on a monthly basis during the 2022-2023 school year as presented at the December 21, 2022, Public Board meeting.

Or

- b) That the Board of Trustees not approve the distribution of the fuel price contingency to the Bus Contractors, as received by the Division on a monthly basis during the 2022-2023 school year as presented at the December 21, 2022, Public Board meeting.

BACKGROUND:

The Fuel Rate Contingency Program was announced in July 2022 with a retroactive payment for the period of March to June 2022 and is continuing to be awarded to Divisions in 2022-2023, as long as the fuel price for diesel remains above \$1.25/litre.

Sturgeon Public Schools received a total payment of \$143,729 for the Fuel Contingency Program in July. This amount was divided between the total kilometers travelled between March and June 2022 for all buses. This resulted in an approximate payment of \$0.21/kilometer that was directed to the Contractors. This payment was processed to Contractors on July 21, 2022.



Starting September 2022, the Division will receive a monthly Fuel Contingency payment around the 15th of the following month, as calculated by Alberta Education. To date, the Division has received three payments. Alberta Education uses the distance rate model that the Division used prior to the change implemented in September 2020. The government distance rate is adjusted to market fuel price, either monthly or as established during the budgeting process as an average for the actual market prices. The formula for the distance rate is:

$$\text{Base fixed rate} + (\text{Market Fuel Price}/\text{Consumption rate})$$

For comparison purposes below is the calculation of the distance rates side by side for both methodologies:

	Sep 2020		Sep 2021		Sep 2022		Nov 2022	
Base fixed rate	\$0.60		\$0.60		\$0.60		\$0.60	
Consumption rate	3.09		3.09		3.09		3.09	
Market Fuel Price	\$0.922		\$1.238		\$1.734		\$1.909	
Market Rate/Consumption Rate	\$0.298		\$0.401		\$0.561		\$0.618	
Distance Rate	\$0.898	\$0.93	\$1.01	\$0.98*	\$1.161	\$1.28	\$1.218	\$1.28

*plus \$0.21/km fuel subsidy already paid in 21-22 for 4 months (if annualized leads to \$0.08/km).

Based on the analysis included above, the distance rate paid to the Bus Contractors for 2022-2023 to date, already incorporates the market fuel price escalations.

Should the Board decide to pay out the fuel subsidy that the Division received from Alberta Education, the Board will require to obtain Ministerial Approval to further extend the access to the Division’s reserves, equal to the deficit that the fuel subsidy was intended to offset in the Division’s 2022-2023 budget.

Administration is prepared to respond to questions at the December 21, 2022, Public Board meeting.

ATTACHMENT(S):

Not applicable.