

**CITY OF FORT LAUDERDALE FLORIDA
FUEL PRICE RISK MANAGEMENT PROGRAM (FPRMP)
ANNUAL REPORT
SEPTEMBER 30, 2025**

PROGRAM

The Fuel Price Risk Management Program (FPRMP) is designed to minimize large budget variances resulting from the volatility of fuel prices. Hedging increases budget certainty and facilitates more effective utilization of budgetary resources. The purpose of the City’s FPRMP is not to speculate on the price of fuel but to manage risk, particularly as that relates to the City’s annual budget. The FPRMP is not an investment and should not be construed as such. Cash flows produced or consumed by the FPRMP will be considered as an element of fuel cost.

The FPRMP requires that the Director of Finance report compliance with the FPRMP and program performance to the City Manager and City Commission on an annual basis. This report is provided for the fiscal year ending September 30, 2025.

DISCUSSION

The purpose of this report is to present the status of compliance and performance for the FPRMP and how this compliance and performance affected the cost of petroleum fuels purchased and consumed by the City during FY 2025.

COMPLIANCE

As of the date of this report, the FPRMP is in compliance with all the specified limitations and requirements as set forth in the FPRMP guidelines.

- **Maximum Allowed Hedge Maturity is 18 months** – the FPRMP is currently in compliance with this parameter. Current diesel fuel and gasoline hedges extend from October 2025 through September 2026.
- **Maximum Allowed Percentage Hedged is 85%** - the FPRMP is currently in compliance with this parameter for 2026 and for FY 2027 for diesel fuel and gasoline.

	Fiscal Year 2026	Fiscal Year 2027
Diesel	77%	0%
Gasoline	82%	0%

PERFORMANCE

FY 2025

During FY 2025, petroleum fuel costs not including hedging were \$2.64 per gallon. Net of hedging, the fuel cost was \$2.74 per gallon vs. a weighted average combined budgeted cost for diesel and gasoline for FY 2025 of \$3.04 per gallon. Actual volume consumed for FY 2025 was 55,838 gallons more than budgeted. The lower than budgeted cost net of hedging and higher than budgeted volume consumption resulted in a positive (favorable) budget variance for FY 2025 of \$255,256 including the effect of the hedge.

During FY 2025, the FPRMP produced a positive fuel cost (hedging realized loss) of \$(132,577) or \$(0.09) per gallon on actual gallons consumed.

Prospective

As of September 30th, there was an unrealized gain (contingent future negative fuel cost) of \$23,188 that corresponds to the time period October 2025 through September 2026. This is an unrealized gain of about \$0.02 per gallon on average for the projected gallon consumption during the period for gasoline and diesel combined.

NEXT STEPS

- Continue to accumulate new hedges for FY 2026 and FY 2027 as market conditions allow within policy.
- Maintain the size and length of the hedge to protect the City's petroleum fuels budget against adverse price movements in the petroleum market.