

Commissioner balks at bulk fuel price hike; county reviewing contract

By Catherine Dominguez, cdominguez@hcnonline.com Published 7:02 pm, Wednesday, September 6, 2017



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Montgomery County officials are reviewing a bulk fuel contract with Houston-based Suncoast Resources Inc. after the supplier raised its fuel price 118 percent, forcing county employees to fill up at area gas stations at a lower price. The company also upped its delivery fee from a flat rate of \$175 to \$275 per hour.

On Friday, following a request for fuel from Precinct 3 Commissioner James Noack, Suncoast quoted a price of \$3.50 per gallon of diesel and \$3.70 per gallon of regular unleaded gasoline, according to information from an open records request by The Courier. Under the county's contract, employees were paying Suncoast around \$1.65 for unleaded and \$1.69 for diesel prior to Hurricane Harvey making landfall in Rockport Aug. 25.

"I understand they may need to raise the price because of an emergency, but not a \$1.17 more than retail," Noack said. "That's absurd. I think they are taking advantage of the taxpayer because of a storm; and that is wrong. There is no justification for \$3.70 a gallon."

Average retail gasoline prices in Texas have risen 29.3 cents per gallon in the past week, averaging \$2.49 a gallon as of Monday, according to GasBuddy's daily survey of 13,114 gas outlets in Texas. This compares with the national average that has increased 23.8 cents per gallon in the last week to \$2.64 a gallon, according to gasoline price website GasBuddy.com.

"Thanks to Harvey shutting down an extensive amount of refining capacity, the national average gasoline price saw its largest weekly jump since Katrina hit the Gulf Coast in 2005 when the national average jumped 49 cents in a week. Every state has seen average gas prices rise, Texas saw shortages at hundreds of stations- its been one of the most challenging weeks faced in years," Patrick DeHaan, senior petroleum analyst for GasBuddy, stated in a release. "Until Texas can recover from Harvey, gasoline prices will likely continue to remain elevated. The situation is beginning to look up, with many refineries either back online or in the process, and gasoline production is ramping back up. ..."

Purchasing Director Gilbert Jalomo, however, said the company is within its contract with Montgomery County. According to Jalomo, while the county's contract with Suncoast sets forth guidelines for charges and fees during normal conditions, it excludes emergency conditions. That gives the county the ability to either use Suncoast for fuel or purchase fuel from other suppliers, including retail locations while the county is under a disaster declaration.

"The contract, the way it was awarded in June, it had language in there that they were able to reprice it," said Jalomo, noting it was written and bid before he was hired by the county. "That is not the way it should have been written. Why it was written this way, I don't know, but that is what we are working on fixing."

The county originally solicited for fuel bids in November. Jalomo said after researching previous contracts with fuel vendors, those contracts included pricing and stipulations for fuel during emergency situations.

Fuel prices, he explained, are set using the Oil Pricing Information Service. OPIS, according to its website, provides pricing and news information for petroleum pricing, news and analysis for gasoline, diesel, ethanol, biodiesel, LP-gas, jet fuel, crude, natural gas, refinery feedstocks, residual fuel and kerosene.

County Attorney J D Lambright echoed Jalomo and said Suncoast has not violated its contract with the county.

"The contract Suncoast has with the county clearly excludes situations like we have right now," Lambright said. "The price is way up there, which they can do, there is not contractual obligation."

Officials with Suncoast did not return calls seeking comment.