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Common Bond

A newsletter on maintenance and preservation for owners of architecturally significant religious buildings

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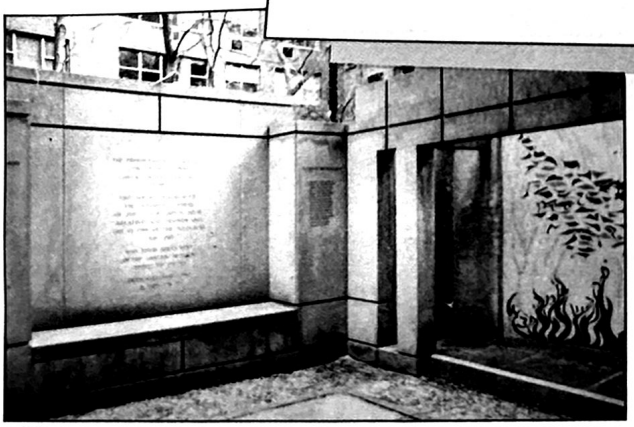
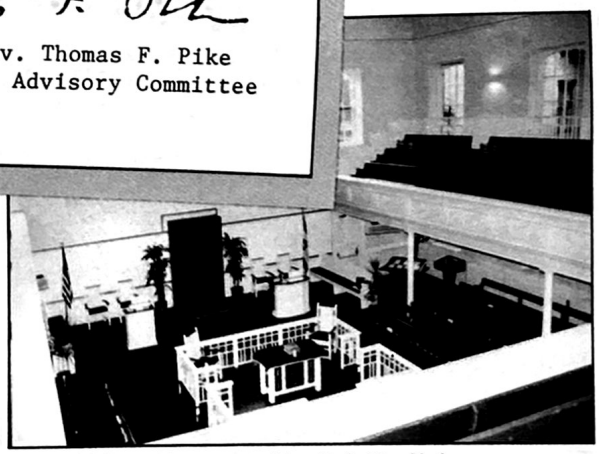
Dear Reader:

Considering the expense involved in repairing and restoring aging buildings, some might wonder why a congregation would willingly become the owners and caretakers of an 1859 landmark property. The Brotherhood Synagogue in Manhattan, featured in this issue's "Preservation Profile", found a new home in a former Friends Meeting House and faced the challenge of both restoring and adapting this building to serve the needs of its congregation and community.

This April there will be an unusual opportunity for religious institutions to gather together and learn about caring for their historic properties. Sacred Trusts is the first national conference to focus solely on the preservation of architecturally significant churches and synagogues. Practical problems inherent in religious architecture and strategies for planning and financing restoration work are on the conference agenda. For detailed information on this exciting program, see "Technical Services for Religious Property Owners."

The Rev. Thomas F. Pike
Chair, Advisory Committee





The Brotherhood Synagogue, New York, New York

Purchasing Inexpensive Fuel Oil

Photo: The Interfaith Coalition on Energy

By Andrew Rudin, Project Coordinator,
The Interfaith Coalition on Energy,
Philadelphia, Pennsylvania.

Many institutions rely on fuel oil to heat their buildings. Fuel oil costs are a substantial portion of an institution's budget and can be controlled by wise purchasing policies and conservation. This article will provide information on how to purchase fuel oil wisely and recommend some guidelines to use in arranging and monitoring the adequate service of oil heating equipment. Following simple procedures, a congregation can save hundreds, if not thousands, of dollars each heating season.

Oil Pricing

Oil comes from Alaska, the Middle East, the Continental United States and many other places, each with its own cost for drilling, refining, transporting and storing. Between the well and the fuel tank, the price per gallon is established. This is most frequently done in a commodity exchange, which works like the stock market. The commodity exchange has buyers who want to purchase oil at the lowest price possible and producers who want to sell it for the highest possible price.

As buyers and sellers negotiate contracts, the average cost fluctuates with supply and demand. When there is less demand and more supply, the price is lower. However, the price settled upon is only part of the picture; oil still has to be delivered to bulk storage tanks and then distributed to the smaller tanks within buildings.

The Journal of Commerce in New York records the prices of bulk oil deliveries made by 17 major fuel suppliers to various large cities and publishes these prices every weekday. There are two prices posted for each city--a high price and a low price. The price that oil dealers charge is determined by this posted price, although the cost of oil for a particular dealer may be very different. Oil prices fluctuate for smaller oil dealers that do not have large storage tanks. Prices paid by large fuel oil dealers, however, are fixed by agreements to purchase specified amounts of oil in the future. These agreements are called futures contracts.

In the spring and summer, the market demand for fuel oil is lower and, therefore, so are prices. Large oil dealers have many customers and larger storage tanks; their higher business volume enables them to purchase futures contracts when the oil price is low during non-heating seasons.

Group Purchasing Programs

An alternative method to purchasing fuel oil directly from oil dealers, is to pool the purchasing power of several congregations in order to lower the price. Purchasing groups request bids from various dealers; the bids are usually based on the highest posted tank car price for fuel oil delivered, for example, to the Port of New York (as listed in the Journal of Commerce).

Group purchasing programs do not have any delivery trucks or other assets. When a congregation joins such a program, they essentially are making a deal with an oil supplier. There usually is no contract with the group purchase program itself.

There are several group purchasing programs that serve the New York metropolitan area. These include the Group Purchasing Service (GPS) of the Federation of Protestant Welfare Agencies, Inc., the Joint Purchasing Corporation (JPC) established by The Federation of Jewish Philanthropies of New York and the NYPIRG Fuel Buyers Group, a program of the New York Public Interest Research Group, Inc. GPS and JPC do not have any membership fee; participants in the NYPIRG program pay an annual dues of $20 ($10 for NYPIRG members). In addition to purchasing fuel, all three programs can include contracts for the servicing of heating equipment (Figure 1).

GROUP SERVICE PROGRAMS IN THE NEW YORK METROPOLITAN AREA

Group Purchasing Service
Federation of Protestant Welfare Agencies, Inc.
281 Park Avenue South
New York, New York 10010
(212) 777-4800

Joint Purchasing Corporation
130 East 59th Street
New York, New York 10022
(212) 759-3456

NYPIRG Fuel Buyers Group
9 Murray Street
New York, New York 10007
(212) 349-6460

Figure 1

The Cost of Obtaining Lower Prices through Group Purchasing Programs

Getting something for nothing is not part of the American business ethic. So what might you be giving up in order to get lower prices?

Joining a group purchase program may disrupt a traditional relationship with a local fuel oil dealer. No fuel oil dealer or fuel purchase program offers any guarantee of delivery or service. There is security in the long-standing relationships between congregations and local suppliers.

Congregations paying less for fuel oil may be lower on the list for deliveries and heating system servicing during harsh weather. This may not be worth the risk. However, group purchase programs may offer significantly lower prices. As a representative of a number of institutions, the group purchase program manager can exert pressure on the fuel supplier to obtain adequate supply and good service.

Requesting Bids for Fuel Oil

The oil business, like other services, is competitive. Requesting bids from different dealers can result in obtaining lower prices. The form shown in Figure 2 can be used to

Request for Bids for Fuel Oil and Service Date _____

We are requesting your bid for #2 fuel oil, and service for our heating system, for the heating season between July 1, 198_ and June 30, 198_.

The name of our institution is _____,

and our tank size is _____ gallons. Our past annual fuel oil use has been between _____ and _____ gallons.

We request your bid in terms of the high posted tank car price for the Port of New York as published in the Journal Of Commerce. Please express your price in terms of an addition or deduction from this published price.

Your name .....

Your company .....

Address .....

City .....State .....Zip .....

Your business phone .....

1. Your current delivered price for #2 fuel oil per gallon:

_____ cents per gallon.

2. Your fixed, seasonal delivered price for #2 fuel oil per gallon:

_____ cents per gallon.

3. Your bid for #2 fuel oil deliveries:

a. ADD to the published high posted tank car for the Port of New York price as published in the Journal of Commerce

_____ cents per gallon.

OR

b. DEDUCT from the published high posted tank car for the Port of New York price as published in the Journal of Commerce

_____ cents per gallon.

4. Your bid for service of our heating system:

c. Annual fee for your service to our heating system will be

$_____ per your attached service contract,

OR

$_____ annual fee for you to perform service to our heating system according to our attached service contract.

Oil Deliveries

You may not be getting all the oil that you are paying for. The following set of procedures can be used to make sure that your congregation is not being short-changed on oil deliveries.

1. Only accept oil deliveries when someone from your congregation is present to receive them. If you discover that oil deliveries were made at times when no one was there, notify both the delivery person and the supplying company, if they are not one and the same, that they should only make deliveries when someone is there to check and sign for them.

2. Measure the amount of oil in the tank with a stick or read the oil tank gauge before the delivery to determine the amount of oil existing in the tank.

3. Request a copy of the metered delivery ticket before the delivery is made. Write down the stick or gauge reading prior to delivery, and put your initials next to that reading.

4. Measure the amount of oil in the tank with a stick or read the tank gauge after the delivery while the delivery person is still there.

5. After the oil has been pumped into your tank, write down the post-delivery stick or gauge reading on the metered delivery ticket, and initial it again.

6. Sign the delivery ticket only if the metered deliveries correspond to the differences in stick or gauge readings.

7. Report any problems regarding oil deliveries immediately to the supplier. The longer you wait, the harder it is to remedy any oil delivery problems.

Sometimes it is difficult to determine why a building uses more oil. It could be due to colder weather, different thermostat settings, or dishonest oil deliveries. By following the above procedures, you can eliminate some of these variables.

Figure 2 (form developed by The Interfaith Coalition on Energy)

request bids. Bids should be solicited from several oil dealers, as well as several group purchase programs. Your current dealers should be included.

When the bids are returned, compare the prices. If you can purchase oil less expensively with a new dealer, ask your existing dealer if he is willing to reconsider his price. If contracting with a new dealer is the better option, make sure to give careful consideration to the location of the dealer, his record of reliability and the quality of his service to the heating system. After this evaluation, if you feel that switching dealers is to your best advantage, go ahead and make the change.

Servicing Heating Equipment

Religious institutions should request bids for servicing equipment from both fuel oil dealers and independent heating contractors. (If you currently have a service contract with a fuel oil company, don't be afraid to renegotiate and ask for the submittal of a new bid along with other requests.)

In evaluating bids, compare the price for service and what is covered under the agreement. Bear in mind that a service contract is an insurance policy: in order to get proper service, you must understand the terms of your policy to be able to enforce it. Typical service agreements often exclude many of the items that can cause problems during the heating season. The Interfaith Coalition on Energy (ICE) has developed a model service agreement which is based on considerable research and reflects the interest of both the congregation and the service contractor. (For information on ICE and to obtain a copy of this agreement, see the description at the end of this article.) The first part of the contract is similar to most service agreements. The second part, however, includes a checklist of items that must be examined by the oil heat technician; this is to encourage the contractor to examine the heating system and submit a written proposal to correct the deficiencies.

Generally, it is wiser not to use service contracts on heating equipment. With a fixed-price service contract, a contractor is paid whether or not he is on-site; consequently, if you call on him frequently, he begins to operate at a loss. Service which is billed on a time and materials basis is a better use of an institution's budget for repairs. On a time and materials basis, both the congregation and contractor benefit from the time spent in the boiler room.

The Future of Oil

There are warnings signs, once again, that our temporary glut of oil, with its accompanying low price, will come to an end. For the past few years, far more oil was taken out of American territories than was newly discovered, so our national net reserve of oil has declined. We have chosen to reduce imports, which means that we are using up our own oil faster than in the past. It is just a matter of time before we are faced with shortages that are more permanent than those we remember.

Warmer winter weather has coincidentally occurred along with lower oil prices. The heating season of 1977-78 was almost 20% cooler than that of 1986-87. It is impossible to predict, but in the future, we could be exposed to both higher prices and colder weather, perhaps at the same time. Conservation has always been important, and in the future will become even more critical. Religious institutions should take the opportunity to become better informed and well-prepared.

This article originally appeared in the Ice Melter Newsletter, a publication of The Interfaith Coalition on Energy (ICE). ICE was conceived in 1980 by the religious community in the Philadelphia area to reduce energy costs in religious buildings and offers workshops, technical information, newsletters and energy audits. Religious institutions can receive the Ice Melter Newsletter free of charge by writing a letter of request on church/synagogue stationery and sending it to: The Interfaith Coalition on Energy, P.O. Box 26577, Philadelphia, Pennsylvania 19141.

ICE
MELTER NEWSLETTER
Fuel Oil and Your Congregation