

RESOLUTION NO. 2005- 095

AUTHORIZING CONTRACT NO. 2005-069 WITH AMERADA HESS CORPORATION FOR THE FURNISHING OF NATURAL GAS, AS REQUIRED, FOR A PERIOD OF TWO (2) YEARS IN AN AMOUNT NOT TO EXCEED \$6,576,667.00 WITH A ONE (1) YEAR OPTION IN AN AMOUNT OF \$3,288,333.00 FOR A PROJECTED TOTAL CONTRACT AMOUNT OF \$9,865,000.00 (GENERAL FUND – SERVICE MANAGEMENT AND FLEET MANAGEMENT DEPARTMENT BUDGETS).

WHEREAS, the Authority requires natural gas to operate its fleet of CNG coaches and to heat the Authority's facilities; and

WHEREAS, the bid of the Amerada Hess Corporation, located at One Hess Plaza, Woodbridge, New Jersey 07095 for the furnishing of natural gas, as required, for a period of two (2) years with an option for one (1) year was received on June 23, 2005 at a projected total contract amount of nine million eight hundred sixty-five thousand & 00/100 dollars (\$9,865,000.00); and

WHEREAS, the General Manager/Secretary-Treasurer deems the bid of Amerada Hess Corporation to be the lowest responsive bid from a responsible bidder and recommends acceptance thereof by the Board of Trustees.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the bid of the Amerada Hess Corporation, for the furnishing of natural gas, as required, for a period of two (2) years with an option for one (1) year be and the same is hereby accepted as a responsive bid from a responsible bidder.

Section 2. That the General Manager/Secretary-Treasurer of the Authority be and he is hereby authorized to enter into a contract with the Amerada Hess Corporation, for the furnishing of natural gas, as required, for a period of two (2) years with an option for one (1) year.

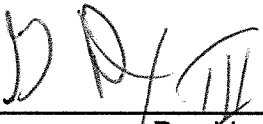
Section 3. That said contract shall be payable out of the Service Management and Fleet Management Department budgets, for a period of two (2) years in an amount not to exceed six million five hundred seventy-six thousand six hundred sixty-seven & 00/100 dollars (\$6,576,667.00) with a one (1) year option in an amount not to exceed three million two hundred eighty-eight thousand three hundred thirty-three & 00/100 dollars (\$3,288,333.00) for a projected total contract amount not to exceed nine million eight hundred sixty-five thousand & 00/100 dollars (\$9,865,000.00).

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon future funding, compliance by the contractor to the Specification and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2005-051; bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

Section 5. That the Greater Cleveland Regional Transit Authority's Board of Trustees expects that the Amerada Hess Corporation will attempt to exceed the 0% minimum DBE goal assigned to this procurement.

Section 6. That this resolution shall become effective immediately upon its adoption.

Adopted: July 19, 2005



President

Attest: 

CEO, General Manager/Secretary-Treasurer



TITLE/DESCRIPTION: AUTHORIZING CONTRACT NO. 2005-069 WITH AMERADA HESS CORPORATION FOR THE FURNISHING OF NATURAL GAS, AS REQUIRED, FOR A PERIOD OF TWO (2) YEARS IN AN AMOUNT NOT TO EXCEED \$6,576,667.00 WITH A ONE (1) YEAR OPTION IN AN AMOUNT NOT TO EXCEED \$3,288,333.00 FOR A PROJECTED TOTAL CONTRACT AMOUNT OF \$9,865,000.00 (GENERAL FUND – SERVICE MANAGEMENT & FLEET MANAGEMENT DEPARTMENT BUDGETS).	Resolution No.: 2005-095
	Date: July 14, 2005
	Initiator: Service Management & Fleet Management Departments
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 PURPOSE/SCOPE: This action will allow the Authority to enter into a contract to provide natural gas to the Authority for operation of its CNG coaches and facilities, as required, for a period of two (2) years, with a one (1) year option.
- 2.0 DESCRIPTION/JUSTIFICATION: The Authority requires natural gas to operate its fleet of CNG coaches and to heat the Authority's facilities. The deregulation of natural gas affords the Authority the opportunity to solicit responsible and responsive natural gas providers at the lowest overall cost to the Authority.
- 3.0 PROCUREMENT BACKGROUND: The Authority currently participates in the State Of Ohio Natural Gas Program. This solicitation was to determine if it would be cost effective for the Authority to purchase natural gas directly from a gas provider or continue to participate in the State program. The cost of natural gas will be determined by the monthly average of the daily settle price for the New York Mercantile Exchange (NYMEX) plus the contractor's basis rate. The Authority will have the option to hedge (buy in advance) the purchase of gas usage depending on market conditions. The company administering the State's gas program, presently hedges on the State's overall requirements.

Notification of the solicitation was sent to thirteen potential vendors. Two (2) responsive and responsible bids were received on June 23, 2005. The State's basis points are included in the summary for comparison purposes only. See Attachment A "Bid Summary".

The bid of Amerada Hess Corporation has been determined by the Procurement Department to be a responsive bid from a responsible bidder. A price analysis has been performed and the Procurement Department has determined the price to be fair and reasonable to the Authority.
- 4.0 AFFIRMATIVE ACTION/DBE BACKGROUND: All Affirmative Action requirements have been met. A 0% DBE goal was established for this procurement due to the lack of certified DBE firms.
- 5.0 POLICY IMPACT: Does not apply.

- 6.0 ECONOMIC IMPACT: The contract will be funded through the General Fund, Service Management and Fleet Management Department budgets for a period of two (2) years in an amount not to exceed six million five hundred seventy-six thousand six hundred sixty-seven & 00/100 dollars (\$6,576,667.00) with a one (1) year option in an amount not to exceed three million two hundred eighty-eight thousand three hundred thirty-three & 00/100 dollars (\$3,288,333.00) for a projected total contract of nine million eight hundred sixty-five thousand & 00/100 dollars (\$9,865,000.00).
- 7.0 ALTERNATIVES: Reject this offer. Rejection of this offer would cause the Authority to pay a higher rate for natural gas.
- 8.0 RECOMMENDATION: This procurement was reviewed by the Board of Trustees Operations Committee at their July 5, 2005 meeting and recommended for approval to the Board of Trustees. It is recommended that the offer of the Amerada Hess Corporation, be accepted and the resolution passed authorizing the General Manager/Secretary-Treasurer to enter into a contract.
- 9.0 ATTACHMENTS: Attachment A - Bid Summary.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.



CEO, General Manager/Secretary-Treasurer

**ATTACHMENT A - Bid Summary
Gas Price (\$7.474/dth) Based on NYMEX for June 21, 2005
GCRTA Anticipated Usage 372,972 dth**

	Basis Charge	Weighted Average Cost:	0 Tolerance	10% Tolerance	20% Tolerance
HESS	\$.582 / \$.592 / \$.612		8.7858	8.7958	8.8158
WPS	\$.621 / \$.651 / \$.691		\$3,276,860.00 8.8248	\$3,280,590.00 8.8548	\$3,288,049.00 8.8948
STATE	\$.770 / \$.770 / \$.770		\$3,291,406.00 8.28	\$3,302,595.00 8.28	\$3,317,514.00 8.28
The State adds 1% for administrative charges to our invoices					
			\$3,346,979.0000	\$3,346,979.0000	\$3,346,979.0000
			\$ 33,469.7900	\$ 33,469.7900	\$ 33,469.7900
			\$3,380,448.7900	\$3,380,448.7900	\$3,380,448.7900
The State adds 1% for administrative charges to our invoices					
Recommend 20% Tolerance					
Hess	$(7.474 + .612) \times 372,972 =$	\$3,015,852.00			
WPS	$(7.474 + .691) \times \text{usage} =$	\$3,045,316.00			
STATE	$(7.474 + .777) \times \text{usage} + 1\% =$	\$3,108,166.00			
The State adds 1% for administrative charges to our invoices					
<u>Saving Under State Price</u>					
-92,400					
-62,935					