

RESOLUTION NO. 2007-76

AUTHORIZING CONTRACT NO. 2007-020 WITH HESS CORPORATION FOR THE FURNISHING OF A FULL REQUIREMENTS CONTRACT FOR NATURAL GAS, FOR A PERIOD OF THREE (3) YEARS AT A PROJECTED AMOUNT NOT TO EXCEED \$10,715,525.00 WITH TWO (2) ONE (1) YEAR OPTIONS AT A PROJECTED AMOUNT NOT TO EXCEED \$3,571,750.00 PER YEAR FOR A PROJECTED TOTAL CONTRACT AMOUNT NOT TO EXCEED \$17,858,750.00 (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 offer of the Hess Corporation, located at One Hess Plaza, Woodbridge, New Jersey 07095 for the furnishing of a full requirements contract for natural gas, for a period of three (3) years with two (2) one (1) year option was received on April 12, 2007 at a projected total contract amount of seventeen million eight hundred fifty-eight thousand seven hundred fifty & 00/100 dollars (\$17,858,750.00); and

WHEREAS, Section 306.43 (B) of the Ohio Revised Code provides that when less than two responsive bids are received from responsible bidders, a regional transit authority may negotiate price with the sole responsible bidder; and

WHEREAS, after negotiations, Hess Corporation, agreed to a full requirements contract for natural gas, for a period of three (3) years with two (2) one (1) year options; and

WHEREAS, the General Manager/Secretary-Treasurer deems the negotiated offer of 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 negotiated offer of the Hess Corporation, for furnishing the full requirements of natural gas, for a period of three (3) years with two (2) one (1) year options be and the same is hereby accepted.

Section 2. That the General Manager/Secretary-Treasurer of the Authority be and he is hereby authorized to enter into a contract with the Hess Corporation, for the furnishing of natural gas, as required, for a period of three (3) years with two (2) one (1) year options.


Section 3. That said contract shall be payable out of both Service Management and Fleet Management Department budgets, for a period of three (3) years at a projected amount not to exceed ten million seven hundred fifteen thousand five hundred twenty-five & 00/100 dollars (\$10,715,525.00) with two (2) one year options at a projected amount not to exceed \$3,571,750.00 per year for a projected total contract amount not to exceed seventeen million eight hundred fifty-eight thousand seven hundred fifty & 00/100 dollars (\$17,858,750.00).

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 2007-064; 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: June 19, 2007

  
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President

Attest:   
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CEO, General Manager/Secretary-Treasurer




TITLE/DESCRIPTION: AUTHORIZING CONTRACT NO. 2007-020 WITH HESS CORPORATION FOR THE FURNISHING OF FULL REQUIREMENTS CONTRACT FOR NATURAL GAS, FOR A PERIOD OF THREE (3) YEARS AT A PROJECTED AMOUNT NOT TO EXCEED \$10,715,525.00 WITH TWO (2) ONE (1) YEAR OPTIONS AT A PROJECTED AMOUNT NOT TO EXCEED \$3,571,750.00 PER YEAR FOR A PROJECTED TOTAL CONTRACT AMOUNT NOT TO EXCEED \$17,858,750.00 (GENERAL FUND, SERVICE MANAGEMENT AND FLEET MANAGEMENT DEPARTMENT BUDGETS)	Resolution No.: 2007-76
	Date: June 14, 2007
	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 full requirements contract for natural gas for the operation of its CNG coaches and facilities, as required, for a period of three (3) years with a two (2) one (1) year options.
  
- 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 Request for Proposal (RFP) was posted on the procurement web site and advertised in the local newspapers. Notification of the solicitation was sent to thirteen potential vendors. One (1) proposal was received on April 12, 2007.  
  
 Section 306.43 (B) of the Ohio Revised Code provides that when less than two responsive bids are received from responsible bidders, a regional transit authority may negotiate price with the sole responsible bidder.  
  
 After evaluation by a panel of Authority employees in accordance with established Procurement Department Policies and Procedures, and negotiations, the proposal of Hess Corporation to provide full requirements for natural gas was determined to be the most favorable to the Authority, price and all other factors considered.  
  
 The bid of 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 three (3) years at a projected amount not to exceed ten million seven hundred fifteen thousand five hundred twenty-five & 00/100 dollars (\$10,715,525.00) with two (2) one year options at a projected amount not to \$3,571,750.00 per year for a projected total contract amount not to exceed seventeen million eight hundred fifty-eight thousand seven hundred fifty & 00/100 dollars (\$17,858,750.00).
- 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 June 5, 2007 meeting and recommended for approval to the Board of Trustees. It is recommended that the offer of the Hess Corporation, be accepted and the resolution passed authorizing the General Manager/Secretary-Treasurer to enter into a contract.
- 9.0 ATTACHMENTS: Attachment A.

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

  
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CEO, General Manager/Secretary-Treasurer

