

RESOLUTION NO. 2011-68

AUTHORIZING CONTRACT NO. 2011-036 WITH HESS CORPORATION FOR A FULL REQUIREMENTS CONTRACT FOR THE FURNISHING OF NATURAL GAS FOR A PERIOD OF TWO (2) YEARS AT A PROJECTED AMOUNT NOT TO EXCEED \$2,500,000.00 WITH THREE (3) ONE (1) YEAR EXTENSIONS ON TERMS AT LEAST AS GOOD AS THE BASE CONTRACT AT A PROJECTED AMOUNT NOT TO EXCEED \$1,250,000.00 PER YEAR FOR A PROJECTED TOTAL CONTRACT AMOUNT NOT TO EXCEED \$6,250,000.00 (GENERAL FUND, OFFICE OF MANAGEMENT & BUDGET DEPARTMENT BUDGET)

WHEREAS, the Authority requires natural gas to heat its 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 two (2) years with three (3) one (1) year extensions was received on July 11, 2011 at a projected total contract amount of six million two hundred fifty thousand & 00/100 dollars (\$6,250,000.00); and

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

WHEREAS, the General Manager/Secretary-Treasurer deems the negotiated offer of Hess Corporation to be the most advantageous to the Authority, price and other factors considered, 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 two (2) years with three (3) one (1) year extensions, on terms at least as good as the base contract, 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 two (2) years with three (3) one (1) year extensions on terms at least as good as the base contract subject to approval of the extensions by the General Manager/Secretary-Treasurer.

Section 3. That said contract shall be payable through the General Fund, Office of Management & Budget Department budget, contingent upon the 2012 budget appropriation, for a period of two (2) years at a projected amount not to exceed two million five hundred thousand & 00/100 dollars (\$2,500,000.00) with three (3) one (1) year extensions on terms at least as good as the base contract at a projected amount not to exceed \$1,250,000.00 per year for a total projected contract amount not to exceed \$6,250,000.00.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon appropriation of funds for future years, compliance by the contractor to the Specification and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2011-034; 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 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: August 2, 2011



President

Attest: 

CEO, General Manager/Secretary-Treasurer



TITLE/DESCRIPTION: CONTRACT: FULL NATURAL GAS REQUIREMENTS CONTRACT FOR A PERIOD OF 2 YEARS WITH THREE (3) ONE YEAR EXTENSIONS, AS SPECIFIED VENDOR: HESS CORPORATION AMOUNT: NOT TO EXCEED \$6,250,000.00	Resolution No.: 2011-68
	Date: July 28, 2011
	Initiator: Office Of Management & Budget
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 heating of the Authority's facilities, as required, for a period of two (2) years with three (3) one (1) year extensions on terms at least as good as the base contract.
- 2.0 **DESCRIPTION/JUSTIFICATION:** The Authority requires natural gas 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. Two (2) proposals were received on July 11, 2011.

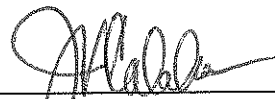
After evaluation by a panel of Authority employees in accordance with established Procurement Department Policies and Procedures, and negotiations, the proposal of Hess Corporation to provide full requirements for natural gas was determined to be the most favorable to the Authority, price and all other factors considered. The supplier billing components include the actual commodity Natural gas, locked in thru NYMEX futures, plus a fixed supplier charge (basis). Basis includes interstate transportation, pooling fees and risk premium. The current basis is \$0.88DTH. The proposed basis, under the same terms and conditions, is \$0.43DTH resulting in an estimated annual savings of \$71,000.00. The total annual projected supplier expenditure is comprised of \$68,000 for basis and \$1,182,000.00 for NYMEX, resulting in a total annual expenditure of \$1,250,000.00.

The negotiated offer 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. The contract period will begin August 1, 2012 through July 31, 2014 with three (3) one year extensions.

- 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, Office of Management & Budget Department budget, contingent upon the 2012 budget appropriation, for a period of two (2) years at a projected amount not to exceed two million five hundred thousand & 00/100 dollars (\$2,500,000.00) with three (3) one year extensions at a projected amount not to exceed one million two hundred fifty thousand & 00/100 dollars (\$1,250,000.00) per year for a projected total contract amount not to exceed six million two hundred fifty thousand & 00/100 dollars (\$6,250,000.00).
- 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 Finance Committee at their August 2, 2011 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: None

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



CEO, General Manager/Secretary-Treasurer