

RESOLUTION NO. 2021-82

AUTHORIZING CONTRACT NO. 2021-070 WITH DIRECT ENERGY BUSINESS MARKETING, LLC DBA DIRECT ENERGY BUSINESS FOR FURNISHING THE AUTHORITY'S FULL REQUIREMENTS OF NATURAL GAS SUPPLY FOR A PERIOD OF THREE YEARS AT A PROJECTED AMOUNT NTE \$5,400,000.00 WITH TWO, ONE-YEAR OPTIONS AT A PROJECTED AMOUNT NTE \$1,800,000.00 PER OPTION YEAR, FOR A PROJECTED TOTAL CONTRACT AMOUNT NTE \$9,000,000.00 FOR THE FIVE-YEAR PERIOD (GENERAL FUND, ACCOUNTING DEPARTMENT BUDGET)

WHEREAS, the Greater Cleveland Regional Transit Authority requires natural gas to heat the Authority's facilities and hot water tanks, and to compress for fueling the Authority's CNG bus fleet; and

WHEREAS, the proposal of Direct Energy Business Marketing, LLC dba Direct Energy Business located at 194 Wood Avenue, South, Iselin, New Jersey 08830, for furnishing the Authority's full requirements of natural gas supply, for a period of three years in an amount not to exceed \$5,400,000.00 with two, one-year options, in an amount not to exceed \$1,800,000.00 per option year, at a projected total contract amount not to exceed \$9,000,000.00, was received on June 16, 2021; and

WHEREAS, after negotiations, Direct Energy Business Marketing, LLC dba Direct Energy Business agreed to furnish the Authority's full requirements of natural gas supply for a period of three years with two one-year options; and

WHEREAS, the General Manager, Chief Executive Officer has deemed the offer of Direct Energy Business Marketing, LLC dba Direct Energy Business, as negotiated, to be in the best interest of the Authority 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 offer of Direct Energy Business Marketing, LLC dba Direct Energy Business for furnishing the Authority's full requirements of natural gas supply, for a period of three years with two, one-year options, as modified by negotiations, be and is hereby accepted.

Section 2. That the General Manager, Chief Executive Officer of the Authority be and she is hereby authorized to enter into a contract with Direct Energy Business Marketing, LLC dba Direct Energy Business for furnishing the Authority's full requirements of natural gas supply for a period of three years with two, one-year options, and is further authorized to exercise the options.

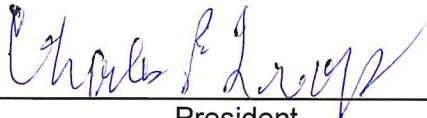
Section 3. That said contract shall be payable out of the General Fund, Accounting Department budget, contingent upon the 2022 and subsequent years' budget appropriation, for a period of three years at a projected amount not to exceed \$5,400,000.00 with two, one-year options at a projected amount not to exceed \$1,800,000.00 per option year, for a projected total contract amount not to exceed \$9,000,000.00 for the five-year period.

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 Specifications and Addenda, thereto, if any; the Affirmative Action Plan adopted by the Board of Trustees; bonding and insurance requirements; and all applicable laws relating to the contractual obligations of the Authority.

Section 5. That the Greater Cleveland Regional Transit Authority's Board of Trustees expects that Direct Energy Business Marketing, LLC dba Direct Energy Business 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 24, 2021



President

Attest:  *acting for*

Secretary-Treasurer



<p>TITLE/DESCRIPTION: CONTRACT: NATURAL GAS SUPPLY VENDOR: DIRECT ENERGY BUSINESS MARKETING, LLC DBA DIRECT ENERGY BUSINESS AMOUNT: NTE \$5,400,000.00 FOR THE THREE YEAR BASE PERIOD AND AMOUNTS NTE \$1,800,000.00 FOR EACH OPTION YEAR, FOR A TOTAL CONTRACT AMOUNT NTE \$9,000,000.00 FOR THE FIVE-YEAR PERIOD</p>	<p>Resolution No.: 2021-82</p> <hr/> <p>Date: August 23, 2021</p> <hr/> <p>Initiator: Accounting Department</p>
<p>ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____</p>	

- 1.0 **PURPOSE/SCOPE:** This action will allow the Authority to enter into a full requirements contract for the supply portion of natural gas in order to heat the Authority's facilities and hot water tanks, and to compress for fueling the Authority's CNG bus fleet, as required, for a period of three years with two, one-year options.

- 2.0 **DESCRIPTION/JUSTIFICATION:** The Authority requires natural gas to heat the Authority's facilities and water tanks, as well as to compress in order to fuel the Authority's CNG buses. The deregulation of natural gas affords the Authority the opportunity to strategically solicit responsible and responsive natural gas supply providers at the lowest overall cost to the Authority. This action will allow the Authority to enter into a contract to lock in basis pricing with a natural gas supply provider, and enable the Authority to then monitor the energy market and lock in the natural gas commodity pricing at favorable market rates, providing the Authority with cost savings and budget stability.

- 3.0 **PROCUREMENT BACKGROUND:** The Request for Proposal (RFP) was posted on the Authority's website and advertised in the local newspapers. Notifications of the solicitation were sent to ten (10) potential proposers. Ten (10) interested parties downloaded the solicitation.

After evaluation by a panel of Authority employees in accordance with established Procurement Department policies and procedures, the proposal of Direct Energy Business Marketing, LLC dba Direct Energy Business, as negotiated, to furnish the Authority's full requirements of natural gas supply was determined to be the most advantageous to the Authority, price and all other factors considered. The supplier's billing components include the actual commodity of natural gas plus a fixed supplier charge (basis). Basis includes interstate transportation, pooling fees and risk premium. Due to the nature of the energy market, proposers are only able to hold pricing for a very short time. 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, Accounting Department budget, contingent upon the 2022 and subsequent years' budget appropriation, for a period of three years at a projected amount not to exceed \$5,400,000.00 with two, one-year options at a projected amount not to exceed \$1,800,000.00 per option year, for a projected total contract amount not to exceed \$9,000,000.00 for the five-year period.
- 7.0 ALTERNATIVES: Reject this offer. Rejection of this offer would cause the Authority to potentially pay a higher rate for natural gas, resulting in higher energy costs and less budget stability.
- 8.0 RECOMMENDATION: This procurement was discussed by the Organizational, Services & Performance Monitoring Committee at their August 10, 2021 meeting. It is recommended that the offer of Direct Energy Business Marketing, LLC dba Direct Energy Business be accepted and the resolution passed authorizing the General Manager, Chief Executive Officer 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.



General Manager, Chief Executive Officer