



(Board Copy)
 Washington Metropolitan Area Transit Authority
**METRO ELECTRONIC ACTION
 DOCUMENT**

IDENTIFICATION			
MEAD ID:	99570	ACTION:	Initiate & Award
AWARD VALUE:	(Not yet awarded)	CONTRACT: (Proposed)	
FUND SOURCES: (View)		CONTRACTOR:	
LAST MODIFIED:	07/11/2006		

DESCRIPTION	
SUBJECT:	To request Board approval to initiate and award a contract for the procurement of ULSD Fuel
PURPOSE:	To request Board approval to competitively advertise and award a requirements contract for the procurement of an estimated annual 13,000,000 gallons of ultra low sulphur diesel fuel (ULSD) for WMATA vehicles. This contract will cover a one-year base period with four additional one-year options. Total cost of this contract is estimated at \$145,000,000 over the five year period.

ORIGINATION					
INITIATOR			DEPARTMENTAL APPROVAL		
DONALD SAVOY on 05/23/2006			Approved by REQUA , JOHN 06/14/2006		
PHONE:	301-618-1182	OFFICE:	BMNT	DEPT:	Bus Service

COORDINATION (ROUTING)		
OFFICE	NAME	ACTION/DATE
COOB (3211)	REQUA, JOHN	Approved 06/14/2006
BMNT (3231)	WALLACE, PHILLIP	Approved 06/02/2006
PRMT (7410)	JACKSON, LUCY	Approved 06/21/2006
COUN (1410)	O'KEEFFE, CAROL	Approved w/ Comments 06/28/2006
COOB (3211)	REQUA, JOHN	Approved 07/05/2006
CFO1 (2110)	WOODRUFF, HARRY	Approved 07/11/2006

FINAL APPROVALS	
OFFICE	NAME/ACTION
BUDGET_CMTE	Approved for CFO1 by HARRY WOODRUFF on 07/11/2006
JOINT_DEV	Approved for by EMEKA MONEME on 07/05/2006
GM	GMGR CEO (Not Yet Approved)
BOARD	BOARD WMATA (Not Yet Approved)



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NARRATIVE

The current contract for ULSD is with Mansfield and ConocoPhillips and the contract expires on December 31, 2006. This action is to request Board authority to initiate and award a new multi-year contract for ULSD that meets EPA requirements of less than 15 PPM of sulfur.

The solicitation for this requirement will be issued by WMATA, as the lead jurisdiction, on behalf of members of the Metropolitan Washington Area Council of Governments (COG) Purchasing Group as part of a cooperative purchase program. WMATA will receive, open and evaluate bids for the combined requirements of all jurisdictions. Using this process, all jurisdictions receive more favorable pricing than if each jurisdiction were to solicit individual bids due to the large volume discount pricing received. To mitigate budget uncertainty, the Authority has traditionally entered into an annual financial transaction called a swap. The transaction effectively converts the diesel variable expense into a fixed expense. The Authority would intend to continue this practice.

The estimated annual WMATA requirement of 13,000,000 is approximately 16% less than in previous years due to the arrival of 250 Orion VII compressed natural gas buses in 2006, which comprise approximately 16% of our bus fleet. Diesel fuel requirements were reduced by 10% with the delivery of 164 New Flyer compressed natural gas buses in 2001-2002 . Compressed natural gas buses now comprise 26% of our total bus fleet.

Bidders will be requested to provide a plus or minus per gallon price differential over the rack price for fuel as published by the Oil Price Information Service (OPIS). These rack prices will be updated on a bi-weekly basis. Award is made to the bidder offering the most favorable price differential.

ALTERNATIVES:

None

IMPACT ON FUNDING:

Budget: Operating Budget, Fiscal 2007
 Office: Bus Maintenance
 Account: Materials and Supplies - Bus Services
 This Action: \$29,000,000

Budget Information:

	<u>Base Period</u>		<u>Option Years</u>		
	FY2007	FY2008	FY2009	FY2010	FY2011
Annual Budget	\$29,000,000	\$29,000,000	\$29,000,000	\$29,000,000	\$29,000,000

Year to Date Expense: \$0

This Action: \$29,000,000

Forecast Other Expense: \$0

Annual Expense: \$29,000,000

Year End Variance: \$0

REMARKS: Award of base period is subject to approval of FY2007 budget.

PRIOR APPROVAL:

None

AFFIRMATIVE ACTION REQUIREMENTS

Equal Employment Opportunity

The contract will be required to comply with Executive Order 11246, Revised Order #4.

SBE Requirements:

None

RECOMMENDATIONS:

Recommend Board approval to advertise and award a requirements contract for the procurement of Ultra Low Sulphur Diesel fuel for a one year base period and four one year options. Exercise of option years is subject to availability of funds in FY2008, FY2009, FY2010 and FY2011. The estimated total for this action if all option years are exercised is \$145,000,000.