To: Chairman Cook and the VRE Operations Board

From: Doug Allen

Date: December 18, 2015

Re: Authorization to Issue a Request for Proposals for Diesel Fuel Price Risk Management Consulting Services

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**Recommendation:**

The VRE Operations Board is asked to authorize the Chief Executive Officer to issue a Request for Proposals for diesel fuel price risk management consulting services on behalf of both VRE and PRTC.

**Background:**

As determined in accordance with VRE Public Procurement Policies and Procedures, an Invitation for Bids (IFB) is neither practicable nor fiscally advantageous to VRE and an RFP is the preferred method of procurement for this solicitation since there are different approaches to the desired service and an evaluation of technical merit is required.

Upon completion of evaluation of proposals, negotiations are conducted with the two highest ranked firms deemed to be fully qualified and best suited among those submitting proposals, on the basis of the factors specified in the evaluation criteria. Price will be considered in context of technical performance for this service to achieve a best value determination. After receipt of the best and final offer from the top-ranked firm, a cost analysis is performed to compare the proposed cost with the independent cost estimate to determine that the proposed cost is fair and reasonable.
Both VRE and PRTC have significant exposure to price fluctuations in the diesel fuel market. Based on a joint procurement issued by VRE in 2011, both agencies currently contract for consulting services related to diesel fuel price risk management in order to secure expert advice on the management of this risk and to reduce the volatility of fuel costs. VRE’s existing contract, authorized by the Operations Board in April 2011, is with Linwood Capital, LLC and will expire in May 2016. As such, a new procurement must be initiated.

Upon receipt and evaluation of the proposals, staff will return to the Board for authorization to award the contract. The intention is for VRE and PRTC to jointly select the consultant, but will have separate contracts for services. The term of the contracts will be for a one year period with nine one year option periods for a total of ten years. The longer term is consistent with the contract periods for other forms of financial services.

**Fiscal Impact:**

Funding is provided for in the FY 2016 budget for equipment operations. Funding for future years will be included in each proposed annual budget.
WHEREAS, VRE has a significant risk exposure to the diesel fuel market and can benefit from expert advice on the management of this risk and a reduction in the volatility of fuel costs; and,

WHEREAS, the current contract for diesel price risk management consulting services expires in May 2016; and,

WHEREAS, this procurement will be issued by VRE on behalf of both VRE and PRTC as it is advantageous to both organizations to again jointly solicit proposals for these services;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby acknowledge the determination made by the VRE Contract Administrator in accordance with the VRE Public Procurement Policies and Procedures that competitive bidding is not practicable, nor fiscally advantageous to VRE, and that competitive negotiation is the appropriate method to procure these services; and,

BE IT FURTHER RESOLVED THAT, the VRE Operations Board authorizes the Chief Executive Officer to issue a Request for Proposals for diesel price risk management consulting services on behalf of both VRE and PRTC for a one year period with nine one year option periods for a total of ten years.

Approved this 18th day of December 2015.

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John C. Cook
Chairman

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Paul Smedberg
Secretary