Agenda Item 8-C
Action Item

To: Chairman Skinner and the VRE Operations Board
From: Doug Allen
Date: April 15, 2016
Re: Authorization to Execute a Contract for Diesel Fuel Price Risk Management Consulting Services

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to execute a contract with Linwood Capital, LLC of Minneapolis, Minnesota for diesel fuel price risk management consulting services in the annual amount of $21,600 for a base year and nine one year option periods for a total amount not to exceed $216,000 over a ten year period, with the option years exercised by the CEO, at his discretion.

Background:

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. This existing contract will expire in May 2016. Therefore, the Chief Executive Officer was authorized to issue a Request for Proposals (RFP) on December 18, 2015 for these services for both organizations.

In accordance with VRE Public Procurement Policies and Procedures, an RFP was the preferred method of procurement for this solicitation because there are different approaches to the desired service and an evaluation of technical merit was required. Upon
completion of evaluation of proposals, typically 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 is considered in context of technical performance for this service to achieve a best value determination. A cost analysis was performed to compare the proposed cost with the independent cost estimate to determine that the proposed cost is fair and reasonable.

A mailing list of 12 prospective Offerors was established for the solicitation to ensure access to adequate sources of services and the solicitation was posted on the VRE website. On February 12, 2016, an RFP was issued and proposals were due on March 14, 2016. Only one response was received. The staff conducted a survey to determine why only a single proposal was received and is satisfied with the result. The staff has also certified the price is fair and reasonable.

The following reasons were given for why prospective Offerors did not respond to the solicitation:

- Not their area of expertise
- Not registered to trade in the futures market
- Did not receive the RFP notification, although confirmed that RFP had been sent to the correct email address

Evaluation of the Proposals received was performed by the Technical Evaluation Team (TET), which consisted of two VRE staff members and two PRTC staff members.

The TET met to discuss and evaluate the Proposals using the following criteria:

- Understanding of the project scope and technical requirements.
- Project approach and management plan to include methods and procedures proposed to meet the requirements of the tasks and activities outlined in the Scope of Services.
- Capability and expertise of the proposed firm(s) to include experience providing advisory services with respect to systematic purchasing decisions related to diesel fuel.
- Knowledge and qualifications of the proposed Project Manager and key personnel.
- Cost for services.

It was determined the proposal from Linwood Capital, LLC, was technically compliant and that the cost for services was within the independent cost estimate prepared prior to issuing the solicitation.
Below is the final ranking of bidders who submitted proposals:

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<th>Offerors</th>
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<tr>
<td>Linwood Capital, LLC</td>
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Linwood Capital, LLC provides diesel fuel risk management consulting services to VRE and PRTC under the existing contracts. The VRE contract extends from May 10, 2011 to May 15, 2016.

VRE and PRTC jointly selected the consultant but will again 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 and FY 2017 budgets as part of diesel fuel related costs in the equipment operations cost center. Funding for future years will be included in each proposed annual budget.
Virginia Railway Express
Operations Board

Resolution
8C-04-2016

Authorization to Execute a Contract for Diesel Fuel
Price Risk Management Consulting Services

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, on February 12, 2016 VRE issued a Request for Proposals for the provision of diesel fuel price management consulting services for both VRE and the Potomac and Rappahannock Transportation Commission; and,

WHEREAS, the Operations Board’s approval of this procurement does not represent its independent assessment of the candidate’s responses to the solicitation or of each step in the procurement process followed by staff; rather, the Operations Board’s action is premised upon its conclusion, after review of the information before it, that the process used by the staff was in accordance with law and that the staff recommendation appears to be reasonable;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a contract with Linwood Capital, LLC of Minneapolis, Minnesota for diesel price risk management consulting services in the annual amount of $21,600 for a base year and nine one year option periods, for a total amount not to exceed $216,000 over a ten year period, with the option years exercised by the CEO, at his discretion.

Approved this 15th day of April, 2016.

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Gary Skinner
Chairman

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Maureen Caddigan
Secretary