Agenda Item 9-A
Action Item

To: Chair Cristol and the VRE Operations Board
From: Doug Allen
Date: May 17, 2019
Re: Authorization to Execute Contracts for the Delivery of Diesel Fuel for VRE Locomotives

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to execute a contract for the Delivery of Diesel Fuel to the Crossroads Yard with James River Solutions of Ashland, Virginia and a contract for the Delivery of Diesel Fuel to the Broad Run Yard with Griffith Energy Services, Inc. of Columbia, Maryland. The contract with James River Solutions is being recommended in an amount not to exceed $2,647,500, for a period of one year. The contract with Griffith Energy Services, Inc. is being recommended in an amount not to exceed $1,765,000, for a period of one year. Staff will return to the Operations Board to request authorization for option years.

Summary:

VRE contracts to have diesel fuel delivered and dispensed on weekdays from the Contractor’s trucks directly into the locomotives at the Crossroads Yard in Fredericksburg, VA and the Broad Run Yard in Manassas, VA. The final option year of the current contracts will expire on June 30, 2019.

Background:

On November 16, 2018, the VRE Operations Board approved a request to issue an Invitation for Bids (IFB) for Delivery of Diesel Fuel for VRE Locomotives. A mailing list of
seven prospective Bidders was established for the solicitation to ensure access to adequate sources of services. On April 8, 2019, an IFB was issued and bids were due on May 3, 2019. Three bids were received for Crossroads and five bids were received for Broad Run.

Both contracts will be structured to allow VRE to lock in future fixed prices for some of its fuel. VRE continues to work with a consultant to assist in this process to reduce cost volatility.

The bid tabulation is as follows:

Crossroads

<table>
<thead>
<tr>
<th>Bidders</th>
<th>*Total Average Bid Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. James River Solutions</td>
<td>$.176</td>
</tr>
<tr>
<td>2. Quarles Petroleum, Inc.</td>
<td>$.190</td>
</tr>
<tr>
<td>3. Mansfield Oil Company</td>
<td>$.2457</td>
</tr>
</tbody>
</table>

Broad Run

<table>
<thead>
<tr>
<th>Bidders</th>
<th>*Total Average Bid Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Griffith Energy Services, Inc.</td>
<td>$.149</td>
</tr>
<tr>
<td>2. James River Solutions</td>
<td>$.175</td>
</tr>
<tr>
<td>3. Quarles Petroleum, Inc.</td>
<td>$.219</td>
</tr>
<tr>
<td>4. Mansfield Oil Company</td>
<td>$.2492</td>
</tr>
<tr>
<td>5. Fannon Petroleum</td>
<td>$.682</td>
</tr>
</tbody>
</table>

*The average bid price represents the delivery, administrative and other costs of the fuel supplier which will be added to the relevant market price. Approximately 40% of VRE's fuel is priced at the “rack” or “OPIS” price on the day of purchase and approximately 60% is locked-in in advance based on the futures or “NYMEX” price on the date of the lock-in agreement. VRE staff, with the assistance of our consultant, projected a price per gallon (based on estimates of the rack or lock-in prices for FY 2020, plus the supplier differential) and multiplied this price by the projected fuel consumption for one year to arrive at a total not to exceed contract amount for each yard.
After review of the bids, it was determined James River Solutions was the lowest responsive-responsible bidder for diesel deliveries to the Crossroads Yard and Griffith Energy Services, Inc. was the lowest responsive-responsible bidder for diesel deliveries to the Broad Run Yard.

**Fiscal Impact:**

The FY 2020 operating budgets for Mechanical Operations – Diesel Fuel includes $4,412,500 funding for this activity. Funding for future years will be included in each proposed annual operating budget.
Virginia Railway Express
Operations Board

Resolution
9A-05-2019

Authorization to Execute Contracts for the
Delivery of Diesel Fuel for VRE Locomotives

WHEREAS, VRE has a need for diesel fuel delivery services in order to operate daily commuter trains; and,

WHEREAS, the current fuel delivery services contracts are set to expire on June 30, 2019; and,

WHEREAS, the VRE Operations Board authorized the issuance of an Invitation for Bids in November 2018; and,

WHEREAS, the contracts will be structured to allow VRE to lock in future fixed prices for fuel; and,

WHEREAS it was determined Griffin Energy Services was the lowest responsive-responsible bidder for fuel deliveries to the Crossroads Yard; and,

WHEREAS it was determined River Solutions was the lowest responsive-responsible bidder for fuel deliveries to the Broad Run Yard;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute contracts with James River Solutions of Ashland, Virginia (Crossroads Yard) and Griffith Energy Services, Inc. of Columbia, Maryland (Broad Run Yard) for diesel fuel delivery in an amount not to exceed $2,647,500 for Crossroads and an amount not to exceed $1,765,000 for Broad Run. The contracts will be for a base year, commencing July 1, 2019 through June 30, 2020, and four option years, with Operations Board approval required for each option year.

Approved this 17th day of May 2019

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Katie Cristol
Chair

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John Cook
Secretary