



VIRGINIA RAILWAY EXPRESS
OPERATIONS BOARD

Agenda Item 10-E
Action Item

To: Chair Bohmke and the VRE Operations Board

From: Rich Dalton

Date: May 17, 2024

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 Broad Run Maintenance and Storage Facility with James River Solutions, LLC of Ashland, Virginia, and a contract for the Delivery of Diesel Fuel to the Crossroads Maintenance and Storage Facility with GPM Empire, LLC of Martinsville, VA. The contract with James River is being recommended ***in the amount not to exceed \$2,377,600*** for the first year of the contract. The contract with GPM Empire is being recommended ***in the amount not to exceed \$3,566,400*** for the first year of the contract. Staff will return to the Operations Board to request authorization to exercise each of the four option years for these two contracts.

Summary:

VRE contracts to have diesel fuel delivered and dispensed from the contractor's trucks directly into the locomotives at the Broad Run and Crossroads Maintenance and Storage Facilities in Bristow, VA and Fredericksburg, VA. The final option year of the current contracts for the delivery of diesel fuel will expire on June 30, 2024.

Background:

On November 17, 2023, the VRE Operations Board authorized the CEO to issue an Invitation for Bids (IFB) for the Delivery of Diesel Fuel for VRE Locomotives. A mailing list of six prospective bidders was established for this solicitation to ensure access to adequate sources of supply. Additionally, the solicitation was posted on eVA, Virginia's electronic



Northern Virginia
Transportation Commission
2300 Wilson Blvd., Suite 230
Arlington, VA 22201
703-524-3322



Virginia Railway Express
1500 King Street, Suite 202
Alexandria, VA 22314
703-684-1001
VRE.org



Potomac and Rappahannock
Transportation Commission
14700 Potomac Mills Road
Woodbridge, VA 22192
703-580-6121

procurement system. On March 7, 2024, an IFB was issued, and bids were due on April 16, 2024. Seven bids were received for Broad Run and six bids for Crossroads.

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 contracts will also allow for additional fuel deliveries to accommodate VRE Saturday service.

The bid tabulation is as follows:

BROAD RUN	
BIDDER	BID PRICE* (OPIS Differential per Gallon)
1. James River Solutions, LLC	\$0.1500
2. GPM Empire, LLC	\$0.1650
3. Pinnacle Petroleum, Inc.	\$0.1747
4. Griffith Energy Services, Inc.	\$0.1783
5. Mansfield Oil Company of Gainesville, Inc.	\$0.1897
6. Apex Petroleum Corporation	\$0.3395
7. Colonial Oil Industries, Inc.	\$0.4198

CROSSROADS	
BIDDER	BID PRICE* (OPIS Differential per Gallon)
1. GPM Empire, LLC	\$0.1590
2. Pinnacle Petroleum, Inc.	\$0.1665
3. James River Solutions, LLC	\$0.1750
4. Mansfield Oil Company of Gainesville, Inc.	\$0.2021
5. Apex Petroleum Corporation	\$0.3795
6. Colonial Oil Industries, Inc.	\$0.8198

**The 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 typically locked-in in advance through the purchase of futures. 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 2025, 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 VRE Maintenance and Storage Facility.

After a review of the bids, it was determined James River Solutions was the lowest responsive-responsible bidder for diesel deliveries to Broad Run and GPM Empire, LLC was the lowest responsive-responsible bidder for diesel deliveries to Crossroads. James River is the current fuel supplier for Crossroads through the end of June 2024.

Fiscal Impact:

The current budget for Mechanical Operations – Diesel Fuel includes funding of \$5,944,000 for the first year of this activity. This funding includes a 7.6 percent increase to accommodate proposed Saturday service. Funding for future years will be included in each proposed annual operating budget.

**Virginia Railway Express
Operations Board Resolution**

10E-05-2024

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

WHEREAS, VRE requires diesel fuel delivery services to operate its trains; and,

WHEREAS, the current contracts for fuel delivery service to Broad Run and Crossroads will expire on June 30, 2024; and,

WHEREAS, the VRE Operations Board authorized the issuance of an Invitation for Bids in November 2023 to re-procure this service; and,

WHEREAS, on March 7, 2024, an Invitation for Bids was issued; bids were due on April 16, 2024; and seven bids were received to deliver diesel fuel to Broad Run and six bids for Crossroads; and,

WHEREAS, it was determined James River Solutions, LLC was the lowest responsive-responsible bidder for fuel deliveries to Broad Run; and,

WHEREAS, it was determined GPM Empire, LLC was the lowest responsive-responsible bidder for fuel deliveries to Crossroads; and,

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

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a contract for the Delivery of Diesel Fuel to the Broad Run Maintenance and Storage Facility with James River Solutions, LLC of Ashland, Virginia ***in the amount not to exceed \$2,377,600*** for the first year of the contract, and a contract for the Delivery of Diesel Fuel to the Crossroads Maintenance and Storage Facility with GPM Empire, LLC of Martinsville, ***Virginia in the amount not to exceed \$3,566,400*** for the first year of the contract; and,

BE IT FURTHER RESOLVED THAT, staff will return to the Operations Board to request authorization to exercise each of the four option years for these two contracts.

Resolution 10E-05-2024 continued

Approved this 17th day of May 2024

Ralph Smith
Secretary

Meg Bohmke
Chair