ORDINANCE NO. 020-32

AN ORDINANCE AUTHORIZING THE TREASURER TO EXECUTE A DIESEL FUEL CONTRACT

WHEREAS, The Chicago Transit Authority (“Authority”) uses approximately seventeen million (17,000,000) gallons of diesel fuel per year in the operation of buses and other vehicles; and

WHEREAS, The Authority’s annual budget for diesel fuel is approximately forty-four million dollars ($44,000,000.00) in fiscal year 2020; and

WHEREAS, The Authority may obtain significant cost savings and increased budgeting accuracy by entering into agreements that may provide pricing for all or a portion of the Authority’s diesel fuel needs based on index-pricing, fixed-pricing or a combination thereof with a responsible third-party diesel fuel supplier; and

WHEREAS, The Authority will issue a Request for Proposals (“RFP”) to identify a responsible third-party diesel fuel supplier that can fulfill the Authority’s diesel fuel needs; and

WHEREAS, Under industry practice, proposals submitted for fixed-price diesel fuel contracts are valid for very short time periods due to price fluctuations and changes in market conditions; and

WHEREAS, Volatility in the diesel fuel market creates an imperative for Authority staff to act within hours of receipt of prices to enter into fixed-price agreements that serve the Authority’s best interests; and

WHEREAS, In order for the Authority to enter into a contract under such changing market conditions, it is necessary and desirable to obtain Chicago Transit Board approval, in advance, to authorize execution of the contract; now, therefore:

BE IT ORDAINED BY THE CHICAGO TRANSIT BOARD OF THE CHICAGO TRANSIT AUTHORITY:

SECTION 1. Based on the statements set forth in the preamble of this ordinance, the Treasurer of the Authority, or his designee, with the approval of the Chairman of the Board, or his designee, shall evaluate opportunities from those responses submitted pursuant to the Request for Proposals to enter into a contract for diesel fuel with a suitable supplier that best meets the Authority’s diesel fuel needs based on price and other factors stated in the RFP.

SECTION 2. The Chicago Transit Board hereby authorizes the Treasurer, or his designee, with the approval of the Chairman of the Board or his designee, to
execute an agreement with the selected supplier that may provide pricing for all or a portion of the Authority’s diesel fuel needs based on index-pricing or fixed-pricing or a combination thereof for a base period of three (3) years starting in January 2023 with two (2) one-year options to extend that can be exercised by the Treasurer.

SECTION 3. The Board authorizes the Treasurer, or his designee, to convert additional quantities of fuel from index-pricing to fixed-pricing throughout the term of the agreement.

SECTION 4. This ordinance shall be in full force and effect from and after its passage.

APPROVED:                        PASSED:

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Chairman                     Assistant Secretary

April 8, 2020                         April 8, 2020