ORDINANCE NO. 020-109
AN ORDINANCE AUTHORIZING THE TREASURER TO EXECUTE A NATURAL GAS CONTRACT

WHEREAS, The Chicago Transit Authority ("Authority") utilizes approximately five hundred forty-two thousand (542,000) decatherms of natural gas per year; and

WHEREAS, The Authority’s annual expenditure for natural gas is approximately Five Million Dollars ($5,000,000.00); 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 natural gas needs based on index-pricing, fixed-pricing or a combination thereof with a responsible natural gas supplier; and

WHEREAS, The Authority has issued a Request for Proposals ("RFP") to identify a responsible third-party natural gas supplier that can fulfill the Authority’s natural gas needs; and

WHEREAS, Sealed proposals in response to the Authority’s RFP are expected to be submitted in December 2020; and

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

WHEREAS, Volatility in the natural gas 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 an agreement; 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 Transit Board Chair or designee, or the Vice Chair or her designee in the absence of a Board Chair, shall evaluate opportunities from those responses submitted pursuant to the RFP to enter into a contract for natural gas with a suitable supplier that best meets the Authority’s natural gas 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 Board Chair (or designee) or Vice Chair in the absence of a Board Chair (or her designee), to execute an agreement with the selected supplier that provides pricing for all or a portion of the Authority’s natural gas needs based on fixed-pricing, index-pricing or a combination thereof for a period of up to three (3) years, with two (2) options to extend for one (1) year each or one (1) option to extend for two (2) years.

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

SECTION 4. The percentage of each year’s estimated quantity of natural gas that may be purchased at a fixed price shall be determined by the Treasurer based on a review of the Authority’s projected needs for each year to ensure that the fixed-price purchase will not exceed the Authority’s actual needs.

SECTION 5. This ordinance shall be in full force and effect from and after its passage.

APPROVED:      PASSED:

_______________________   _________________________
Vice Chair                Assistant Secretary

November 18, 2020                November 18, 2020