SUMMARY STATEMENT

ITEM NO.       SUBJECT: Funding for Renewal of Fuel Contract for DRPA and PATCO

COMMITTEE:     Operations & Maintenance

COMMITTEE MEETING DATE: August 18, 2010

BOARD ACTION DATE: September 15, 2010

PROPOSAL: That the Board authorize additional funds for the 2nd year renewal of the Fuel Contract for DRPA and PATCO with Isobunkers LLC, Aston, PA for the purchase of unleaded gasoline, low-sulfur automotive diesel fuel and #2 heating fuel oil.

PURPOSE: To purchase fuel for all Delaware River Port Authority and PATCO vehicles including maintenance, snow removal, public safety and staff operations vehicles and #2 heating fuel oil for PATCO Administration buildings for the period July 1, 2010 through June 30, 2011.

BACKGROUND: On June 10, 2009 Resolution # DRPA-09-033 for the Annual Fuel Contract for DRPA and PATCO was approved in the amount of $589,262.20. The funding was based on fuel market conditions as of May, 2009. The contract with Isobunkers included an option to renew for one additional year.

During the past year the price for unleaded gasoline, low-sulfur diesel fuel and #2 Heating Oil has increased approx. 55%. Based on current market conditions, it is estimated that the annual fuel costs to support DRPA and PATCO will be $975,000.00. In order to provide adequate funds for our estimated fuel purchase needs, staff recommends allocation of an additional $385,737.80 to provide a total of $975,000.00.

DRPA and PATCO pay the “Reseller Tank Car Price” for each fuel type that is posted on the delivery date in the Journal of Commerce with a fixed differential for each fuel type and location. The reported fuel price will fluctuate during the contract period depending on market conditions. However, the differential cost will remain firm for the length of the contract. The differential amount paid to Isobunkers LLC is approximately $9,242.60/year, based on estimated fuel purchase volumes.
| SUMMARY: | Amount: | Additional $385,737.80 for a total of $975,000.00* |
| Source of Funds: | Revenue Fund |
| Capital Project #: | N/A |
| Operating Budget: | 2010 & 2011 |
| Master Plan Status: | N/A |
| Other Fund Sources: | N/A |
| Duration of Contract: | July 1, 2010 to June 30, 2011 |

*Annual amount estimated based on market conditions as of May, 2010. Fuel prices subject to market fluctuations.
RESOLUTION

RESOLVED: That the Board authorizes staff authorize additional funds in the amount of $385,737.80 for a total of $975,000.00 for the purchase of unleaded gasoline, low-sulfur diesel fuel and #2 heating oil under the Isobunkers LLC contract for the period of July 1, 2010 through June 30, 2011; during which period Isobunkers LLC will provide gasoline for the Benjamin Franklin, Commodore Barry, Betsy Ross, Walt Whitman Bridges and PATCO at an average price differential of -$0.0002 and will provide low-sulfur diesel fuel as required to the Benjamin Franklin, Commodore Barry, Betsy Ross, Walt Whitman Bridges and PATCO at an average price differential of +$0.0699. Heating fuel oil for PATCO has a fixed differential of +$0.0724.

RESOLVED: The Chair, Vice Chair and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of DRPA and PATCO. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer, and if thereafter, either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA and PATCO, along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable, and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA and PATCO.

SUMMARY: Amount: Additional $385,737.80 for a total of $975,000.00*
Source of Funds: Revenue Fund
Capital Project #: N/A
Operating Budget: 2010 & 2011
Master Plan Status: N/A
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