

**TRANSIT BUS COMMITTEE  
ACTIONS and PRESENTATIONS  
SUMMARY for JULY 2022**

Responsible Department	Vendor Name	Total Amount	Summary of action
NYCT	WSP USA	\$20M	Two Year Extension of Worldwide Testing and Inspections.
NYCT	Nova Bus (US) Inc.	\$8,275,562	Purchase of 5 low-floor 40-foot all-electric buses (AEBs).
NYCT	Sprague Operating Resources LLC.	\$209,923,366	Exercise option to extend contract for 1 year to Furnish and Deliver Ultra Low Sulfur Diesel No. 2 Fuel for NYCT and MTABC.




# **New York City Transit Procurements**

**Louis Montanti**, MTA Deputy Chief Procurement Officer – Operations

## PROCUREMENTS

The Procurement Agenda this month includes 4 actions for a proposed estimated expenditure of \$238.2M.

<b>Subject</b> Request for Authorization to Award Various Procurements					
<b>Department</b> MTA Procurement					
<b>Department Head Name</b> Kuvershen Ayer					
<b>Department Head Signature</b> <i>Kuvershen Ayer</i>					
<b>Project Manager Name</b> Rose Davis					
<b>Board Action</b>					
<b>Order</b>	<b>To</b>	<b>Date</b>	<b>Approval</b>	<b>Info</b>	<b>Other</b>
1	Committee	7/25/22			
2	Board	7/27/22			

July 21, 2022			
<b>Internal Approvals</b>			
	<b>Approval</b>		<b>Approval</b>
	President NYCT	X	Buses
X	COO	X	Subways
X	Diversity/Civil Rights		
X	Law		

<b>Internal Approvals (cont.)</b>							
<b>Order</b>	<b>Approval</b>	<b>Order</b>	<b>Approval</b>	<b>Order</b>	<b>Approval</b>	<b>Order</b>	<b>Approval</b>

**PURPOSE**  
To obtain approval of the Board to award various contracts and purchase orders, and to inform the NYC Transit Committee of these procurement actions.

**DISCUSSION**  
NYC Transit proposes to award Noncompetitive procurements in the following categories:

Procurements Requiring Two Thirds Vote:

	<u># of</u>	<u>\$ Amount</u>
	<u>Actions</u>	
Schedule A: Noncompetitive Purchases and Public Work Contracts	1	\$ 8.3 M
<b>SUBTOTAL</b>	<b>1</b>	<b>\$ 8.3 M</b>

**MTA Bus Company proposes to award Noncompetitive procurements in the following categories: None**

**NYC Transit proposes to award Competitive procurements in the following categories:**

Schedules Requiring Majority Vote:

	<u># of</u>	<u>\$ Amount</u>
	<u>Actions</u>	
Schedule H: Modifications to Personal/Miscellaneous Service Contracts	1	\$ 20.0 M
Schedule I: Modifications to Purchase and Public Works Contracts	2	\$ 209.9 M
<b>SUBTOTAL</b>	<b>3</b>	<b>\$ 229.9 M</b>

**MTA Bus Company proposes to award Competitive procurements in the following categories: None**

**NYC Transit proposes to award Ratifications in the following categories: None**

<b>TOTAL</b>	<b>4</b>	<b>\$238.2M</b>
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**COMPETITIVE BIDDING REQUIREMENTS:** The procurement actions in Schedules A, B, C, and D are subject to the competitive bidding requirements of PAL 1209 or 1265-a relating to contracts for the purchase of goods or public work. Procurement actions in the remaining Schedules are not subject to these requirements.

**BUDGET IMPACT:** The purchases/contracts will result in obligating funds in the amounts listed. Funds are available in the current operating/capital budgets for this purpose.

**RECOMMENDATION:** That the purchases/contracts be approved as proposed. (Items are included in the resolution of approval at the beginning of the Procurement Section.)

## BOARD RESOLUTION

**WHEREAS**, in accordance with Sections 1265-a and 1209 of the Public Authorities Law and the All-Agency General Contract Procurement Guidelines, the Board authorizes the award of certain noncompetitive purchase and public work contracts, and the solicitation and award of requests for proposals regarding purchase and public work contracts; and

**WHEREAS**, in accordance with the All-Agency Service Contract Procurement Guidelines and General Contract Procurement Guidelines the Board authorizes the award of certain noncompetitive miscellaneous service and miscellaneous procurement contracts, certain change orders to purchase, public work, and miscellaneous service and miscellaneous procurement contracts, and

**WHEREAS**, in accordance with Section 2879 of the Public Authorities Law and the All-Agency Service Contract Procurement Guidelines, the Board authorizes the award of certain service contracts and certain change orders to service contracts.

NOW, the Board resolves as follows:

1. As to each purchase and public work contract set forth in annexed Schedule A, the Board declares competitive bidding to be impractical or inappropriate for the reasons specified therein and authorizes the execution of each such contract.
2. As to each request for proposals (for purchase and public work contracts) set forth in Schedule B for which authorization to solicit proposals is requested, for the reasons specified therein, the Board declares competitive bidding to be impractical or inappropriate, declares it is in the public interest to solicit competitive request for proposals, and authorizes the solicitation of such proposals.
3. As to each request for proposals (for purchase and public work contracts) set forth in Schedule C for which a recommendation is made to award the contract, the Board authorizes the execution of said contract.
4. As to each action set forth in Schedule D, the Board declares competitive bidding impractical or inappropriate for the reasons specified therein and ratifies each action for which ratification is requested.
5. The Board authorizes the execution of each of the following for which Board authorization is required: (i) the miscellaneous procurement contracts set forth in Schedule E; (ii) the personal service contracts set forth in Schedule F; (iii) the miscellaneous service contracts set forth in Schedule G; (iv) the modifications to personal/miscellaneous service contracts set forth in Schedule H; (v) the contract modifications to purchase and public work contracts set forth in Schedule I; and (vi) the modifications to miscellaneous procurement contracts set forth in Schedule J.
6. The Board ratifies each action taken set forth in Schedule K for which ratification is requested.

**JULY 2022**

**LIST OF NONCOMPETITIVE PROCUREMENTS FOR BOARD APPROVAL**

***Procurements Requiring Two-Thirds Vote:***

**A. Noncompetitive Purchases and Public Work Contracts**

(Staff Summaries required for items estimated to be greater than \$1,000,000.)

1. Nova Bus (USA) Inc. \$8,275,562  
85 Months from Notice of Award  
B-40693-1  
Furnish and deliver five low-floor all-electric buses.

*Staff Summary Attached*

## Schedule A: Noncompetitive Purchases and Public Work Contracts

Item Number: 1

<b>Vendor Name (Location)</b> Nova Bus (US) Inc. (Plattsburgh, New York)
<b>Description</b> Furnish and Deliver 5 Low-Floor 40-foot All-Electric Buses
<b>Contract Term (including Options, if any)</b> 85 Months from Notice of Award (inclusive of delivery of the buses and provision of warranty support)
<b>Option(s) included in Total Amount?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A
<b>Procurement Type</b> <input type="checkbox"/> Competitive <input checked="" type="checkbox"/> Noncompetitive
<b>Solicitation Type</b> <input type="checkbox"/> RFP <input type="checkbox"/> Bid <input checked="" type="checkbox"/> Other: Noncompetitive

<b>Contract Number</b> B40693-1	<b>Renewal?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Total Amount:</b>	\$8,275,562
<b>Funding Source</b> <input type="checkbox"/> Operating <input checked="" type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:	
<b>Requesting Department:</b> NYC Transit Department of Buses, Frank Annicaro	

### Discussion

NYC Transit requests that the Board waive formal competitive bidding pursuant to Public Authorities Law, Section 1209, subdivision 9(d) to test a new source, product, and technology; evaluate the service and reliability of such product; and approve the purchase of five low-floor 40-foot all-electric buses (“AEB”) as well as related items such as spare parts, special tools and equipment, technical documentation, and training from Nova Bus (US) Inc. (“Nova”) in the total estimated amount of \$8,275,562. This contract will be awarded no earlier than 30 days after the Authority declares competitive bidding is impractical or inappropriate.

This procurement is part of a key initiative by the Department of Buses as the MTA develops a long-range plan to transition to a completely zero-emissions bus fleet by year 2040. The operation of these buses will provide the knowledge and experience necessary to prepare for future bus procurements and cultivate competition. NYC Transit’s current bus fleet meets the existing state and federal emissions requirements; however, this purchase will achieve additional reductions in greenhouse gas emissions. AEBs offer zero tailpipe emissions and reductions in noise typically emitted from other bus propulsion systems (e.g., hybrid, diesel, and compressed natural gas). AEB technology also has the potential to lower lifecycle costs compared to fossil-fueled buses. This project would afford NYC Transit valuable experience with significant improvements in battery and electric vehicle technology.

The NYC Transit bus duty cycle is the optimal environment for maximizing the benefits available from an all-electric propulsion system. AEBs utilize an electric motor to power the drivetrain. Electricity is supplied to the motor from a battery pack (the Energy Storage System) that must be charged via an external charging source either in-depot or en route. This propulsion system achieves reductions in total energy usage by reusing energy that is normally wasted in braking (a process referred to as regenerative braking).

A sole/single/unique source notification was advertised in May 2022 for this procurement in the *New York State Contract Reporter* and the *Daily News* pursuant to Section 1209 subdivision 9(b) of the Public Authorities Law.

As part of an extensive outreach to suppliers offering AEB capabilities and infrastructure, Nova was identified as one of the manufacturers capable of supplying heavy duty AEBs for the North American market. The five low-floor 40-foot AEBs in this contract will operate between the Bronx and upper Manhattan and will utilize the in-depot charging stations already installed at Kingsbridge Depot. Since the charging system in these test and evaluation buses will be SAE J1772 compliant, the purchase or lease of charging equipment specific to a bus manufacturer is not required. Charging ports on the curb and street sides of the bus along with roof-mounted contact rails will facilitate charging at terminals, bus depots, maintenance facility, or parking facility outfitted with a high-power charger or overhead pantograph.

The lead bus is scheduled for in-service evaluation starting in October 2023. Delivery of all five buses is anticipated to be completed in April 2024. This contract is subject to review and approval of the Office of the New York State Comptroller and award will not be made prior to this approval.

The total contract award of \$8,275,562 will consist of \$7,155,145 for the five buses (\$1,431,029/bus); \$489,384 for manuals, diagnostic tools, and qualification testing; \$470,481 for an estimated quantity of training; and \$160,552 for capital spares. The final price has been deemed fair and reasonable by NYC Transit's Cost Price Analysis Unit based on both cost and pricing analysis with assistance from MTA Audit Services.

These buses will be outfitted with new features including digital information screens, improved driver visibility, pedestrian turn warning, Wi-Fi, USB charging ports, automatic passenger counters, and new branding.

There is reasonable assurance that Nova is financially qualified to perform this contract. Nova has submitted a Letter of Guarantee from Volvo Investment AB, a wholly owned subsidiary of Nova's ultimate parent, AB Volvo, guaranteeing Nova's performance under this contract.

The contract resulting from this procurement has been evaluated to determine the necessity and appropriate scope, if any, of cybersecurity requirements, including any requirements under federal, state, and local law and regulations. Any applicable cybersecurity requirements, to the extent required, have been included in the contract terms and conditions.

**Alternatives**

There are no alternatives as not awarding this contract will seriously undermine NYC Transit's fleet plan and its ability to test AEBs.

**Inventory**

There will be an increase in inventory of unique parts associated with this bus that are not common to the existing fleets. Additionally, the contract will include approximately \$160,552 capital spare parts.

**M//W/DBE Information**

The MTA Department of Diversity and Civil Rights (DDCR) has established zero percent MWBE/SDVOB goals on this contract due to lack of subcontracting opportunities and MWBE/SDVOB firms in the marketplace. Similar contracts of this scope and nature are assigned zero goals and is part of the approved NYS Exclusion and Exemption List.

**Impact on Funding**

The contract will be funded with 100 percent MTA funds. Funds for this procurement have been approved in the MTA 2020–2024 Capital Program. WAR certificate will be secured prior to award.

**Recommendation**

To request that the Board declare competitive bidding impractical pursuant to Public Authorities Law, Section 1209, subdivision 9(d) as NYC Transit wishes to test a new source, product, and technology, and evaluate its performance and reliability and approve the purchase of five low-floor 40-foot articulated all-electric buses from Nova in the total estimated amount of \$8,275,562.



**JULY 2022**

**LIST OF COMPETITIVE PROCUREMENTS FOR BOARD APPROVAL**

**Procurements Requiring Majority Vote:**

**H. Modifications to Personal Service Contracts and Miscellaneous Service Contracts Awarded as Contracts for Services**

(Staff Summaries required for items estimated to be greater than \$1,000,000.)

- |    |                             |                     |                               |
|----|-----------------------------|---------------------|-------------------------------|
| 2. | <b>WSP USA Incorporated</b> | <b>\$20,000,000</b> | <i>Staff Summary Attached</i> |
|    | 5 Years                     |                     |                               |
|    | 6%18405                     |                     |                               |

Two-year contract extension for worldwide inspection and testing services (November 1, 2022–October 31, 2024).

**I. Modifications to Purchase and Public Work Contracts**

(Staff Summaries required for items estimated to be greater than \$1,000,000.)

- |      |  |                      |                               |
|------|--|----------------------|-------------------------------|
| 3–4. | <b>Sprague Operating Resources LLC</b> | <b>\$209,923,366</b> | <i>Staff Summary Attached</i> |
|      | 7 years                                |                      |                               |
|      | 06%11051 (NYCT)                        |                      |                               |
|      | J131613 (MTABC)                        |                      |                               |

Exercise of an option to extend the base contract for one year to furnish and deliver ultra-low sulfur diesel No. 2 fuel for NYC Transit and MTA Bus.

**Schedule H: Modifications to Personal Service & Miscellaneous Service Contracts**



**Item Number: 2**

<b>Vendor Name (Location)</b> WSP USA Incorporated (New York, New York)
<b>Description:</b> World-Wide Inspection and Testing
<b>Contract Term (including Options, if any)</b> November 1, 2017–October 31, 2022
<b>Option(s) included in Total Amount?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> n/a
<b>Procurement Type</b> <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Noncompetitive
<b>Solicitation Type</b> <input type="checkbox"/> RFP <input type="checkbox"/> Bid <input checked="" type="checkbox"/> Other: Modification
<b>Funding Source</b> <input checked="" type="checkbox"/> Operating <input checked="" type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:
<b>Requesting Department:</b> MTA Procurement, Kuvershen Ayer

<b>Contract Number</b> 6%18405	<b>AWO/Mod. #:</b> 3
<b>Original Amount:</b>	\$ 40,145,843
<b>Prior Modifications</b>	\$ 0
<b>Prior Budgetary Increases:</b>	\$ 5,246,974
<b>Current Amount:</b>	\$ 45,392,817
<b>This request:</b>	\$ 20,000,000
<b>% of This Request to Current Amount:</b>	44.1%
<b>% of Modifications (including This Request) to Original Amount:</b>	62.8%

**Discussion:**

This modification is to extend NYC Transit’s contract with WSP USA Incorporated (“WSP”) for worldwide inspection and testing services for a period of two years, from November 1, 2022, through October 31, 2024, in the estimated amount of \$20 million. The base contract, a competitively negotiated estimated quantity contract, was awarded to WSP on July 6, 2017, and went into effect on November 1, 2017, for a period of five years through October 31, 2022, in the total estimated amount of \$40,145,843. To date, there have been two modifications to this contract: AWO 1, the elimination of a 5 percent payment retainage requirement as part of a cost-savings initiative, and AWO 2, a budget adjustment adding \$5,246,974 in funding to the contract. This modification will be the first extension of time to this contract.

Under this contract, WSP provides a worldwide program for the inspection and testing of products and materials such as subway car wheels, rail and critical fasteners (for NYC Transit), and structural steel and concrete (for MTA Construction & Development (“C&D”) and NYC Transit) to ensure that material supplied to the MTA adheres to and is compliant with all product specifications. WSP is engaged at various points of the manufacturing process to confirm metallurgical and or chemical composition will result in compliant product once produced and, postproduction, confirms that material complies with dimensional specifications and tolerances. As part of the program, WSP also determines when laboratory testing of material is required, and reports results-based analysis and advice resulting from the testing.

The program is rigorous, sophisticated, and has been highly successful in both identifying and rejecting substandard material and ensuring that delivered products and materials are compliant with all specifications. As a result, in order to expand best-practices and leverage economies-of-scale, in early 2022 it was determined that this program will be expanded to include the requirements of Long Island Rail Road (“LIRR”) and Metro-North Railroad (“MNR”) in addition to NYC Transit and C&D. Thus, this extension is requested to ensure uninterrupted service while LIRR and MNR’s needs are fully assessed and incorporated into the scope of the renewal contract. As part of the extension, \$20 million of additional funding is required.

Pricing in the base contract consists of firm, fixed rates for the full five-year term of the contract. WSP originally proposed increasing the base contract rates by 8 percent for the extension period. Through discussions, Procurement was able to secure the base contract pricing for the extension period with no increase. As a result, approximately \$1.6 million in cost avoidance will be realized. A market survey validated that no better pricing or contract terms are attainable. The pricing for the extension has been found fair and reasonable.

In connection with a previous contract awarded to the Louis Berger Group, Inc. (“LBG”), LBG was found to be responsible notwithstanding SAI pursuant to the All-Agency Responsibility Guidelines and such responsibility finding was approved by the MTA Chairman and Chief Executive Officer in consultation with the MTA General Counsel in November 2015. No new SAI has been found relating to LBG or WSP. WSP has no SAI except that stemming from its acquisition of LBG. WSP has been found responsible.

LBG was acquired by WSP in December 2018 and that acquisition carries with it LBG’s SAI.

The contract resulting from this procurement action has been evaluated to determine the necessity and appropriate scope, if any, of cybersecurity requirements, including any requirements under federal, state, and local law and regulations. The Authority is working with the contractor to include applicable cybersecurity requirements prior to the exercise of this modification.

**Impact on Funding**

This requirement will utilize Operating funding and Capital-Reimbursed funding.

Schedule I: Modifications to Purchase and Public Work Contracts



Item Number: 3-4

<b>Vendor Name (Location)</b> Sprague Operating Resources, LLC (Portsmouth, New Hampshire)	<table border="1" style="width: 100%;"> <tr> <td style="width: 70%;"><b>Contract Numbers</b></td> <td style="width: 30%;"><b>AWO/Mod. #s</b></td> </tr> <tr> <td>06%11052 (NYCT)</td> <td style="text-align: center;">3</td> </tr> <tr> <td>J131613 (MTABC)</td> <td style="text-align: center;">4</td> </tr> </table>	<b>Contract Numbers</b>	<b>AWO/Mod. #s</b>	06%11052 (NYCT)	3	J131613 (MTABC)	4
<b>Contract Numbers</b>	<b>AWO/Mod. #s</b>						
06%11052 (NYCT)	3						
J131613 (MTABC)	4						
<b>Description:</b> Furnish and Deliver Ultra Low Sulfur Diesel #2 Fuel with Additives for use in buses to NYC Transit and MTA Bus Company Locations	<table border="1" style="width: 100%;"> <tr> <td colspan="2"><b>Original Amount:</b></td> </tr> <tr> <td>NYCT:</td> <td style="text-align: right;">\$ 497,608,586</td> </tr> <tr> <td>MTABC:</td> <td style="text-align: right;">\$ 135,676,159</td> </tr> </table>	<b>Original Amount:</b>		NYCT:	\$ 497,608,586	MTABC:	\$ 135,676,159
<b>Original Amount:</b>							
NYCT:	\$ 497,608,586						
MTABC:	\$ 135,676,159						
<b>Contract Term (including Options, if any)</b>  July 1, 2015–August 31, 2023	<table border="1" style="width: 100%;"> <tr> <td colspan="2"><b>Prior Modifications:</b></td> </tr> <tr> <td>NYCT:</td> <td style="text-align: right;">\$ 40,774</td> </tr> <tr> <td>MTABC:</td> <td style="text-align: right;">\$ 15,308,544</td> </tr> </table>	<b>Prior Modifications:</b>		NYCT:	\$ 40,774	MTABC:	\$ 15,308,544
<b>Prior Modifications:</b>							
NYCT:	\$ 40,774						
MTABC:	\$ 15,308,544						
<b>Option(s) included in Total Amount?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> n/a	<table border="1" style="width: 100%;"> <tr> <td colspan="2"><b>Prior Budgetary Increases</b></td> </tr> <tr> <td></td> <td style="text-align: right;">\$ 0</td> </tr> </table>	<b>Prior Budgetary Increases</b>			\$ 0		
<b>Prior Budgetary Increases</b>							
	\$ 0						
<b>Procurement Type</b> <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Noncompetitive	<table border="1" style="width: 100%;"> <tr> <td colspan="2"><b>Current Amount:</b></td> </tr> <tr> <td>NYCT:</td> <td style="text-align: right;">\$ 497,649,360</td> </tr> <tr> <td>MTABC:</td> <td style="text-align: right;">\$ 150,984,703</td> </tr> </table>	<b>Current Amount:</b>		NYCT:	\$ 497,649,360	MTABC:	\$ 150,984,703
<b>Current Amount:</b>							
NYCT:	\$ 497,649,360						
MTABC:	\$ 150,984,703						
<b>Solicitation Type</b> <input type="checkbox"/> RFP <input type="checkbox"/> Bid <input checked="" type="checkbox"/> Other: Modification	<table border="1" style="width: 100%;"> <tr> <td colspan="2"><b>This Request:</b></td> </tr> <tr> <td>NYCT:</td> <td style="text-align: right;">\$ 160,500,243</td> </tr> <tr> <td>MTABC:</td> <td style="text-align: right;">\$ 49,423,123</td> </tr> </table>	<b>This Request:</b>		NYCT:	\$ 160,500,243	MTABC:	\$ 49,423,123
<b>This Request:</b>							
NYCT:	\$ 160,500,243						
MTABC:	\$ 49,423,123						
<b>Funding Source</b>  <input checked="" type="checkbox"/> Operating <input checked="" type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:	<table border="1" style="width: 100%;"> <tr> <td colspan="2"><b>% of This Request to Current Amount:</b></td> </tr> <tr> <td>NYCT:</td> <td style="text-align: right;">32.3%</td> </tr> <tr> <td>MTABC:</td> <td style="text-align: right;">32.7%</td> </tr> </table>	<b>% of This Request to Current Amount:</b>		NYCT:	32.3%	MTABC:	32.7%
<b>% of This Request to Current Amount:</b>							
NYCT:	32.3%						
MTABC:	32.7%						
<b>Requesting Department:</b> NYC Transit Department of Buses, MTA Bus Company, Frank Annicaro	<table border="1" style="width: 100%;"> <tr> <td colspan="2"><b>% of Modifications (including This Request) to Original Amount:</b></td> </tr> <tr> <td>NYCT:</td> <td style="text-align: right;">32.3%</td> </tr> <tr> <td>MTABC:</td> <td style="text-align: right;">47.7%</td> </tr> </table>	<b>% of Modifications (including This Request) to Original Amount:</b>		NYCT:	32.3%	MTABC:	47.7%
<b>% of Modifications (including This Request) to Original Amount:</b>							
NYCT:	32.3%						
MTABC:	47.7%						

**Discussion:**

NYC Transit is seeking Board approval to exercise the contract option to extend the term of NYC Transit contract 06%11052 and MTA Bus Company (“MTABC”) contract J131613 with Sprague Operating Resources, LLC (“Sprague”) for one year, from September 1, 2022, to August 31, 2023, to furnish and deliver Ultra Low Sulfur Diesel #2 Fuel (“ULSD”) with Additives for use in buses at NYC Transit and MTABC locations, for the combined estimated total of \$209,923,366 (\$160,500,243 for NYC Transit and \$49,423,123 for MTABC).

Bus fuel represents one of the most critical commodities procured by the MTA, whose quality and availability cannot be compromised. The Department of Buses (“DOB”) of NYC Transit and MTABC together operate approximately 5,000 diesel-powered buses. NYC Transit/MTABC’s fuel specification delineates the chemical characteristics of the fuel as well as cold weather operability parameters. Failure to meet these exacting specifications can impact operability of bus engines as well as adversely affect depot on-site fuel tanks and filtration systems. Under the existing contracts, Sprague delivers approximately 48 million gallons of ULSD annually to 28 locations for DOB and MTABC revenue bus fleets. The fuel contractor is required to (1) remotely monitor depot fuel inventory to ensure that adequate replenishment deliveries are made on a timely basis; (2) maintain a two-week supply of fuel on hand to ensure adequate availability; (3) ensure that the fuel conforms to strict requirements of the bus engine manufacturers, whose warranties mandate fuel specifications including cetane level; (4) provide and blend chemical additives with the fuel for conductivity, lubricity, cetane, and cold weather operability at specific rates, which vary by the season and temperature; and (5) conduct rigorous sampling and testing of fuel to ensure consistency in meeting the technical specifications.

These two contracts, awarded to Sprague as a result of competitive Request for Proposals (“RFP”), were approved by the April 2015 Board with a five-year term (July 1, 2015–June 30, 2020). The per-gallon cost for fuel consists of a floating basis index price plus a fixed differential. The floating basis index price is calculated using the Argus Index for the previous week (effectively, a five-day hedge), and the fixed differential price includes Sprague’s cost for transportation, overhead fees, and profit.

## Schedule I: Modifications to Purchase and Public Work Contracts

Modification 1 to both the NYC Transit and MTABC contracts, awarded in July 2020, extended the terms 26 months (July 1, 2020–August 31, 2022) and aligned the end date with that of MTA fuel contract No. 16043. The modification also included an updated fuel specification, a slight increase to the differential pricing, and a contract option to extend the term for an additional one-year period (September 1, 2022–August 31, 2023), which could be exercised at the sole discretion of NYC Transit and MTABC.

Modification 2, awarded in February 2021, memorialized costs and credits associated with the elimination of detergent additives and other accounting discrepancies in payment of invoices. In May 2022, funding for MTABC was exhausted due to unanticipated increases in fuel costs, and an estimated \$15,300,170 was added via Modification 3 to fund to the contract end on August 31, 2022.

Under this modification, NYC Transit and MTABC will exercise the option contained in Modification 1 to extend the term of the contract for one year. This extension will provide additional time for the completion of the ongoing All-Agency Fuel RFP 15691, a complex procurement of considerable undertaking which for the first time, from a category management standpoint, includes revenue bus fuel alongside the previously consolidated All-Agency fuel spend which includes but is not limited to Heating Oil, Gasoline, Kerosene, Locomotive Diesel, etc., to leverage the MTA’s massive fuel requirements and maximize pricing efficiencies in the marketplace. If a change in supplier(s) occurs as a result of the RFP, this one-year extension would provide additional time to allow for a smooth transition between suppliers and minimize the risk of delivery disruptions to the MTA’s fueling locations. Differential pricing during the option period is at Modification 1 differential rates plus a 5 percent escalation, which was found to be fair and reasonable at the time Modification 1 was awarded. An examination of the Consumer Price Index for All Urban Consumers for the Northeast region indicates that prices generally increased 9.6 percent during the period from May 2020 to May 2022 (roughly, during the 26-month term of Modification 1).

The fuel expenditure for both contracts during the extension period is projected to be approximately \$209,923,366 based on estimated fuel usage and the estimated average cost of fuel at \$4.40/gallon (including differential); \$160,500,243 (36,477,328 gallons at \$4.40/gallon) for NYC Transit and \$49,423,123 (11,232,528 gallons at \$4.40/gallon) for MTABC. Of the \$209,923,366 estimated cost of this modification, 94.43 percent will go directly toward the cost of purchasing fuel, with the remaining 5.57 percent for the per-gallon differential costs.

A background search and review of the documents submitted by Sprague indicated no significant adverse information (“SAI”) within the meaning of the Responsibility Guidelines. The NYC Transit Controller’s Office performed a financial review and finds Sprague to be financially qualified to perform the work during the option period.

The contract resulting from this procurement has been evaluated to determine the necessity and appropriate scope, if any, of cybersecurity requirements, including any requirements under federal, state, and local law and regulations. The Authority is working with the vendor to include applicable cybersecurity requirements prior to issuance of the change order.

### **Impact on Funding**

Funds are available for DOB Operating Budget under NYC Transit Account No. 706202, Program Code 120, and Department 3433 and for MTABC Account No. 706202, Location Code 5223 and Department 5286.