



# FY2013 Fuel Hedging Program



**Board of Directors  
May 9, 2012**

# Presentation Outline

samTrans

- Program Purpose
- Historical Data
- Conclusions and Next Steps



# Fuel Hedging Program Overview



- Began in FY2010
- Designed to reduce volatility and uncertainty in the budget for fuel expenses
- In FY2010, fuel budget was reduced by \$1 million due to the hedging program
- Price cap option is akin to insurance
- Cap gives protection against price increases, allows District to benefit from price decreases
- SamTrans and Caltrain together hedge approximately 50% of their total projected fuel usage

# Historical Data

The logo for samTrans, featuring the text "samTrans" in a bold, sans-serif font. Below the text are two horizontal bars: a red one on top and a blue one on the bottom.

	FY2010	FY2011	FY2012
<b>Cap Price</b>	\$2.00	\$2.25	\$2.90
<b>Cost of Cap</b>	\$147,000	\$164,000	\$217,000
<b>Payments Rec'd</b>	\$54,000	\$336,000	\$123,000*
<b>Total Fuel Exp</b>	\$4.1 million	\$4.4 million	\$5.6 million**
<b>Counterparty</b>	Deutsche Bank	Barclays Bank	Deutsche Bank

\*data through April 2012 only

\*\*FY2012 revised budget for fuel

- **Orrick, Herrington & Sutcliffe LLP**
  - Negotiate with counterparties
  - Review documents
  - Advise on technical legal matters
- **Financial Advisors**
  - Identify bidders
  - Develop bidding package
  - Review and evaluate bids
  - Monitor market
  - Monthly calculation of price differences and evaluation of counterparty credit ratings



# Next Steps

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- Solicit bids from selected counterparties for FY2013 transaction
- Review bids and make go/no-go decision
- At the request of the District, staff will offer to present the fuel hedging program to local city and county financial officers





Questions?



# Historical Data



	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>
Orrick	\$41,700	\$31,900	\$34,500
Ross	\$7,500	\$7,500	\$7,500
PFM Monthly	\$2,500	\$2,500	\$2,500
<b>Total</b>	<b>\$51,700</b>	<b>\$41,900</b>	<b>\$44,500</b>