

The logo for samTrans, featuring the word "samTrans" in a bold, black, sans-serif font. Below the text are two horizontal bars: a red one on top and a blue one on the bottom. The entire logo is set against a white background within a square frame.

samTrans

FY2013 Fuel Hedging Program

The background of the slide is a composite image. The top half shows a blue-tinted photograph of a samTrans bus, with the number "295" and "MENLO CALTR" visible on its destination sign. The bottom half features a semi-transparent map of the San Mateo Peninsula, showing various locations like Hillsdale Shopping Center, San Mateo, and Del Norte. Overlaid on the map are several text boxes providing transfer information, such as "Transfer to: 230, 232, 240, 241, 242, 234, 235" and "Transfer to: Hillsdale Caltrain".

**Board of Directors
May 9, 2012**

Presentation Outline



- **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

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



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