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Jay H. Walder
Chairman and Chief Executive Officer



Metropolitan Transportation Authority

State of New York

May 24, 2011

RECEIVED

EXECUTIVE CORRESPONDENCE

MAY 31 2011

OFFICE OF THE STATE COMPTROLLER
THOMAS P. DINAPOLI
COMPTROLLER

Honorable Andrew M. Cuomo
Governor of New York
Executive Chamber
State Capitol
Albany, NY 12224

Honorable Thomas P. DiNapoli
Office of the State Comptroller
633 Third Avenue, 31st Floor
New York, NY 10017

Re: Response to Report #2008-S-175 - MTA Bus Company and New York City Transit
Selected Aspects of Vehicle Fuel Procurement and Use

Gentlemen:

On May 20, 2010, the Office of the State Comptroller issued the above referenced audit report. As required by Section 170 of the Executive Law, I am providing you with the attached response which addresses the recommendations contained in the report.

A copy of the final audit report is attached for your convenience.

Sincerely,

Jay H. Walder
Chairman and Chief Executive Officer

Attachments

The agencies of the MTA

MTA New York City Transit
MTA Long Island Rail Road

MTA Long Island Bus
MTA Metro-North Railroad

MTA Bridges and Tunnels
MTA Capital Construction

MTA Bus Company

Memorandum



Metropolitan Transportation Authority

State of New York

Date May 6, 2011

To Jay H. Walder, Chairman and Chief Executive Officer

From Darryl C. Irick, Senior Vice President, NYC Transit Department of Buses
President, MTA Bus Company
President, Long Island Bus

Re 90 Day Response to MTA Bus Company and New York City Transit Selected Aspects of Vehicle Fuel Procurement and Use (Report #2008-S-175)

As required by Section 170 of the Executive Law, detailed below are the updated actions that have been taken to address the recommendations contained in the Final Report of the MTA Bus Company and NYC Transit Selected Aspects of Vehicle Fuel Procurement and Use Audit performed by the Office of the State Comptroller. Following are the actions taken with respect to each recommendation.

Recommendation 1: Monitor and evaluate the fuel market place and regulations to be prepared for changes which might necessitate modification of contract terms or operational practices.

Status: NYC Transit and the MTA Bus Company have an ongoing consultant agreement with Southwest Research Institute, and, as a result, have direct communication with Steve Westbrook, Southwest's Principal Scientist and former Chairman of the ASTM Diesel Fuel Committee. Southwest advises us on any marketplace and regulatory issues that arise regarding diesel fuel. Also, the Sustainability Department for the MTA's bus operations monitors any changes to Federal, State or Local fuel or emission regulations.

Recommendation 2: Explore alternative contracting strategies including the use of the OGS fuel contract.

Status: We reviewed the NYS OGS fuel contract, prior to the award of the new contract, for adherence to the technical characteristics and specifications that are required by our bus engine manufacturers and the operational requirements set forth in our Technical Specifications. We concluded that the NYS OGS fuel specification did not meet our bus engine manufacturer warranty requirements, specifically in terms of the detergent additive that is required by Cummins Engine.

Re: 90-Day Response to MTA Bus Company and New York City Transit Selected Aspects of Vehicle Fuel Procurement and Use (Report #2008-S-175)

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Recommendation 3: Ensure that all critical decisions and analysis regarding fuel choices are documented.

Status: All decisions and analysis regarding fuel choices will be documented.

Recommendation 4: Finalize the Policy/Instructions regarding fuel accountability, ensuring that all terms and definitions are clear and understandable. Train depot personnel regarding the new Policy/Instructions and monitor depots' implementation of the new Policy/Instructions.

Status: Policy/Instruction ENV-02-09, entitled "Receiving, Sampling, Issuing and Accounting for Diesel Fuel," was issued in October 2009. As noted in section XI.C. of the Policy/Instruction, Facilities EC&M will provide Policy/Instruction training upon request.

Recommendation 5: On a daily basis, account for differences between cumulative fuel pumped in 24 hours, and that logged as distributed into its vehicles. Report any variances to the depot superintendent each day for further action.

Status: Each day, the amount of fuel dispensed and received is recorded and utilized in a daily inventory reconciliation/summary. This summary is reviewed and approved by depot management daily.

Recommendation 6: Monitor the fuel vendor to ensure that its fuel delivery trucks meters are inspected by a properly licensed inspection firm in accordance with contract requirements.

Status: Fuel vendor delivery trucks are inspected by NYC Weights and Measures every six months.

Recommendation 7: Require the fuel delivered to MTA Bus depots to be tested for compliance with contract specifications.

Status: Depots are required to take four random samples monthly from delivery trucks for laboratory testing.

Recommendation 8: If a depot is persistently unable to account for the use of its fuel, investigate the reasons and take corrective action.

Status: As indicated in recommendation 5, diesel fuel is reconciled daily and the reconciliation/summary is approved by depot management. Additionally, a ten-day cumulative reconciliation is also performed. If the cumulative variance exceeds prescribed amounts, investigative steps are performed.