

**Board Report**

File #: 2016-0931, **File Type:** Contract**Agenda Number:** 32

**SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE
JANUARY 19, 2017****SUBJECT: ENGINE OIL****ACTION: AWARD CONTRACT FOR ENGINE OIL****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a two year, indefinite delivery/indefinite quantity Contract No. VM67502000 for **engine oil to Rosemead Oil Products, Incorporated**, the lowest responsive and responsible bidder for a not to exceed amount of \$805,281 inclusive of sales tax for the base year, and not-to-exceed amount of \$821,569 inclusive of sales tax for a one year option, for a total contract amount of \$1,626,850, subject to resolution of protest(s), if any.

ISSUE

This procurement is for the acquisition of engine oil which is required for maintaining the safe and reliable operation of the Metro's bus fleet. Award of Contract will ensure that operating divisions have adequate inventory to maintain the buses in accordance with Metro's maintenance standards and engine oil that is in full compliance with Cummins Engine Standard (CES) 20085.

DISCUSSION

The engine oil under this procurement is needed throughout Metro to maintain and service its Compressed Natural Gas (CNG) bus fleet. The engine oil is changed out periodically in accordance with the engine manufacturer's preventive maintenance program requirements.

The Contract to be awarded is an Indefinite Delivery, Indefinite Quantity agreement in which Metro commits to order up to a minimum specified quantity for a specific duration of time, but there is no obligation or commitment for Metro to order all of the engine oil that may be anticipated. The bid quantities are estimates only, with deliveries to be ordered and released as required.

Engine oil will be purchased, maintained in inventory and managed by Material Management. As the engine oil is issued, the appropriate budget project numbers and accounts will be charged.

DETERMINATION OF SAFETY IMPACT

Award of contract will ensure that all operating divisions and Central Maintenance have adequate inventory to maintain the CNG buses according to Metro Maintenance standards and in accordance

with Metro's engine oil chemical property standards.

FINANCIAL IMPACT

The five (5) month funding of \$335,533 for CNG engine oil is included in the FY17 budget in multiple cost centers under project 306002 Operations Maintenance under line item 50406, Lubricant-Revenue Equipment.

Since this is a multi-year contract cost center manager and Chief Operations Officer will be accountable for budgeting the cost in future fiscal years.

Impact to Budget

The source of funds for this action will come from the Enterprise operating fund. The source of funds will come from Federal, State and local funding sources including sales tax and fares that are eligible for Bus and Rail Operating Projects. These funding sources will maximize the use of funds for these activities.

ALTERNATIVES CONSIDERED

The alternative is to not award the contract and procure engine oil on the open market at a lower cost. However, this imposes an undue level of risk of not having a pre-qualified engine oil supplier readily available to deliver engine oil in full compliance with Metro's engine oil chemical property standards.

NEXT STEPS

Metro's requirements for engine oils will be fulfilled under the provisions of the contract.

ATTACHMENTS

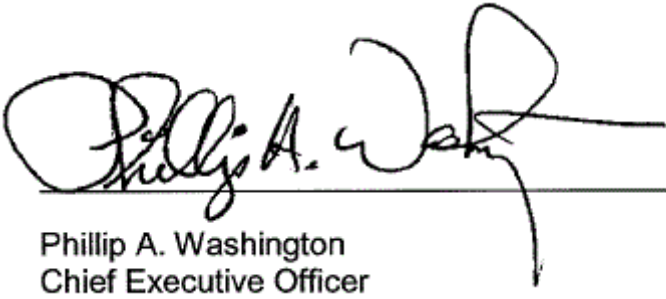
Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: Amy Romero, Sr. Director of Central Maintenance, (213) 922-5709

Reviewed by: James T. Gallagher, Chief Operations Officer, (213) 922-4424

Debra Avila, Chief Vendor/Contract Management Officer, (213) 418-3051



Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

ENGINE OIL/VM67502000

1.	Contract Number: VM67502000	
2.	Recommended Vendor(s): Rosemead Oil Products, Inc.	
3.	Type of Procurement (check one): <input checked="" type="checkbox"/> IFB <input type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: 5/10/16	
	B. Advertised/Publicized: 5/11/16	
	C. Pre-proposal/Pre-Bid Conference: 5/17/16	
	D. Proposals/Bids Due: 9/30/16	
	E. Pre-Qualification Completed: 10/17/16	
	F. Conflict of Interest Form Submitted to Ethics: 10/17/16	
	G. Protest Period End Date: 1/23/17	
5.	Solicitations Picked up/Downloaded: 24	Bids/Proposals Received: 3
6.	Contract Administrator: Nathan Jones III	Telephone Number: (213) 922-6101
7.	Project Manager: Matthew Lepine	Telephone Number: (213) 922-5972

A. Procurement Background

This Board Action is to approve Contract No. VM67502000 for engine oil to support bus maintenance operations. Board approval of contract awards are subject to resolution of any properly submitted protest.

IFB No. MA26104 was issued in accordance with Metro's Acquisition Policy and the contract type is indefinite delivery, indefinite quantity (IDIQ).

Six amendments were issued during the solicitation phase of this IFB:

- Amendment No. 1, issued on May 17, 2016 to revise technical specification and change Pre-Qualification Application due date;
- Amendment No. 2, issued on May 24, 2016 for administrative changes and to provide an approved list of CNG Engine Oils that meet CES 20085 requirements;
- Amendment No. 3, issued on June 8, 2016 to revise the technical specification and change the bid due date;
- Amendment No. 4, issued on June 15, 2016 to revise the technical specification and change the bid due date;
- Amendment No. 5, issued on June 23, 2016 to revise the bid due date; and
- Amendment No. 6, issued on September 12, 2016 to revise the technical specification.

A total of three bids were received on September 30, 2016.

B. Evaluation of Bids

The firm recommended for award, Rosemead Oil Products, Incorporated (Rosemead Oil), was found to be in full compliance with the bid and technical requirements.

NO.	Bidder Name	BASE		OPTION		Total Bid Amount
		Bulk Oil - Fixed Unit Price	Drum Oil - Fixed Unit Price	Bulk Oil - Fixed Unit Price	Drum Oil - Fixed Unit Price	
1	AAA Oil, Inc.	\$7.39	\$8.02	\$7.39	\$8.02	\$1,991,832
2	Downs Energy	\$6.42	\$7.27	\$6.72	\$7.27	\$1,773,982
3	Rosemead Oil Products	\$5.96	\$6.91	\$6.08	\$7.07	\$1,626,850

C. Price Analysis

The recommended total bid price was determined to be fair and reasonable based upon adequate price competition and selection of the lowest responsive and responsible bidder.

Bidder Name	Bid Amount	Metro ICE
Rosemead Oil	\$1,626,850	\$1,975,992
Total	\$1,626,850	\$1,975,992

D. Background on Recommended Contractor

The recommended firm, Rosemead Oil, located in Santa Fe Springs, CA, has been in business for over 60 years, and is a leader in the field of manufacturing engine and industrial oils, gear lubricants, automatic transmission fluid, and greases. Rosemead Oil serves bus and truck fleets, government agencies, aerospace, waste disposal, oil drilling, mining, heavy manufacturing and is an oil distributor. Rosemead Oil has provided satisfactory service and products to Metro on previous purchases.

DEOD SUMMARY

ENGINE OIL/VM67502000

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) established a 5% Disadvantaged Business Enterprise (DBE) goal for this solicitation. Rosemead Oil Products made a 5% DBE commitment.

Small Business Goal	5% DBE	Small Business Commitment	5% DBE
----------------------------	---------------	----------------------------------	---------------

	DBE Subcontractors	Ethnicity	% Committed
1.	All Petro Resources	Hispanic American	5.00%
Total Commitment			5.00%

B. Living/Prevailing Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this Contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this Contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract.