Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

Metro

Board Report

File #: 2017-0417, **File Type:** Contract **Agenda Number:** 34

SYSTEM SAFETY, SECURITY AND OPERATIONS COMITTEE
JULY 20, 2017

SUBJECT: UNLEADED GASOLINE

ACTION: AWARD CONTRACT FOR UNLEADED GASOLINE

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award a 60 month, Indefinite Delivery/Indefinite Quantity Contract No. FY34649 for unleaded gasoline to Pinnacle Petroleum, Inc., the lowest responsive and responsible bidder, for a two year base, inclusive of sales tax, for a not-to-exceed amount of $3,886,980, and three one-year options for a not-to-exceed amount of $5,830,470, for a total not-to-exceed contract amount of $9,717,450, subject to resolution of protest(s), if any.

ISSUE

Under this Contract, the recommended contractor is required to provide unleaded gasoline for Metro's non-revenue vehicles (automobiles, trucks, and vans). The use of an Indefinite Delivery/Indefinite Quantity Contract provides Metro with fuel on an as-needed basis. In an environment where future non-revenue vehicles may come in the form of electric automobiles it is prudent to establish maximum flexibility for fuel demand and delivery. Due to the fluctuation and variability in fuel prices the total not-to-exceed price is subject to change but will be in compliance with the prevailing Oil Price Information Service (OPIS) fee per gallon for the Los Angeles Region.

DISCUSSION

This Contract will provide up to approximately five million gallons of unleaded gasoline for 60 months at prevailing Oil Price Information Service (OPIS) pricing. OPIS is a widely accepted fuel price index that is published daily to reflect current market prices in the Los Angeles area for petroleum products. OPIS is a private, independent company with no stake in fuel transactions and is not funded by the oil industry.
Since this is a requirements contract, the bid quantities are estimates only, with deliveries to be ordered and released as required. There is no obligation or commitment on the part of Metro to order any or all of the unleaded gasoline that is anticipated.

DETERMINATION OF SAFETY IMPACT

There is no impact on safety standards for Metro.

FINANCIAL IMPACT

The funding of $2,872,392 for this service is included in the FY18 budget in multiple bus and rail cost centers under operating projects 306002 (Ops. Maintenance), 306001(Ops. Transportation), 300040 (Rail Ops. Administration), 300044 (Rail Ops.Red Line) and 450003 (Sustainability Environment) in line item 50405 Fuel Non-Rev. Equipment.
Since this is a multi-year Contract, the cost center manager and Chief Operations Officer will be responsible for budgeting the cost in future years, including any option exercised.

Impact to Budget

The FY18 source of funds for this procurement is from Enterprise operating funds. The source of funds will be Federal, State, and Local funds including sales tax and fares that are eligible for bus and rail operations. These funding sources will maximize the use of funds for these activities.

ALTERNATIVES CONSIDERED

The alternative is to not award the contract and to instead, purchase gasoline on the spot market. This approach is not recommended since it does not provide for a fixed discount on price or a commitment from the supplier to ensure availability and delivery on a timely basis.

NEXT STEPS

Upon approval, staff will execute Contract No. FY34649 to Pinnacle Petroleum, Inc., effective August 1, 2017, to provide unleaded gasoline for Metro's fleet.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - DEOD Summary

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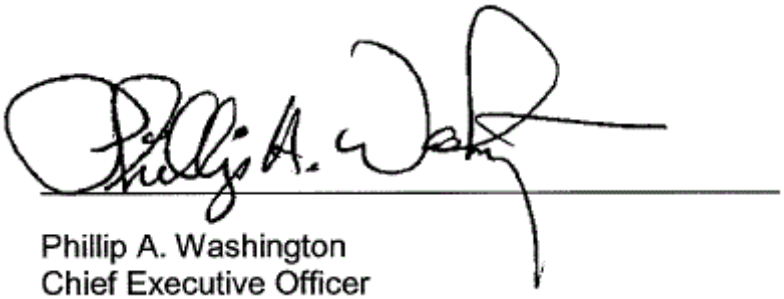

Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

UNLEADED GASOLINE/ FY34649

1.	**Contract Number**: FY34649	
2.	**Recommended Vendor(s)**: Pinnacle Petroleum, Inc.	
3.	**Type of Procurement (check one):** ☒ **IFB** ☐ **RFP** ☐ **RFP–A&E** ☐ **Non-Competitive** ☐ **Modification** ☐ **Task Order**	
4.	**Procurement Dates**:	
	A. Issued: 12/21/16	
	B. Advertised/Publicized: 12/26/16	
	C. Pre-proposal/Pre-Bid Conference: 1/13/17	
	D. Proposals/Bids Due: 3/10/17	
	E. Pre-Qualification Completed: 5/31/17	
	F. Conflict of Interest Form Submitted to Ethics: 5/23/17	
	G. Protest Period End Date: 7/20/17	
5.	**Solicitations Picked up/Downloaded**: 11	**Bids/Proposals Received**: 5
6.	**Contract Administrator**: Juelene Close	**Telephone Number**: 213-922-1066
7.	**Project Manager**: Helen Cosner	**Telephone Number**: 213-922-7634

A. Procurement Background

This Board Action is to approve Contract No. FY34649 for the procurement of unleaded gasoline in support of Metro's non-revenue fleet vehicles. Contract award is subject to resolution to any properly submitted protest.

The IFB was issued in accordance with Metro's Acquisition Policy and the contract type is an Indefinite Delivery, Indefinite Quantity (IDIQ).

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

- Amendment No. 1, issued on December 29, 2016, to establish the pre-bid conference date and to update other IFB critical dates;
- Amendment No. 2, issued on February 1, 2017, to update Metro's standard terms and conditions, and to revised the bid price form;
- Amendment No. 3, issued on February 7, 2017, to revise one of Metro's standard terms and conditions.

A total of six bids were received on March 10, 2017. One bid was deemed non-responsive.

B. Evaluation of Bids

This procurement was conducted in accordance, and complies with Metro's Acquisition Policy for a competitive sealed bid. The five bids received are listed below in alphabetical order:

NO.	Bidder Name	Bid Amount
1.	Falcon Fuels	$10,000,300.00
2.	Mansfield Oil Company	$9,912,400.00
3.	Merrimac Energy	$9,812,208.00
4.	Pinnacle Petroleum, Incorporated	$9,717,450.00
5.	SC Fuels	$10,015,453.00

The firm recommended for award, Pinnacle Petroleum, Inc. was found to be technically acceptable and in full compliance with the IFB requirements.

C. Price Analysis

The recommended bid price from Pinnacle Petroleum, Inc. has been determined to be fair and reasonable based upon adequate price competition and the selection of the lowest responsive and responsible bid.

Bidder Name	Bid Amount	Metro ICE
Pinnacle Petroleum, Inc.	$9,717,450.00	$11,440,462.00

D. Background on Recommended Contractor

Pinnacle Petroleum, Inc. is located in Huntington Beach, California, and has been in the petroleum business since 1995. Their major areas of business are petroleum and alternative fuels. Pinnacle provides and has fuel contracts with the State of California and the Hertz Corporation in Park Ridge, NJ. Pinnacle Petroleum Inc. has supplied over 400 petroleum products to over 15 different state agencies. Pinnacle Petroleum, Inc. is Metro's current supplier of unleaded gasoline and their performance has been satisfactory.

DEOD SUMMARY

UNLEADED GASOLINE/FY34649

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not recommend a Small Business Enterprise (SBE) goal for this solicitation due to a lack of subcontracting opportunities. As confirmed by the Project Manager, this project involves providing and delivering unleaded gasoline to the underground storage tanks located at the bus divisions. Pinnacle Petroleum, Inc. did not make an SBE commitment.

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.

Project Labor Agreement/Construction Careers Policy

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