



**SYSTEM SAFETY AND OPERATIONS COMMITTEE  
SEPTEMBER 20, 2012**

**SUBJECT: USED OIL RECYCLING SERVICES**

**ACTION: APPROVE CONTRACT AWARD**

**RECOMMENDATION**

Authorize the Chief Executive Officer to award a 5-year, firm fixed unit rate revenue generating contract under Request for Proposal No. OP31202883, to Pacific Oil Company for used oil recycling services, for potential revenue of \$1,079,250.00, inclusive of three one-year options.

**ISSUE**

Metro facilities generates approximately 180,000 gallons of used oil annually in the maintenance and repair of buses, rail cars, and non-revenue vehicles. Maintenance personnel remove the used oil from the vehicles based on a planned maintenance program. The used oil is accumulated in underground storage tanks, aboveground storage tanks, and waste drums located at 11 bus divisions, four rail divisions, one non-revenue facility, and various support services facilities.

The used oil must be evacuated from the storage tanks and/or drums by a licensed transporter and transported to a fully permitted Treatment, Storage and Disposal Facility.

**DISCUSSION**

As a generator of used oil, Metro is required to comply with federal, state, and local environmental laws and regulations. This includes ensuring the used oil is legally removed and transported by a licensed transporter to a fully permitted Treatment, Storage and Disposal Facility for proper recycling. All used oil removed from Metro facilities shall be documented on a Uniform Hazardous Waste Manifest. The regular and scheduled evacuation of the underground storage tanks, above-ground storage tanks, and drums shall ensure Metro complies with used oil accumulation time limits. This service is required to ensure that Metro complies with five environmental regulations for used oil:

1. Title 40 Code of Federal Regulations (CFR), Environmental Protection Agency
  - Subchapter I-Solid Wastes, part 279 Standards for the Management of Used Oil
2. Title 49 CFR, Department of Transportation,
  - Subchapter A- Hazardous Material and Oil Transportation
  - Subchapter B – Oil Transportation
  - Subchapter C – Hazardous Material Regulations
  - Federal Motor Carrier Safety Regulations
  - Emergency Response Guidebook
3. Title 29 CFR, Occupational Safety and Health Administration
4. California Code of Regulations, Title 22
5. Compliance with Senate Bill 546 (Lowenthal)

### **DETERMINATION OF SAFETY IMPACT**

Award of this contract shall ensure that a qualified contractor safely evacuates the used oil from drums and storage tanks at Metro facilities. In addition, this contractor will transport the used oil to a permitted facility for proper recycling. All tasks that will be performed by this contractor shall safeguard Metro personnel, the surrounding communities and the general public. This contract for used oil recycling services shall ensure Metro facilities accumulate and schedule the removal of used oil in compliance with federal, state and local environmental regulations.

### **FINANCIAL IMPACT**

Based on the proposal submitted and staff cost/price analysis, Metro will potentially receive \$1,079,250.00 for the term of this Contract. This is based on a revenue generating schedule in which the contractor will pay Metro a fixed rate per gallon of used oil for the base years and yearly rates based on a futures price index in each option year.

#### **Impact to Budget**

The revenues earned from this contract will be reprogrammed to Transit Operations expenditures.

### **ALTERNATIVES CONSIDERED**

The first alternative is to procure as-needed services for removal, transportation, and recycling of used oil. This option is not recommended since it does not control pricing or guarantee timely service.

The second alternative is to provide the services in-house. This alternative is not recommended because Metro does not have the necessary equipment, vehicles, license, permits, facility, or trained personnel to transport and recycle used oil.

**NEXT STEPS:**

Award of this contract shall ensure uninterrupted used oil recycling services for Metro facilities. This contract shall become effective September 27, 2012 with a kick-off meeting being held with the contractor on August 31, 2012. The evacuation of used oil from drums and storage tanks shall be communicated with the contractor approximately one week prior to the actual service date. The contractor shall be provided with the estimated quantity of used oil to be evacuated and the scheduled facility.

**ATTACHMENT(S):**

A. Procurement Summary

Prepared by: Michael Stange, Interim Executive Director, Maintenance

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*Michelle Lopes Caldwell*

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Chief Administrative Services Officer

*Frank Alejandro*

Frank Alejandro  
Chief Operations Officer

*for Arthur T. Leahy*

Arthur T. Leahy  
Chief Executive Officer

**PROCUREMENT SUMMARY**

**Used Oil Recycling Services**

1.	Contract Number: OP31202883	
2.	Recommended Vendor: Pacific Oil Company	
3.	Type of Procurement (check one) : <input type="checkbox"/> IFB <input checked="" 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: May 18, 2012	
	B. Advertised/Publicized: May 23, 2012	
	C. Pre-proposal/Pre-Bid Conference: June 8, 2012	
	D. Proposals/Bids Due: June 29, 2012	
	E. Pre-Qualification Completed: June 24, 2012	
	F. Conflict of Interest Form Submitted to Ethics: August 1, 2012	
	G. Protest Period End Date: August 23, 2012	
5.	Solicitations Picked up/Downloaded: 21	Bids/Proposals Received: 6
6.	Contract Administrator: Nicole Dang	Telephone Number: 213-922-7438
7.	Project Manager: James Jimenez	Telephone Number: 213-922-5870

**A. Procurement Background**

This Board action is for revenue generating procurement for Metro's facilities that generate used oil. This procurement will ensure that the used oil will be properly recycled by awarding to a Contractor that has all required permits, licenses and experience to comply with state and federal regulations.

The RFP was issued in accordance with Metro's Acquisition Policy and the contract type is revenue generating, which Metro will receive payments based on a Firm Fixed Unit Price.

Four Amendments were issued during the solicitation phase of this RFP:

- Amendment No. 01 issued on June 15, 2012 to revise Exhibit C: Schedule of Quantities and Prices Form and Exhibit D: Schedule of Crude Oil Prices. This

revision is in response to feedback obtained during the pre-proposal meeting to allow rate per gallon to be adjusted at the beginning of each option year;

- Amendment No. 02 to revise Exhibit C: Schedule of Quantities and Prices Form. The revision provides free pick up of used oil when crude oil prices are between \$51-\$70,
- Amendment No. 03 to revise Exhibit C: Schedule of Quantities and Prices Form. This revision removed the Contractor's obligation to provide free pick up of used oil when crude oil prices are between \$51-\$70 due to responses from proposers for willingness to pay at this price range; and
- Amendment No. 04 to remove Metro's requirement that the Department of Toxic Substance Control-Hazardous Waste Facility must be located in California.

A total of 6 proposals were received on June 29, 2012. Prior to release of this RFP, a market survey was conducted to obtain the market value for used oil. Based on the findings, Procurement released this RFP as a revenue generating solicitation.

## **B. Evaluation of Proposal**

A total of 6 proposers responded to this solicitation. The proposals were evaluated based on meeting Metro's minimum qualifications and price. Metro's minimum qualifications consist of possessing 3 years of experience providing used oil pick up transportation and recycling services to a customer with at least 5 pick up locations and providing valid licenses/permits to comply with state and federal regulations. The required licenses/permits are the following:

1. California Highway Patrol- Hazardous Material Transportation License.
2. Department of Motor Vehicles – Motor Carrier Permit.
3. Department of Toxic Substances Control-Hazardous Waste Transportation Registration.
4. Department of Transportation-Research and Special Program Administration-Hazardous Material Certificate of Registration.
5. Environmental Protection Agency-Acknowledgement of Notification of Hazardous Waste Activity.
6. Department of Toxic Substances Control-California EPA Identification Number.
7. Class A or B Commercial Drivers License with Hazardous Materials and Tanker Endorsement.
8. HAZWOPER Training.
9. Department of Toxic Substances Control – Hazardous Waste Facility Permit (For Treatment Storage and Disposal Facilities Located in California.

10. Provide the name and permits of the Treatment, Storage, and Disposal Facilities.
11. Provide name and contact of a 24-hour emergency response source.
12. Provide a complete Emergency Action Plan.

The evaluation criteria are appropriate and consistent with criteria developed for similar procurements. Of the six proposals received, four were determined to be within the competitive range. The four firms within the competitive range are listed below in alphabetical order:

1. Asbury Environmental Services
2. Cleantech Environmental Services
3. Express Environmental Corporation
4. Pacific Oil Company

Two firms were determined to be outside the competitive range and were not included for further consideration.

### **Qualifications Summary of Firm within the Competitive Range**

#### **Asbury Environmental Services**

Asbury Environmental Services has been in business for over 70 years. They are located in 1300 S. Santa Fe Avenue, Compton, Ca 90222. They provided all required permits and possess the required experience to comply with the RFP Statement of Work.

#### **Cleantech Environmental Services**

Cleantech Environmental Services has been in business since 1996 and is certified as a City of Los Angeles Small Local Business Enterprise. They are located in 5820 Martin Rd, Irwindale, Ca 91706. They provided all required permits and possess the required experience to comply with the RFP Statement of Work.

#### **Express Environmental Corporation**

Express Environmental Corporation has been in business since 1980. They are located at 21601 Parthenia St., Canoga Park, Ca 91304. They provided all required permits and possess the required experience to comply with the RFP Statement of Work.

**Pacific Oil Company**

Pacific Oil Company has been in business since 1990. They are located in 19528 Ventura Blvd, Ste 338, Tarzana, Ca 91356. They provided all required permits and possess the required experience to comply with the RFP Statement of Work.

**C. Price Analysis**

The recommended revenue of \$1,079,250 has been determined to be fair and reasonable based on a price analysis and adequate price competition under the competitive procurement process.

<b>Proposers</b>	<b>Proposed Revenue</b>
Pacific Oil Company	\$ 1,079,250
Asbury Environmental Services	\$ 927,675
Cleantech Environmental	\$ 777,750
Express Environmental Corp.	\$ 512,250

**D. Background on Recommended Contractor**

The recommended firm, Pacific Oil Company located in 19528 Ventura Blvd, Ste 338, Tarzana, Ca 91356 has been in business since 1990, is 100% woman owned business, and family run. Pacific Oil Company specializes in removal, disposal, transportation, and minimization of hazardous and non-hazardous waste that are generated from manufacturing, processing, and automotive industries. Pacific Oil is fully licensed, insured, and certified to handle and transport hazardous waste by the Environmental Protection Agency, Department of Toxic Substances Control, California Highway Patrol, and the Department of Transportation. Pacific Oil maintains full compliance with federal and state regulatory programs such as Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), California Code of Regulations (Title 22), Resource Conservation and Recovery Act (RCRA), Toxic Substance Control Act (TSCA), Department of Energy (DOE), and Department of Transportation (DOT).

**Revenue Generating Schedule**

For this Contract, Metro is anticipating a revenue of \$1,079,250 based on the below schedule.

- Pacific Oil Company will pay Metro \$.81 cents per gallon of used oil for the first two base years.
- At the beginning of each Option Year (Contract Award Date), Metro shall provide the Contractor with the daily Nymex Crude Future Oil Price to establish the yearly rates. (<http://www.bloomberg.com/energy>).



Crude Oil Prices	Option Years Payment Schedule.
\$10 - \$30	(\$0.20)
\$31- \$50	(\$0.41)
\$51-\$70	(\$0.66)
\$71-\$90	(\$1.07)
\$91-\$110	(\$1.47)
\$111-\$130	(\$1.88)
\$131-\$150	(\$2.28)
\$151-\$170	(\$2.69)

**E. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) did not recommend a small business participation goal for this revenue-generating procurement. The transporting company must have the proper license to haul hazardous wastes.

**F. All Subcontractors Included with Recommended Contractor's Proposal**

- 1) Botavia Energy LLC, 3174 E. US Highway 80, Yuma, AZ 85365