

**Metro**Los Angeles County
Metropolitan Transportation AuthorityOne Gateway Plaza
Los Angeles, CA 90012-2952213.92
metro.net**SYSTEM SAFETY AND OPERATIONS COMMITTEE
JANUARY 17, 2013****SUBJECT: SYNTHETIC OIL****ACTION: APPROVE CONTRACT AWARD****RECOMMENDATION**

Authorize the Chief Executive Officer to award a 24-month, firm fixed price contract under Bid Number 13-0008 to The Jankovich Company, the lowest responsive and responsible bidder for synthetic oil for an amount not-to-exceed \$2,282,526, inclusive of sales tax consisting of a base year and a one-year option.

ISSUE

Synthetic oil is needed to lubricate internal components for the bus transmission and differential, as well as serve as a coolant for better resistance to thermal breakdown. This procurement is for the acquisition of synthetic oil which is critical for maintaining the safe and reliable operation of the bus fleet, adhering to Metro's established preventative maintenance specifications, and contributing toward maximum reliability of internal bus components.

DISCUSSION

Synthetic oil is used to lubricate bus transmission and related components. Scheduled replacement of the transmission and differential oil is performed in accordance with the manufacturer's recommended intervals. It is part of Metro's preventative maintenance program to ensure the performance and longevity of the bus fleet. The contract will become effective December 2012. The contract will be awarded as a "requirements type" agreement in which we commit to order only from the awardee, up to the specified quantity for a specific duration of time. There is no obligation or commitment for us to order any or all of the synthetic oils that may be anticipated. The bid quantities are estimates only, with deliveries to be ordered and released as required. Two types of synthetic oil were specified under this procurement.

DETERMINATION OF SAFETY IMPACT

Award of this contract will ensure that all divisions have adequate inventory to maintain the equipment according to Metro Maintenance standards. This will enable Metro to properly maintain bus transmission components, maximize fleet reliability, and provide continued safe vehicle operation.

FINANCIAL IMPACT

The total contract amount is \$2,282,526. Funding of \$558,932 for these products is included in the FY13 budget under multiple bus operating cost centers, line item 50406 - Lubricant, Revenue Equipment, in project 306002 - Operations Maintenance.

Since this is a multi-year contract, the cost center manager, project manager, and executive director will ensure that the balance of funds are budgeted in future fiscal years, including any contract option exercised.

Impact to Budget

The source of funds for this procurement is bus operating funds. No other source of funds was considered because these funds are specifically designated for bus operations. If this action is not approved, adequate lubricant inventory will not be maintained and component part replacement and cost will likely increase.

ALTERNATIVES CONSIDERED

The alternative is to not award the contract and continue to procure synthetic oils on an as-needed basis at a higher cost. This approach is not recommended since it does not provide a commitment from the supplier to ensure availability and price stability.

NEXT STEPS

Metro's requirements for synthetic oil will be fulfilled under the provisions of the contract. The contract will be effective December 2012. If the one-year option is exercised, the contract will be effective through November 2014.

ATTACHMENTS

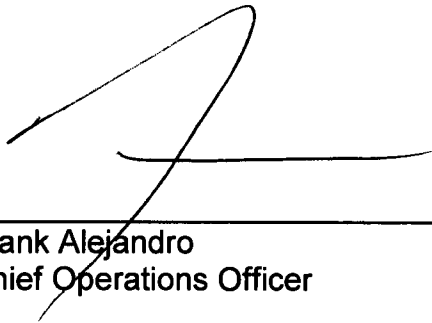
- A. Procurement Summary
- B. Bid Tabulation

Prepared By: Michael Stange, Interim Executive Director, Maintenance

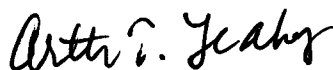
Questions: Michelle Stewart, Assistant Administrative Analyst
(213) 922-7270



Michelle Lopes Caldwell
Chief Administrative Services Officer



Frank Alejandro
Chief Operations Officer



Arthur T. Leahy
Chief Executive Officer

**PROCUREMENT SUMMARY
SYNTHETIC OIL**

1.	Contract Number: 13-0008	
2.	<u>Recommended Vendor:</u> <ul style="list-style-type: none"> The Jankovich Company, 14066 Garfield Avenue, Paramount, CA 90723 	
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: 8/23/12	
	B. Advertised/Publicized: 8/23/12	
	C. Pre-proposal/Pre-Bid Conference: N/A	
	D. Proposals/Bids Due: 9/28/12	
	E. Pre-Qualification Completed: N/A	
	F. Conflict of Interest Form Submitted to Ethics: Yes	
	G. Protest Period End Date:	
5.	Solicitations Picked up/Downloaded: 27	Bids/Proposals Received: 3
6.	Contract Administrator: Tanya Allen	Telephone Number: (213) 922-1018
7.	Project Manager: Mike Stange	Telephone Number: (213) 922-5751

A. Procurement Background

Procurement of synthetic oil was conducted as a formal sealed bid, competitive acquisition, in support of awarding a long-term Master Agreement in order to ensure availability and price stability.

IFB 13-0008 was issued August 23, 2012 and advertised August 23, 2012. Contract type is Firm-Fixed Price (FFP).

Two Amendments were issued during the solicitation phase of this IFB:

- Amendment No. 1 was issued on September 19, 2012 to answer potential bidder's questions
- Amendment No. 2 was issued on September 20, 2012 to revised estimated quantities

B. Evaluation of Proposals/Bids

A total of three bids were received September 28, 2012. The firm recommended for award, The Jankovich Company was found to be in full compliance with the bid requirements.

C. Cost/Price Analysis

The recommended bid price of \$2,282,526 has been determined to be fair and reasonable based upon adequate price competition and selection of the lowest responsive and responsible bidder.

	Bidder/Proposer Name	Bid/Proposal Amount
1.	The Jankovich Company	\$2,282,526
2.	The SoCo Group	\$2,709,439
3.	Good Speed Distributing, Inc.	\$3,650,498

D. Background on Recommended Contractor

The responsive and responsible low bidder, The Jankovich Company, located in Paramount, CA is a distributor of lubricants for marine, industrial, commercial, aviation and passenger car for Southern California for synthetic oils and other related products for various vehicles for 79 years. The Jankovich Company has provided similar products to other transit agencies, Los Angeles DWP and Los Angeles Sanitation. To date, The Jankovich Company has provided satisfactory service and products to Metro on previous purchases.

E. Small Business Participation

The Diversity & Economic Opportunity Department recommended a 5% Disadvantaged Business Enterprise Anticipated Level of Participation (DALP) for this procurement. The Jankovich Company made a 7.5% DALP commitment. Meeting the DALP is not a condition of award or an issue of responsiveness.

RECOMMENDED SMALL BUSINESS GOAL	DALP 5%	SMALL BUSINESS COMMITMENT	DALP 7.5%%
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	DBE Subcontractors	% Committed
1.	Patten Energy	7.5%
	Total Commitment	7.5%

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY BID TABULATION

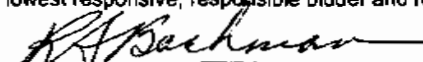
Bid No: 130008 Synthetic Oils

Bids Out: 08/23/12 Total 27
 Bids Opened: 09/28/12 Total 3
 Advertisement Date(s): 08/23/12
 Newspaper: LA Daily News

Item No.	MTA Part No.	Description	Qty	Unit	The Jankovich Co.		The Soco Group Inc.		Goodspeed Distributing Inc.	
					Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price
12 MONTH										
1	149858	Oil-Transmission Synthetic Bulk	42,000	GL	\$21.40	\$898,800.00	\$25.25	\$1,060,500.00	\$35.49	\$1,490,580.00
	1A	California Oil Recycling Fee	42000	GL	\$0.26	\$10,920.00	\$0.26	\$10,920.00	\$0.26	\$10,920.00
2	177876	Oil-Differential Synthetic Fluid 75W-90 400# drum	48,000	Lbs	\$2.48	\$119,040.00	\$3.53	\$169,440.00	\$3.46	\$166,060.80
	2A	California Oil Recycling Fee	48,000	Lbs	\$0.26	\$12,480.00	\$0.26	\$12,480.00	\$0.26	\$12,480.00
12 Month Total						\$1,041,240.00		\$1,240,860.00		\$1,667,560.80
OPTION 1 (12 Month)										
1	149858	Oil-Transmission Synthetic Bulk	42,000	GL	\$21.80	\$915,600.00	\$25.25	\$1,060,500.00	\$35.74	\$1,501,080.00
	1A	California Oil Recycling Fee	42000	GL	\$0.26	\$10,920.00	\$0.26	\$10,920.00	\$0.26	\$10,920.00
2	177876	Oil-Differential Synthetic Fluid 75W-90 400# drum	48,000	Lbs	\$2.55	\$122,400.00	\$3.53	\$169,440.00	\$3.49	\$167,500.80
	2A	California Oil Recycling Fee	48,000	Lbs	\$0.26	\$12,480.00	\$0.26	\$12,480.00	\$0.26	\$12,480.00
Option 1 Total						\$1,061,400.00		\$1,253,340.00		\$1,691,980.80
Option 1 and 12 Month Subtotal						\$2,102,640.00		\$2,494,200.00		\$3,359,541.60
Sales Tax 8.75%						\$179,886.00		\$215,239.50		\$290,956.89
Grand Total						\$2,282,526.00		\$2,709,439.50		\$3,650,498.49

I hereby certify The Jankovich Co. as being the lowest responsive, responsible bidder and recommend the award to them for total price, including sales tax, of \$2,282,526.

10/17/12
Date


Signature