

**Metro**Los Angeles County  
Metropolitan Transportation AuthorityOne Gateway Plaza  
Los Angeles, CA 90012-2952213.922.2000 Tel  
metro.net**SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE  
JANUARY 15, 2015****SUBJECT: ENGINE OIL****ACTION: AWARD CONTRACT FOR ENGINE OIL****RECOMMENDATION**

Authorize the Chief Executive Officer to award a two-year, firm fixed price contract under Bid Number 15-0002 to Patten Energy, Inc., the lowest responsive and responsible bidder for engine oil. The contract one-year base amount is \$997,633 inclusive of sales tax, and the one-year option amount is \$1,028,692 inclusive of sales tax for a total contract amount of \$2,026,325.

**ISSUE**

This procurement is for the acquisition of engine oil which is required for maintaining the safe and reliable operation of the bus fleet. Award of contract will ensure that operating divisions have adequate inventory to maintain the buses according to Metro maintenance standards.

**DISCUSSION**

The engine oil under this procurement is needed throughout Metro to maintain and service the 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 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, but there is no obligation or commitment for us to order any or 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 repair and maintain the buses according to Metro Maintenance standards.

## **FINANCIAL IMPACT**

The five-month funding of \$415,700 for CNG engine oil is included in the FY15 budget under project 306002 Operations Maintenance under line 50406, Lubricant- Revenue Equipment and in Central Maintenance cost center 3366, under projects 203020 FY12-FY14 Bus Midlife Project and 203022 FY12-14 Engine Replacement Program under line 50406, Lubricant- Revenue Equipment.

Since this is a multi-year contract, the 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 procurement is bus operating funds and under projects 203020 and 203022 from Federal Grants, the Transportation Development Act (TDA) and Prop 1B funds.

## **ALTERNATIVES CONSIDERED**

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

## **NEXT STEPS**

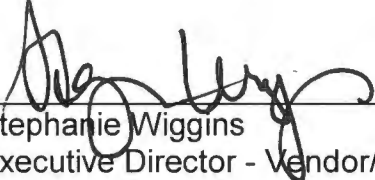
Metro's requirements for engine oil will be fulfilled under the provisions of the contract.

## **ATTACHMENTS**

- A. Procurement Summary
- B. Bid Tabulation

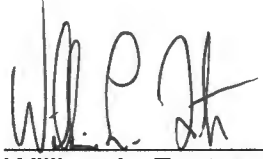
Prepared By: John Roberts, Deputy Executive Officer, Operations

Questions: Christopher Reyes, Senior Administrative Analyst, Operations  
(213) 922-4808




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Stephanie Wiggins  
Executive Director - Vendor/Contract  
Management



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William L. Foster  
Interim Chief Operations Officer



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Arthur T. Leahy  
Chief Executive Officer

## PROCUREMENT SUMMARY

## ENGINE OIL

1.	<b>Contract Number:</b> TBD	
2.	<b>Recommended Vendor:</b> Patten Energy, Inc., 3437 S. Main Street, Los Angeles, CA 90007	
3.	<b>Type of Procurement (check one):</b> <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.	<b>Procurement Dates:</b>	
	<b>A. Issued:</b> 8/27/14	
	<b>B. Advertised/Publicized:</b> 8/29/14	
	<b>C. Pre-proposal/Pre-Bid Conference:</b> N/A	
	<b>D. Proposals/Bids Due:</b> 10/7/14	
	<b>E. Pre-Qualification Completed:</b> N/A	
	<b>F. Conflict of Interest Form Submitted to Ethics:</b> Yes	
	<b>G. Protest Period End Date:</b> : 1/21/15	
5.	<b>Solicitations Picked up/Downloaded:</b> 18	<b>Bids/Proposals Received:</b> 3
6.	<b>Contract Administrator:</b> Tanya Allen	<b>Telephone Number:</b> 213/922-1018
7.	<b>Project Manager:</b> John Roberts	<b>Telephone Number:</b> 213/922-5060

**A. Procurement Background**

This Board Action is to approve a contract under IFB 15-0002 for the procurement of engine oil to support bus maintenance operations. Procurement of engine oil was conducted as a Set-Aside, formal sealed bid, competitive acquisition in support of awarding a long-term Master Agreement to a Small Business Enterprise. The DEOD Small Business directory was searched under the appropriate North American Industry Classification System (NAICS) codes and four SBEs were identified as potential suppliers for engine oil.

Of the four potential suppliers, Merrimac Petroleum, was not a certified SBE; therefore, they were disqualified. The other two suppliers that did not submit an offer were contacted to find out why they did not bid. One of them indicated that their e-mail address was not updated. The other supplier had computer problems and did not receive the IFB.

IFB No. 15-0002 was issued in accordance with Metro's Acquisition Policy and the contract type is firm fixed price.

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

- Amendment No. 1, issued on September 8, 2014, clarified potential bidder questions;

- Amendment No. 2, issued on September 12, 2014 clarified potential bidder questions.

A total of three bids were received on October 7, 2014.

**B. Evaluation of Bids**

The firm recommended for award, Patten Energy, Bid No. 1, was found to be in full compliance with the bid requirements.

Merrimac Petroleum, Inc. was found non-responsive because they did not meet the Small Business Enterprise certification requirements.

For pricing information, reference the Bid Tabulation, attached.

No.	Bidder's Name	Product Offered
1.	Merrimac Petroleum, Inc.	Rosemead Oil Products
2.	Patten Energy Inc. Bid #1	Conoco Phillips
3.	Patten Energy Inc. Bid #2	Rosemead Oil Products

**C. Price Analysis**

The bid price of \$2,026,325 submitted by Patten Energy, Bid No. 1 is 10% higher than the price currently being paid by Metro. The total increase for a two year period is calculated at \$177,632 for bulk deliveries. The bid price for the drum stock is 3% less than what we are currently paying which will result in a price savings of \$1,163 for a two year period.

Bidder/Proposer Name	U/M	Proposal Amount	Metro ICE	NTE Amount
Patten Energy Inc.	Drums	\$35,200.00	\$32,472.00	\$35,200
Patten Energy Inc.	Bulk	\$1,991,125	\$1,938,979	\$1,991,124

**D. Background on Recommended Contractor**

The responsive and responsible low bidder, Patten Energy, Inc. is located in Los Angeles, CA and has been in the marketing and sales of petroleum products such as oils, lubricants, fuel and other related products for 24 years. Patten Energy, Inc. has provided similar products to other public agencies including Los Angeles World Airport, Veolia Transportation, and Los Angeles Department of Water and Power. In the past Patten Energy has provided satisfactory products and services to Metro.

The current contractor on Line #1, oil delivered in drums, is Rosemead Oil Products, Inc. and the total amount paid to date is \$22,391. Rosemead is not a certified SBE with Metro; therefore, could not bid directly on this procurement because of the Set-Aside program.

Rosemead Oil Products, Inc. is also the current contractor on Line #2 (bulk oil) and the total amount paid to date is \$886,346.

**E. Small Business Participation**

Effective June 2, 2014, per Metro’s Board-approved policy, competitive acquisitions with three or more Small Business Enterprise (SBE) certified firms within the specified North American Industry Classification System (NAICS) as identified for the project scope shall constitute a Small Business Set-Aside procurement. Accordingly, the Contract Administrator advanced the solicitation, including posting the solicitation on Metro’s website, advertising, and notifying certified small businesses as identified by NAICS code(s) that this solicitation was open to **SBE Certified Small Businesses Only**.

Patten Energy, Inc., the low bidder, is an SBE Prime Supplier that is performing 100% of the work with its own workforce. Pursuant to SBE Program guidelines and Department of Transportation regulations, 60% SBE credit shall be given for the cost of the materials or supplies purchased from an SBE Regular Dealer/Supplier. This credit is awarded in recognition of the value the SBE adds to the transaction and the risks that it takes.

**Small Business Set-Aside**

	<b>SBE Prime Contractor</b>	<b>SBE % Committed</b>
1.	Patten Energy, Inc. (Prime)	60%
	Total	60%

**F. Living/prevaling Wage**

Living/prevaling wage does not apply to this procurement.

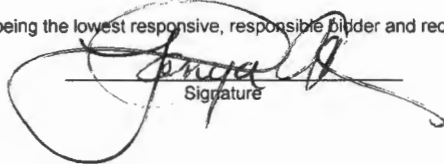
**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY BID TABULATION**  
**Bid No: 15-0002 Engine Oil**

Bids Out: 08/27/14 Total 18  
 Bids Opened: 10/07/14 Total 3  
 Advertisement Date(s): 09/18/14  
 Newspaper: L.A. Daily News

Item No.	MTA Part No.	Description	Qty	UM	Merrimac Petroleum, Inc.					Patten Energy, Inc. Bid 1					Patten Energy, Inc. Bid 2				
					Motor Oil Fee (A)	Recycling Fee (B)	Unit Price (C)	Unit Price Total	Extension	Motor Oil Fee (A)	Recycling Fee (B)	Unit Price (C)	Unit Price Total	Extension	Motor Oil Fee (A)	Recycling Fee (B)	Unit Price (C)	Unit Price Total	Extension
<b>I. PRICING 12 Month</b>																			
1	150119	Oil-Engine, CNG Cummins 8.9L Gas +, ISL & Series 50G	1,980	GL	\$0.0400	\$0.1200	\$8.30	\$8.46	\$16,750.80	\$0.04	\$0.24	\$8.70	\$8.98	\$17,780.40	\$0.04	\$0.24	\$7.75	\$8.03	\$15,899.40
2	179406	Oil-Engine, CNG Cummins 8.9L Gas +, ISL & Series 50G	112,000	GL	\$0.0400	\$0.1200	\$7.60	\$7.76	\$869,120.00	\$0.04	\$0.24	\$7.95	\$8.23	\$921,760.00	\$0.04	\$0.24	\$7.75	\$8.03	\$899,360.00
Subtotal 12 Month									\$885,870.80					\$939,540.40					\$915,259.40
<b>I. PRICING OPTION 1</b>																			
1	150119	Oil-Engine, CNG Cummins 8.9L Gas +, ISL & Series 50G	1,980	GL	\$0.0400	\$0.1200	\$8.50	\$8.66	\$17,146.80	\$0.04	\$0.24	\$8.95	\$9.23	\$18,275.40	\$0.04	\$0.24	\$8.00	\$8.28	\$16,394.40
2	179406	Oil-Engine, CNG Cummins 8.9L Gas +, ISL & Series 50G	112,000	GL	\$0.0400	\$0.1200	\$7.79	\$7.95	\$890,400.00	\$0.04	\$0.24	\$8.20	\$8.48	\$949,760.00	\$0.04	\$0.24	\$8.00	\$8.28	\$927,360.00
Subtotal Option 1									\$907,546.80					\$968,035.40					\$943,754.40
Total Base and Option									\$1,793,417.60					\$1,907,575.80					\$1,859,013.80
Sales Tax 9%									\$161,407.58					\$171,681.82					\$167,311.24
<b>GRAND TOTAL</b>									<b>\$1,954,825.18</b>					<b>\$2,079,257.62</b>					<b>\$2,026,325.04</b>
Drum Deposit									\$30.00					\$25.00					\$30.00

I hereby certify Patten Energy, Inc. as being the lowest responsive, responsible bidder and recommend the award to them for total price, including sales tax, of \$2,026,325.

12-9-14  
Date

  
Signature