



**OPERATIONS COMMITTEE
JULY 17, 2008**

SUBJECT: ULTRA-LOW SULFUR DIESEL FUEL

ACTION: AWARD CONTRACT FOR ULTRA-LOW SULFUR DIESEL FUEL

RECOMMENDATION

Authorize the Chief Executive Officer to award a 36-month, adjustable rate, indefinite quantity contract under Bid 08-0017 for ultra-low sulfur diesel fuel to Southern Counties Oil Co., dba SC Fuels, the lowest responsive and responsible bidder for an amount not-to-exceed \$15,320,363, inclusive of sales tax and a one-year option, effective August 1, 2008.

RATIONALE

Diesel fuel is required for the operation of our fleet of diesel buses and non-revenue vehicles. There are currently 108 diesel buses in service and 90 non-revenue vehicles that operate on diesel fuel. A gradual retirement of diesel buses has taken place since FY07. It is anticipated that all the diesel buses will be retired in the next few years. However, during the process of retiring the diesel buses, there will continue to be a requirement for diesel fuel.

Diesel buses are currently stationed at two bus locations and the Operations Central Instruction Department as follows:

| Div. 6 | Div 7 | OCI | Total |
|-----------|----------|-----|-------|
| 81 | 20 | 7 | 108 |

The contract provides up to approximately 4.0 million gallons of ultra-low sulfur diesel fuel for 36 months at prevailing Oil Price Information Service (OPIS) pricing. OPIS is a widely accepted fuel price benchmark. 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 our part to order any or all of the diesel fuel that is anticipated. It is projected that we will consume up to approximately 2.0 million gallons in FY09 and up to approximately 1.0 million gallons in FY10.

FINANCIAL IMPACT

The funding of \$4,162,169 is included in the FY09 budget under various operating cost centers and projects 301008, 302008, 303008, 304008 and 305008, Bus Maintenance in Account Number 50401, Fuel Diesel Revenue Equipment.

Since this is a multiple year contract, the cost center managers and the Chief Operations Officer will be accountable for budgeting the cost in future years. In FY08 staff estimates we will spend \$4,342,862 in this category.

ALTERNATIVES CONSIDERED

The alternative is not to purchase diesel fuel under a long-term agreement. However, issuing a 36-month contract will ensure a continuity of supply and will guarantee a firm discount for the duration of the contract. Additionally, ultra low sulfur diesel fuel must be purchased to comply with the California Air Resources Board requirement and to continue operating our fleet of buses and non-revenue vehicles.

ATTACHMENTS

- A Procurement Summary
- A-1 Procurement History
- A-2 List of Subcontractors
- B Bid Tabulation

Prepared by: John Roberts, Deputy Executive Officer, Operations
Richard Bachman, Contract Administration Manager

Carolyn Flowers

Carolyn Flowers
Chief Operations Officer

Roger Snoble

Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

ULTRA-LOW SULFUR DIESEL FUEL

| | | | |
|-----|---|--|-------------------------------------|
| 1. | Contract Number: 08-0017 | | |
| 2. | Recommended Vendor: Southern Counties Oil Co., dba SC Fuels | | |
| 3. | Cost/Price Analysis Information: | | |
| | A. Bid/Proposed Price: \$15,320,363 | Estimated Amount: \$15,320,363 | |
| | B. Details of Significant Variances are in Attachment A-1.D | | |
| 4. | Contract Type: Adjustable Rate | | |
| 5. | Procurement Dates: | | |
| | A. Issued: May 8, 2008 | | |
| | B. Advertised: May 11, 2008 | | |
| | C. Pre-bid Conference: May 15, 2008 | | |
| | D. Bids Due: June 10, 2008 | | |
| | E. Pre-Qualification Completed: Yes | | |
| | F. Conflict of Interest Form Submitted to Ethics: June 20, 2008 | | |
| 6. | Small Business Participation: | | |
| | A. DALP: 10% | Date Small Business Evaluation Completed: June 18, 2008 | |
| | B. Small Business Commitment: 10% | | |
| 7. | Invitation for Bid/Request for Proposal Data: | | |
| | Notifications Sent: 12 | Bids/Proposals Picked up: 12 | Bids/Proposals Received: 6 |
| 8. | Evaluation Information: | | |
| | A. <u>Bidders/Proposers Names:</u> | <u>Bid/Proposal Amount:</u> | <u>Best and Final Offer Amount:</u> |
| | 1. Southern Counties Oil Co. dba SC Fuels | \$15,320,363 | N/A |
| | 2. Petro-Diamond Inc. | \$15,327,507 | |
| | 3. Pro Petroleum | \$15,328,590 | |
| | 4. Mansfield Oil Co. | \$15,413,487 | |
| | 5. Patten Energy Enterprises | \$15,441,516 | |
| | 6. Falcon Fuels Inc. | \$15,551,152 | |
| | B. Evaluation Methodology: Selection of the lowest responsive, responsible bidder. Details are in Attachment A-1.C | | |
| 9. | Protest Information: | | |
| | A. Protest Period End Date: July 22, 2008 | | |
| | B. Protest Receipt Date: TBD | | |
| | C. Disposition of Protest Date: TBD | | |
| 10. | Contract Administrator: Juelene Close | Telephone Number: 213-922-1066 | |
| 11. | Project Manager: Christopher Gallanes | Telephone Number: 213-922-4828 | |

**BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY**

ULTRA-LOW SULFUR DIESEL FUEL

A. Background on Contractor

Southern Counties Oil Co. dba SC Fuels, is located in Orange, California, and has been in the petroleum business since 1930. SC Fuels delivers various petroleum products, i.e. branded, unbranded, and alternative commercial fuels in ten western states. Additional products supplied by SC Fuels include lubricants and heating oil. In the past, SC Fuels has provided satisfactory service and delivery of diesel fuel to us.

B. Procurement Background

Invitation for Bid (IFB) No. 08-0017 was released on May 8, 2008 and advertised on May 11, 2008. The bid deadline was June 10, 2008. Six firms submitted a bid prior to the stated deadline.

As part of the our efforts to provide for Cooperative Purchasing between agencies, and in accordance with the Regional Transit Plan to expand joint procurements, this solicitation included bid pricing for Santa Barbara Metropolitan Transit District (MTD).

The Diversity and Economic Opportunity Department (DEOD) recommends a 10% DBE Anticipated Level of Participation (DALP) goal for this procurement. The recommended awardee, SC Fuels, committed to 10%.

C. Evaluation of Bids/Proposals

In accordance with our Procurement policies and procedures, staff performed an evaluation of the bids that were received.

Bidder #1 Southern Counties Oil Co. dba SC Fuels in the amount of \$15,320,363 is in compliance with the technical and the bid specifications.

Bidder #2 Petro-Diamond Inc. in the amount of \$15,327,507 is in compliance with the bid specifications.

Bidder #3 Pro Petroleum in the amount of \$15,328,590 is in compliance with the bid specifications.

Bidder #4 Mansfield Oil Co. in the amount of \$15,413,487 is in compliance with the bid specifications.

Bidder #5 Patten Energy Enterprises in the amount of \$15,441,516 is in compliance with the bid specifications.

Bidder #6 Falcon Fuels Inc. in the amount of \$15,551,152 is in compliance with the bid specifications.

D. Cost/Price Analysis

The recommended total bid amount of \$15,320,363 has been determined to be fair and reasonable based upon adequate price competition and selection of the lowest responsive and responsible bidder.

The bid price per gallon is subject to weekly price adjustments to reflect current market pricing as published by the Oil Price Information Service (OPIS). The weekly adjusted price per gallon will be established from the OPIS current weekly pricing plus a fixed unit rate of $-\$0.0225$, a fixed transportation charge of $\$0.0342$, California oil spill fee of $\$0.00119$, Federal liquid underground spill tax of $\$0.001$, Federal environmental fee of $\$0.0012$, and applicable sales tax.

**BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

ULTRA-LOW SULFUR DIESEL FUEL

PRIME CONTRACTOR – Southern Counties Oil Co. dba SC Fuels

Small Business Commitment

Other Subcontractors

W.C. Goolsby, Inc.

N/A

Total Commitment 10%

**BOARD REPORT ATTACHMENT B - BID TABULATION
ULTRA-LOW SULFUR DIESEL FUEL**

Bids Out: 05/08/08 Total 12
 Bids Opened: 06/10/08 Total 6
 Advertisement Date(s): 05/11/08
 Newspaper: Daily News, La Opinion, LA Watts Times

| PATTEN ENERGY | | | | | | | | | |
|---|---------------------|-----------------------|-------------------------------|--------------|---------------------------|-------------------------|-------------------|----------------------|------------------------|
| ULTRA -LOW SULFUR DIESEL FUEL | | | | | | | | | |
| 24 MONTH PERIOD LACMTA | | | | | | | | | |
| Col. 1 | Col. 2 | Col. 3 | Col. 4 | Col. 5 | Col. 6 | Col. 7 | Col. 8 | Col. 9 | Col. 10 |
| OPIS Price | Fixed Price Adjust. | CA Oil Spill Per Gal. | Fixed Transp. Charge per Gal. | Federal LUST | Federal Environmental Fee | Adjusted Price Per Gal. | Sale Tax per Gal. | Total Price Per Gal. | Estimated 24 Month Qty |
| \$3.5231 | \$0.01500 | \$0.00119 | \$0.02343 | \$0.00100 | \$0.00120 | \$3.56492 | \$0.29411 | \$3.85903 | 3,000,000 |
| Total 24 Month Period | | | | | | | | | \$11,577,077.70 |
| 1 YEAR OPTION LACMTA | | | | | | | | | |
| Col. 1 | Col. 2 | Col. 3 | Col. 4 | Col. 5 | Col. 6 | Col. 7 | Col. 8 | Col. 9 | Col. 10 |
| OPIS Price | Fixed Price Adjust. | CA Oil Spill Per Gal. | Fixed Transp. Charge per Gal. | Federal LUST | Federal Environmental Fee | Adjusted Price Per Gal. | Sale Tax per Gal. | Total Price Per Gal. | Estimated 24 Month Qty |
| \$3.5231 | \$0.01500 | \$0.00119 | \$0.02843 | \$0.00100 | \$0.00120 | \$3.56992 | \$0.29452 | \$3.86444 | 1,000,000 |
| Total One Year Option | | | | | | | | | \$3,864,438.40 |
| Grand Total | | | | | | | | | \$15,441,516.10 |
| 24 MONTH PERIOD Santa Barbara Metropolitan Transit District | | | | | | | | | |
| Col. 1 | Col. 2 | Col. 3 | Col. 4 | Col. 5 | Col. 6 | Col. 7 | Col. 8 | Col. 9 | Col. 10 |
| OPIS Price | Fixed Price Adjust. | CA Oil Spill Per Gal. | Fixed Transp. Charge per Gal. | Federal LUST | Federal Environmental Fee | Adjusted Price Per Gal. | Sale Tax per Gal. | Total Price Per Gal. | Estimated 24 Month Qty |
| \$3.5231 | \$0.01500 | \$0.00119 | \$0.05000 | \$0.00100 | \$0.00120 | \$3.59149 | \$0.29630 | \$3.88774 | 1,200,000 |
| Total 24 Month Period | | | | | | | | | \$4,665,345.51 |
| 1 YEAR OPTION Santa Barbara Metropolitan Transit District | | | | | | | | | |
| Col. 1 | Col. 2 | Col. 3 | Col. 4 | Col. 5 | Col. 6 | Col. 7 | Col. 8 | Col. 9 | Col. 10 |
| OPIS Price | Fixed Price Adjust. | CA Oil Spill Per Gal. | Fixed Transp. Charge per Gal. | Federal LUST | Federal Environmental Fee | Adjusted Price Per Gal. | Sale Tax per Gal. | Total Price Per Gal. | Estimated 24 Month Qty |
| \$3.5231 | \$0.01500 | \$0.00119 | \$0.06700 | \$0.00100 | \$0.00120 | \$3.63849 | \$0.30018 | \$3.93867 | 600,000 |
| Total One Year Option | | | | | | | | | \$2,336,569.76 |
| Grand Total | | | | | | | | | \$7,001,915.27 |
| BIO DIESEL FUEL | | | | | | | | | |
| 24 MONTH PERIOD Santa Barbara Metropolitan Transit District | | | | | | | | | |
| Col. 1 | Col. 2 | Col. 3 | Col. 4 | Col. 5 | Col. 6 | Col. 7 | Col. 8 | Col. 9 | Col. 10 |
| OPIS Price | Fixed Price Adjust. | CA Oil Spill Per Gal. | Fixed Transp. Charge per Gal. | Federal LUST | Federal Environmental Fee | Adjusted Price Per Gal. | Sale Tax per Gal. | Total Price Per Gal. | Estimated 24 Month Qty |
| \$3.5231 | \$0.01500 | \$0.00119 | \$0.05600 | \$0.00100 | \$0.00120 | \$3.59749 | \$0.29094 | \$3.89428 | 600,000 |
| Total One Year Option | | | | | | | | | \$2,336,569.76 |
| Grand Total | | | | | | | | | \$7,001,915.27 |
| BIO DIESEL FUEL | | | | | | | | | |
| 24 MONTH PERIOD Santa Barbara Metropolitan Transit District | | | | | | | | | |
| Col. 1 | Col. 2 | Col. 3 | Col. 4 | Col. 5 | Col. 6 | Col. 7 | Col. 8 | Col. 9 | Col. 10 |
| OPIS Price | Fixed Price Adjust. | CA Oil Spill Per Gal. | Fixed Transp. Charge per Gal. | Federal LUST | Federal Environmental Fee | Adjusted Price Per Gal. | Sale Tax per Gal. | Total Price Per Gal. | Estimated 24 Month Qty |
| \$3.5231 | \$0.01500 | \$0.00119 | \$0.05700 | \$0.00100 | \$0.00120 | \$3.67849 | \$0.30348 | \$3.98197 | 1,200,000 |
| Total One Year Option | | | | | | | | | \$4,778,369.51 |
| Grand Total | | | | | | | | | \$7,001,915.27 |
| 1 YEAR OPTION Santa Barbara Metropolitan Transit District | | | | | | | | | |
| Col. 1 | Col. 2 | Col. 3 | Col. 4 | Col. 5 | Col. 6 | Col. 7 | Col. 8 | Col. 9 | Col. 10 |
| OPIS Price | Fixed Price Adjust. | CA Oil Spill Per Gal. | Fixed Transp. Charge per Gal. | Federal LUST | Federal Environmental Fee | Adjusted Price Per Gal. | Sale Tax per Gal. | Total Price Per Gal. | Estimated 24 Month Qty |
| \$3.5231 | \$0.01500 | \$0.00119 | \$0.06700 | \$0.00100 | \$0.00120 | \$3.67849 | \$0.30348 | \$3.98197 | 600,000 |
| Total One Year Option | | | | | | | | | \$2,389,179.26 |
| Grand Total | | | | | | | | | \$7,167,537.77 |

**BOARD REPORT ATTACHMENT B - BID TABULATION
ULTRA-LOW SULFUR DIESEL FUEL**

| MANSFIELD | | | | | | | | | | | |
|---|----------------------------------|---------------------------------------|--|---------------------------|---|---|-------------------------------|----------------------------------|---|-----------------------------------|--------------------------------------|
| PRO PETROLEUM | | | | | | ULTRA -LOW SULFUR DIESEL FUEL | | | | | |
| 24 MONTH PERIOD LACMTA | | | | | | 24 MONTH PERIOD LACMTA | | | | | |
| Col. 1 OPIS Price | Col. 2 Fixed Price Adjust. | Col. 3 CA Oil Spill Per Gal. | Col. 4 Fixed Transp. Charge per Gal. | Col. 5 Federal LUST | Col. 6 Federal Environ- mental Fee | Col. 7 Adjusted Price Per Gal. | Col. 8 Sale Tax per Gal | Col. 9 Total Price Per Gal | Col. 10 Estimated 24 Month Qty | Col. 11 Total Price Per Gal | Col. 12 Estimated 24 Month Qty |
| \$3.5231 | -\$0.02000 | \$0.00119 | \$0.03360 | \$0.00100 | \$0.00120 | \$3.54009 | \$0.2921 | \$3.8321 | 3,000,000 | \$3.85240 | 3,000,000 |
| Total 24 Month Period | | | | | | Total 24 Month Period | | | | | |
| \$11,496,442.28 | | | | | | \$11,557,200.00 | | | | | |
| 1 YEAR OPTION LACMTA | | | | | | | | | | | |
| Col. 1 OPIS Price | Col. 2 Fixed Price Adjust. | Col. 3 CA Oil Spill Per Gal. | Col. 4 Fixed Transp. Charge per Gal. | Col. 5 Federal LUST | Col. 6 Federal Environ- mental Fee | Col. 7 Adjusted Price Per Gal. | Col. 8 Sale Tax per Gal | Col. 9 Total Price Per Gal | Col. 10 Estimated 24 Month Qty | Col. 11 Total Price Per Gal | Col. 12 Estimated 24 Month Qty |
| \$3.5231 | -\$0.02000 | \$0.00119 | \$0.03360 | \$0.00100 | \$0.00120 | \$3.54009 | \$0.2921 | \$3.8321 | 1,000,000 | \$3.8563 | 1,000,000 |
| Total One Year Option | | | | | | Total One Year Option | | | | | |
| \$15,328,569.70 | | | | | | \$15,413,487.18 | | | | | |
| 24 MONTH PERIOD Santa Barbara Metropolitan Transit District | | | | | | | | | | | |
| Col. 1 OPIS Price | Col. 2 Fixed Price Adjust. | Col. 3 CA Oil Spill Per Gal. | Col. 4 Fixed Transp. Charge per Gal. | Col. 5 Federal LUST | Col. 6 Federal Environ- mental Fee | Col. 7 Adjusted Price Per Gal. | Col. 8 Sale Tax per Gal | Col. 9 Total Price Per Gal | Col. 10 Estimated 24 Month Qty | Col. 11 Total Price Per Gal | Col. 12 Estimated 24 Month Qty |
| \$3.5231 | -\$0.00500 | \$0.00119 | \$0.08490 | \$0.00100 | \$0.00120 | \$3.6084 | \$0.2975 | \$3.9038 | 1,200,000 | \$3.9078 | 1,200,000 |
| Total 24 Month Period | | | | | | Total 24 Month Period | | | | | |
| NO BID | | | | | | \$4,684,700.61 | | | | | |
| 1 YEAR OPTION Santa Barbara Metropolitan Transit District | | | | | | | | | | | |
| Col. 1 OPIS Price | Col. 2 Fixed Price Adjust. | Col. 3 CA Oil Spill Per Gal. | Col. 4 Fixed Transp. Charge per Gal. | Col. 5 Federal LUST | Col. 6 Federal Environ- mental Fee | Col. 7 Adjusted Price Per Gal. | Col. 8 Sale Tax per Gal | Col. 9 Total Price Per Gal | Col. 10 Estimated 24 Month Qty | Col. 11 Total Price Per Gal | Col. 12 Estimated 24 Month Qty |
| \$3.5231 | -\$0.00500 | \$0.00119 | \$0.08490 | \$0.00100 | \$0.00120 | \$3.6089 | \$0.2978 | \$3.9078 | 600,000 | \$3.9078 | 600,000 |
| Total One Year Option | | | | | | Total One Year Option | | | | | |
| NO BID | | | | | | \$2,344,688.51 | | | | | |
| BIO DIESEL FUEL | | | | | | | | | | | |
| 24 MONTH PERIOD Santa Barbara Metropolitan Transit District | | | | | | 24 MONTH PERIOD Santa Barbara Metropolitan Transit District | | | | | |
| Col. 1 OPIS Price | Col. 2 Fixed Price Adjust. | Col. 3 CA Oil Spill Per Gal. | Col. 4 Fixed Transp. Charge per Gal. | Col. 5 Federal LUST | Col. 6 Federal Environ- mental Fee | Col. 7 Adjusted Price Per Gal. | Col. 8 Sale Tax per Gal | Col. 9 Total Price Per Gal | Col. 10 Estimated 24 Month Qty | Col. 11 Total Price Per Gal | Col. 12 Estimated 24 Month Qty |
| \$3.5231 | -\$0.00119 | \$0.00119 | \$0.00119 | \$0.00100 | \$0.00120 | \$3.52649 | \$0.29094 | \$3.8174 | 1,200,000 | \$3.8174 | 1,200,000 |
| Total 24 Month Period | | | | | | Total 24 Month Period | | | | | |
| NO BID | | | | | | \$0.00 | | | | | |
| 1 YEAR OPTION Santa Barbara Metropolitan Transit District | | | | | | | | | | | |
| Col. 1 OPIS Price | Col. 2 Fixed Price Adjust. | Col. 3 CA Oil Spill Per Gal. | Col. 4 Fixed Transp. Charge per Gal. | Col. 5 Federal LUST | Col. 6 Federal Environ- mental Fee | Col. 7 Adjusted Price Per Gal. | Col. 8 Sale Tax per Gal | Col. 9 Total Price Per Gal | Col. 10 Estimated 24 Month Qty | Col. 11 Total Price Per Gal | Col. 12 Estimated 24 Month Qty |
| \$3.5231 | -\$0.00119 | \$0.00119 | \$0.00119 | \$0.00100 | \$0.00120 | \$3.52649 | \$0.29094 | \$3.8174 | 600,000 | \$3.8174 | 600,000 |
| Total One Year Option | | | | | | Total One Year Option | | | | | |
| NO BID | | | | | | \$0.00 | | | | | |
| BIO DIESEL FUEL | | | | | | | | | | | |
| 24 MONTH PERIOD Santa Barbara Metropolitan Transit District | | | | | | 24 MONTH PERIOD Santa Barbara Metropolitan Transit District | | | | | |
| Col. 1 OPIS Price | Col. 2 Fixed Price Adjust. | Col. 3 CA Oil Spill Per Gal. | Col. 4 Fixed Transp. Charge per Gal. | Col. 5 Federal LUST | Col. 6 Federal Environ- mental Fee | Col. 7 Adjusted Price Per Gal. | Col. 8 Sale Tax per Gal | Col. 9 Total Price Per Gal | Col. 10 Estimated 24 Month Qty | Col. 11 Total Price Per Gal | Col. 12 Estimated 24 Month Qty |
| \$3.5231 | -\$0.00119 | \$0.00119 | \$0.00119 | \$0.00100 | \$0.00120 | \$3.52649 | \$0.29094 | \$3.8174 | 1,200,000 | \$3.8174 | 1,200,000 |
| Total 24 Month Period | | | | | | Total 24 Month Period | | | | | |
| NO BID | | | | | | \$0.00 | | | | | |
| 1 YEAR OPTION Santa Barbara Metropolitan Transit District | | | | | | | | | | | |
| Col. 1 OPIS Price | Col. 2 Fixed Price Adjust. | Col. 3 CA Oil Spill Per Gal. | Col. 4 Fixed Transp. Charge per Gal. | Col. 5 Federal LUST | Col. 6 Federal Environ- mental Fee | Col. 7 Adjusted Price Per Gal. | Col. 8 Sale Tax per Gal | Col. 9 Total Price Per Gal | Col. 10 Estimated 24 Month Qty | Col. 11 Total Price Per Gal | Col. 12 Estimated 24 Month Qty |
| \$3.5231 | -\$0.00119 | \$0.00119 | \$0.00119 | \$0.00100 | \$0.00120 | \$3.52649 | \$0.29094 | \$3.8174 | 600,000 | \$3.8174 | 600,000 |
| Total One Year Option | | | | | | Total One Year Option | | | | | |
| NO BID | | | | | | \$0.00 | | | | | |

