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**OPERATIONS COMMITTEE
SEPTEMBER 18, 2003**

SUBJECT: UNLEADED GASOLINE

ACTION: AWARD CONTRACT FOR UNLEADED GASOLINE

Los Angeles County
Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012

213.922.6000

RECOMMENDATION

Authorize the Chief Executive Officer to award a 24-month firm fixed price contract with an option for one additional under Bid 03-0015 to Petro-Diamond Inc., the lowest responsive, responsible bidder for Unleaded Gasoline for an amount not to exceed \$3,099,349 inclusive of sales tax and 1 year option.

RATIONALE

This procurement is for the acquisition of Unleaded Gasoline. Unleaded gasoline is required for the operation of the MTA's fleet of non-revenue vehicles. Currently there are approximately 950 vehicles consisting of automobiles, trucks, vans and forklifts that operate on unleaded gasoline.

FINANCIAL IMPACT

Funding of \$1.03 million is included in the FY04 budget under Cost Centers 3503, 3508, 3515, 3601, 3609, 3706, 3707, 3710, 3802, 3805, and 3818, Project Numbers 301008, 302008, 303008, 304008, and 305008, Bus Maintenance, Line item number 50405, Fuel – Non-Revenue Equipment. In FY03, \$1.2 million was expended in this category

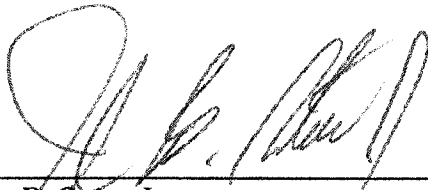
ALTERNATIVES CONSIDERED

The alternative is not to award the contract and 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 deliver on a timely basis.

ATTACHMENTS

- A Procurement Summary
- A-1 Procurement History
- A-2 List of Subcontractors
- A-3 Bid Tabulation

Prepared By: Frank Clarke, Buyer
Milo Victoria, Deputy Executive Officer - Operations



John B. Cafoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

UNLEADED GASOLINE

1.	Contract Number: 03-0015		
2.	Recommended Vendor: Petro-Diamond Inc., 18401 Von Karman Avenue, Suite 300, Irvine, CA 92623-9617		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$3,099,349	Estimated Amount: \$3,600,000	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Fixed Price		
5.	Procurement Dates:		
	A. Issued: 5/15/03		
	B. Advertised: 5/17/03		
	C. Pre-bid Conference: 5/29/03		
	D. Proposals/Bids Due: 7/24/03		
	E. Pre-Qualification Completed: Yes		
	F. Conflict of Interest Form Submitted to Ethics: Yes		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 10%	Date Small Business Evaluation Completed: July 30, 2003	
	Small Business Commitment: N/A		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 12	Bids/Proposals Picked up: 12	Bids/Proposals Received: 6
8.	Evaluation Information:		
	<u>Proposers Names:</u>	<u>Bid/Proposal Amt:</u>	<u>Best and Final Offer Amount:</u> N/A
	1. Petro-Diamond Inc.	\$ 3,099,349.05	
	2. Southern Counties	\$ 3,119,499.79	
	3. Falcon Fuels, Inc.	\$ 3,144,150.00	
	4. Pro Petroleum	\$ 3,147,379.58	
	5. Mansfield Oil Co.	\$ 3,152,348.25	
	6. Patten Energy Enterprises, Inc.	\$ 3,316,866.60	
	B. Evaluation Methodology: Selection of the lowest responsive, responsible bidder.		
9.	Protest Information:		
	A. Protest Period End Date: 9-26-03		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
10.	Contract Administrator: Frank Clarke	Telephone Number: 2-1067	
11.	Project Manager: Mike Stange	Telephone Number: 2-5751	

BOARD REPORT ATTACHMENT A-1 PROCUREMENT HISTORY

A. Background on Contractor

Petro-Diamond Inc., Irvine, CA was established on April 29, 1983 as a wholly owned subsidiary of Mitsubishi Corporation for the purpose of trading crude oil and petroleum products. The company is primarily focused on the marketing and trading of petroleum products in the Pacific Basin and is organized in three basic groups: clean petroleum products, heavy oils, and the terminal operation in Long Beach, California.

Petro-Diamond has contracts with the following companies: California Highway Patrol, Costco Wholesale, State of California DGS Procurement Dept., City of Huntington Beach, Omnitrans, L.A. School District and the LACMTA. This company has been responsive in providing satisfactory service and products to the MTA.

B. Procurement Background

The Procurement Department advertised Invitation for Bid No.03-0015 on May 15, 2003, covering the MTA's unleaded gasoline requirements for a 24-month period with an option for one additional year. The notice of availability was mailed to 69 potential suppliers. On July 24, 2003, six bids were received and opened. The product offered by the low bidder is CARB certified for reformulated gasoline fuel with an ethanol additive.

C. Evaluation Criteria

Technical review and selection of the lowest responsive, responsible bidder.

- | | |
|-----------|---|
| Bidder #1 | Petro-Diamond Inc. in the amount of \$3,099,349 was in full compliance with the technical and the bid specifications |
| Bidder #2 | Southern Counties Oil in the amount of \$3,119,500 was in full compliance with the technical specifications but did not comply with the DBE requirements. |
| Bidder #3 | Falcon Fuels, Inc. in the amount of \$3,144,150 was in full compliance with the technical specifications but did not comply with the DBE requirements. |
| Bidder #4 | Pro-Petroleum, Inc in the amount of \$3,147,380 was in full compliance with the technical specifications but did not comply with the DBE requirements. |
| Bidder #5 | Mansfield Oil Company in the amount of \$3,152,348 was in full compliance with the technical specifications but did not comply with the DBE requirements. |

Bidder #6 Patten Energy Enterprises in the amount of \$3,316,867 was in full compliance with the technical and bid specifications; however, they were not the low bidder

D. Cost/Price Analysis Explanation of Variances

The recommended bid price of \$3,099,349 has been determined to be fair and reasonable based upon adequate price competition and selection of the lowest responsive and responsible bidder.

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

UNLEADED GASOLINE

PRIME CONTRACTOR - Petro-Diamond, Inc.

Subcontractor(s): Merrimac Energy

Total Commitment: 10.20% Disadvantaged Business Enterprise (DBE)

**ATTACHMENT A-3
LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY BID TABULATION
BID NO: 03-0015 UNLEADED GASOLINE**

Bids Out: 05/15/03 Total 17
 Bids Opened: 07/24/03 Total 6
 No Bids:
 Advertisement Date(s): 05/17/03
 Newspaper: Daily News

INITIAL 24 MONTH TERM								
Col.1	Opis Price	0.966900	0.966900					Patten Energy Enterprises, Inc.
Col.2	Discount Rate (+ or -)	-0.0325	-0.0429					0.15
Col.3	CA Oil Spill Per Gallon	0.00120	0.001200					0.001200
Col.4	State Motor Vehicle Tax	0.18	0.18					0.18
Col.5	Proposed Freight Charge Per Gallon	0.0216	0.016400					0.038500
Col.6	Adjusted Price Gallon	1.1372	1.121600					1.201600
Col.7	Sales Tax Per Gallon	0.0938	0.09253					0.0991
Col.8	Total Per Gallon	1.231	1.21413					1.3007
Col.9	Estimated 24-Month Quantity	1,700,000	1,700,000					1,700,000
		\$2,092,732.30	\$2,064,024.40					\$2,211,244.40

Bids Out: 05/15/03 Total 17
 Bids Opened: 07/24/03 Total 6
 No Bids:
 Advertisement Date(s): 05/17/03
 Newspaper: Daily News

OPTION YEAR								
Col.1	Opis Price	0.966900	0.966900					Patten Energy Enterprises, Inc.
Col.2	Discount Rate (+ or -)	-0.0275	-0.0429					0.15
Col.3	CA Oil Spill Per Gallon	0.001200	0.001200					0.001200
Col.4	State Motor Vehicle Tax	0.18	0.18					0.18
Col.5	Proposed Freight Charge Per Gallon	0.025600	0.020000					0.038500
Col.6	Adjusted Price Gallon	1.146200	1.125200					1.201600
Col.7	Sales Tax Per Gallon	0.0946	0.09283					0.0991
Col.8	Total Per Gallon	1.2408	1.21803					1.3007
Col.9	Estimated Annual Quantity	850,000	850,000					850,000
		\$1,054,647.28	\$1,035,324.65					\$1,105,622.20
		\$3,147,379.58	\$3,099,349.05					\$3,316,866.60