



Los Angeles County
Metropolitan
Transportation
Authority

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213.922.6000

OPERATIONS COMMITTEE
SEPTEMBER 18, 2003

SUBJECT: TRANSYND SYNTHETIC TRANSMISSION FLUID

**ACTION: APPROVE SOLE SOURCE CONTRACT AWARD FOR
TRANSYND SYNTHETIC TRANSMISSION FLUID**

RECOMMENDATION

- A. The Board finds that there is only a single source for procurement of Transynd synthetic transmission fluid. The purchase is for the sole purpose of replenishing the MTA's existing supply. The Board hereby authorizes the procurement pursuant to Public Utilities Code 130237. (Requires two-thirds vote)
- B. Authorize the CEO to award a single source requirements contract to Valley Detroit Diesel Allison Company (VDDA) to purchase approximately 90,000 gallons of Transynd synthetic transmission fluid (STF) to support the bus fleet over a twenty-four month period in an amount not to exceed \$2,192,063 including sales taxes.

RATIONALE

It was determined that Transynd STF manufactured by Castrol is the only approved product that meets Allison's technical requirements for severe duty operations and provides the extended change interval. The fluid change intervals for Allison transmissions use in transit applications with Transynd is 48,000 miles/24 months. Transynd functions within a wider operating temperature range, and is more resistant to thermal breakdown than other fluids. Standard transmission fluid on buses must be replaced every 12,000 miles.

To date there is no other STF that meets Allison's technical requirements. Use of other STFs would result in MTA assuming responsibility for repair of transmission failures that were directly related to the use of an un-approved synthetic transmission fluid.

Castrol has an agreement with Allison in which they will not sell the Transynd product directly to the consumer or through Castrol distributors. Transynd is sold exclusively through the Allison Transmission Distributor Network. The Allison Transmission Network distributor in this area is Valley Detroit Diesel Allison.

Transynd STF has proven to be a very successful replacement to the standard automatic transmission fluid, which has not performed well without frequent changes under the current operating conditions.

Through past MTA experience, it has been confirmed that Transynd STF is compatible with the operating environment and high temperatures encountered in MTA bus transmissions. Therefore, the MTA has standardized the use of Transynd synthetic transmission fluid to operate in the entire bus fleet

FINANCIAL IMPACT

Funding of \$1,096,031 is included in the FY04 budget under Cost Centers 3503, 3508, 3515, 3601, 3609, 3441, 3706, 3707, 3710, 3802, 3805, and 3818, Project Number 300011, Bus Operations, Line item number 50406, Lubricant – Revenue Equipment. Since this is a multi-year contract, the cost center manager and Executive Officer will be accountable for budgeting the cost in future years. In FY02, \$921,465 was expended in this category.

ALTERNATIVES CONSIDERED

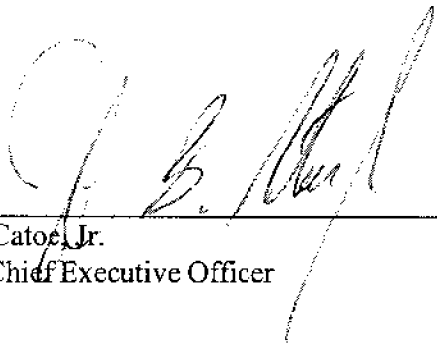
Several alternatives were considered including:

- Using the standard petroleum based transmission fluid (Dexron III) at a lower cost. This alternative is not recommended because of the high potential for transmission failures and a significantly lower fluid change interval.
- Use of other brands of synthetic transmission fluid. This alternative is not recommended because these fluids would require a change interval of 12,000 miles and are expensive, which would negate the cost savings associated with the Transynd product that provides a change interval of 48,000 miles.
- Not award the contract and continue to buy Transynd synthetic transmission fluid on an as-needed basis, using the traditional "min/max" inventory replenishing method. However, issuing a two-year contract will ensure a continuing supply and will guarantee a set price for the first year with possible escalation in the second year.

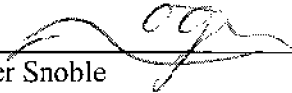
ATTACHMENTS

- A Procurement Summary
- A-1 Procurement History

Prepared By: M. Victoria, Deputy Executive Officer.
R. Bachman, Contract Administration Manager



John B. Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

PROCUREMENT SUMMARY

TRANSYND SYNTHETIC TRANSMISSION FLUID

1.	Contract Number:		
2.	Recommended Vendor: Valley Detroit Diesel Allison		
3.	Cost/Price Analysis Information:		
	1. Bid/Proposed Price: \$2,110,226	Estimated Amount: \$1,842,930	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Fixed Price		
5.	Procurement Dates:		
	A. Issued: N/A		
	B. Advertised: N/A		
	C. Pre-bid Conference: N/A		
	D. Proposals/Bids Due: N/A		
	E. Pre-Qualification Completed: Yes		
	F. Conflict of Interest Form Submitted to Ethics: Yes		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: No goal recommended	Date Small Business Evaluation Completed: N/A	
	Small Business Commitment: No goal recommended		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent:	Bids/Proposals Picked up:	Bids/Proposals Received:
8.	Evaluation Information:		
	A. <u>Bidders/Proposers Names:</u>	<u>Bid/Proposal Amount:</u>	<u>Best and Final Offer Amount:</u> N/A
	1. Valley Detroit Diesel Allison	\$3,897,000	
	B. Evaluation Methodology: Selection of the lowest responsive, responsible bidder.		
9.	Protest Information:		
	A. Protest Period End Date: N/A		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
10	Contract Administrator: Richard Bachman	Telephone Number: 213/922-1016	
11	Project Manager: Jim Montoya	Telephone Number: 213/922-5092	

PROCUREMENT HISTORY

A. Background on Contractor

Valley Detroit Diesel Allison, City of Industry, CA was founded in 1963 as an authorized heavy-duty power distributor for General Motors. Today, Valley operates primarily as a franchised distributor and operator of service facilities for heavy-duty diesel engines and transmissions for Detroit Diesel Corporation and the Allison Transmission Division of General Motors. Valley's large marketing area includes the southern San Joaquin Valley, Southern California basin, and the Baja California region of Mexico.

In addition to Detroit Diesel and Allison Transmission, Valley maintains a substantial inventory and is an authorized distributor for various product lines such as Detroit Diesel Spectrum and Northern Lights generator sets; Capstone micro-turbines; Luggar, Deutz, Mercedes-Benz Industrial, MTU, DDC Cento and Guasco heavy-duty engines; along with the complete Volvo Penta marine product line.

Valley is also an authorized distributor for the Electro-Motive Division (EMD) of General Motors, providing power generation to seven western continental states, Alaska, Hawaii, Baja Mexico, and selected international regions, including countries in Asia and Latin America. Services provided include product sales, parts, technical support, and field service.

On previous contracts, Valley Detroit Diesel has provided satisfactory service and products.

B. Procurement Background

Based on Section 1102 Federally Funded Procurement by Noncompetitive Proposals, Section 1 (a), a sole source procurement is warranted if the item is only available from a single source. Valley Detroit Diesel Allison is the master distributor for Allison in the Southern California area and as such, is the sole source supplier for Transynd STF.

The Diversity and Economic Opportunity Department did not recommend a Disadvantaged Business Enterprise (DBE) participation goal for this procurement.

Evaluation Criteria

Single source award based on price analysis.

D. Cost/Price Analysis Explanation of Variances

The Estimating and Price Cost Analysis Section in accordance with the MTA's Policy and Procedures covering a non-competitive procurement performed a price analysis.

Line Item #	Bidder	Quantity	Type	Unit Price	Historical Unit Price	Variance *Unit Price
1	Valley Detroit Diesel Allison	54 drums (55 gallon)	Fixed Price	\$1,211.87 (drum)	\$1,351.63	(\$139.76)
2	Valley Detroit Diesel Allison	87,030 gallons	Fixed Price	\$22.50	\$19.65	(\$2.85)

The recommended price of \$2,192,063 for Transynd synthetic transmission oil in 55 gallon drums and tank stock for the various operating divisions for approximately 90,000 gallons was determined to be fair and reasonable for this sole source procurement based on Price/Cost Analysis, Producer Price Index and written declaration by the supplier Valley Detroit Diesel Allison that the price is equal to or less the price quoted to any other private or public buyer.