



**OPERATIONS COMMITTEE  
JUNE 17, 2004**

**SUBJECT: ULTRA-LOW SULFUR DIESEL FUEL**

**ACTION: AWARD CONTRACT FOR ULTRA-LOW SULFUR DIESEL FUEL**

**RECOMMENDATION**

Authorize the Chief Executive Officer to award a 24-month contract under Bid 04-0010 to BP West Coast Products LLC, the lowest responsive and responsible bidder for Ultra-Low Sulfur Diesel Fuel for an amount not to exceed \$14,127,502, inclusive of sales tax.

**RATIONALE**

The California Air Resources Board (CARB) requires the use of Ultra-Low Sulfur Diesel Fuel for transit buses beginning July 1, 2002.

Diesel fuel is required for the operation of the MTA's fleet of buses and non-revenue vehicles. In this fiscal year there are 471 diesel buses and 90 non-revenue vehicles that operate on diesel fuel. In addition, there are a number of stationary units throughout the system such as emergency generators and compressors that run on diesel fuel. In FY05, an additional 20 diesel buses are expected to be placed in service to meet consent decree requirements. Although a number of diesel buses are scheduled for retirement in FY06 as the new CNG buses are received, there will continue to be a requirement for diesel fuel.

Diesel buses operate throughout the MTA system and are currently stationed at 11 bus locations and the Instruction Department as follows:

Div. 1	Div. 2	Div. 3	Div. 5	Div. 6	Div. 7	Div. 8	Div. 9	Div. 10	Div. 15	Div. 18	Instruction Dept.	Total
42	29	53	26	77	50	26	77	31	39	9	12	471

The contract provides up to approximately 9 million gallons of ultra-low sulfur diesel fuel for 24 months at current 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 the part of the MTA to order all or any of the diesel

fuel that is anticipated. It is projected that MTA will consume approximately 5.2 million gallons in FY05 and approximately 3.8 million gallons in FY06.

### **FINANCIAL IMPACT**

Funding of \$5,370,501 in Account Number 50401, and \$835,710 in Account Number 50702 for this procurement are included in the FY05 budget for the operating divisions under project numbers 301008 to 305008, Bus Maintenance. Since this is a multiple year contract the Cost Center Manager and the Executive Officer will be accountable for budgeting the cost in future years. In FY04, \$5,031,339 has been expended in this category.

### **ALTERNATIVES CONSIDERED**

The alternative is not to purchase Ultra-Low Sulfur Diesel Fuel under a long-term agreement. However, issuing a 24-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 (CARB) requirement and to continue operating the MTA's fleet of buses, non-revenue vehicles and stationary equipment.

### **ATTACHMENTS:**

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

Prepared By: V. Katkaphan, Senior Contract Administrator  
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*Carolyn Flowers for*

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John B. Catoe, Jr.  
Deputy Chief Executive Officer

*Roger Snoble*

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Roger Snoble  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY**

**ULTRA-LOW SULFUR DIESEL FUEL**

1.	Contract Number: 04-0010		
2.	Recommended Vendor: BP West Coast Products LLC		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$14,127,502	Estimated Amount \$10,502,890	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Fixed Price		
5.	Procurement Dates:		
	A. Issued: 04-07-2004		
	B. Advertised: 04-08-2004		
	C. Pre-proposal/Bid Conference: 04-21-2004		
	D. Proposals/Bids Due: 05-19-2004		
	E. Pre-Qualification Completed: Yes		
	F. Conflict of Interest Form Submitted to Ethics: 05-20-2004		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 10% DBE	Date Small Business Evaluation Completed: 05-24-2004	
	B. Small Business Commitment: 12.16%		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 73	Bids/Proposals Picked up: 11	Bids/Proposals Received: 5
8.	Evaluation Information:		
	A. <u>Bidders/Proposers Names:</u>	<u>Bid/Proposal Amount:</u>	<u>Best and Final Offer Amount:</u>
	1. BP West Coast Products LLC	\$14,127,502	N/A
	2. Petro-Diamond	\$14,434,245	
	3. Southern Counties Oil Co.	\$14,706,719	
	4. Falcon Fuels, Inc.	\$16,600,500	
	5. Patten Energy Enterprises	\$4,265,095*	
	* Partial Price Bid – Bid on only 8 operating divisions		
	B. Evaluation Methodology: Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: 06-22-2004		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
10.	Contract Administrator: Vimol Katkaphan	Telephone Number: 213-922-7351	
11.	Project Manager: Maria Lasco	Telephone Number: 213-922-1203	

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

**ULTRA-LOW SULFUR DIESEL FUEL**

**A. Background on Contractor**

The responsive and responsible low bidder, BP West Coast Products LLC, formerly known as ARCO is located in Simi Valley, California, and has been in the petroleum business since 1866. In the past, BP West Coast Products LLC has provided satisfactory service and delivery of fuel to the MTA.

**B. Procurement Background**

In accordance with the MTA's Procurement Policy Manual, Equipment Engineering performed a technical evaluation and determined that the fuel offered by the successful bidder is in compliance with the technical specifications.

As part of the MTA's 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 Transit, SCRRA (Metrolink) and the MTA's bus service contract provider First Transit Inc.

In consideration of transportation costs and to provide additional opportunity for DBE participation, the bid pricing was separated into 11 bus locations and two additional locations at Gateway and the Regional Rebuild Center (RRC).

All bidders were determined to be compliant with the specifications, therefore, staff recommends award to the lowest, responsive, responsible bidder BP West Coast Products LLC.

The Diversity and Economic Opportunity Department (DEO) established a 10% Disadvantaged Business Enterprise (DBE) goal for this contract. The recommended awardee, BP West Coast Products, LLC, committed to 12.16%.

**C. Evaluation of Bids/Proposals**

- |           |   |
|-----------|---|
| Bidder #1 | BP West Coast Products, LLC in the amount of \$14,127,502 is in full compliance to the technical and the bid specifications and is in compliance with the DBE requirements. |
| Bidder #2 | Petro-Diamond in the amount of \$14,434,245 is in compliance to the bid specifications.   |
| Bidder #3 | Southern Counties in the amount of \$14,706,719 is in compliance to the bid specifications.   |

Bidder #4 Falcon Fuels, Inc. in the amount of \$16,600,500 is in compliance to the bid specifications.

Bidder #5 Patten Energy Enterprises in the amount of \$4,265,095 for partial price bid on eight operating divisions is in compliance to the bid specifications.

D. Cost/Price Analysis/Explanation of Variances

Table 1 Analysis

Bid Item	Bidder	Total Bid Amount	Historical Price
Ultra Low Sulfur Diesel Fuel	BP West Coast Products LLC	\$14,127,502	\$10,502,890
		Total Variance	3,624,612

Table 2 Analysis

Bidder	Quantity	Type	Bid Unit Price	Historical Unit Price	Variance Unit Price
BP West Coast Products LLC	9,000,000 gallons	Ultra-Low Sulfur Diesel Fuel	\$1.5697/gal*	\$1.2534/gal	\$0.316

\*Price per gallon is subject to weekly adjustment based on market prices as reported in the Oil Price Information Service publication.

The recommended total bid amount of \$14,127,502 has been determined to be fair and reasonable based upon price analysis 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 \$.0341, a fixed transportation charge of \$.0021, oil spill fee of \$.00119 and applicable sales tax.

When adjusted for market fluctuations, the total price per gallon offered by BP West Coast Products LLC is actually less than the current contract price based on a lower transportation charge and a lower mark-up, which results in estimated savings of \$173,000 over the 24-month period.

**BOARD REPORT ATTACHMENT A-2**  
**LIST OF SUBCONTRACTORS**  
**ULTRA LOW SULFUR DIESEL FUEL**

PRIME CONTRACTOR - BP West Coast Products LLC

Small Business Commitment

Merrimac Energy Group

Total Commitment – 12.16%

**Los Angeles County Metropolitan Transportation Authority Bid Tabulation**  
**BOARD REPORT ATTACHMENT A-3**  
**Bid No.: 040010 Ultra-Low Sulfur Diesel Fuel**

Bids Out: 04/07/04 Total 11  
 Bids Opened: 05/19/04 Total 5  
 Advertisement Date(s) 04/08/04 Newspaper:  
 Daily News, La Opinion, Chinese Daily and LA  
 Sentinel

ACMTA	BP West Coast Products				Petro Diamond, Inc.				Southern Counties Oil Co.				Falcon Fuels, Inc.				Patten Energy Enterprises, Inc.			
	Col. 7 Total Price Per Gal	Col. 8 Estimated 24-Month Qty. (gal.)	Col. 9 Extended Price	Col. 9 Extended Price	Col. 7 Total Price Per Gal	Col. 8 Estimated 24-Month Qty. (gal.)	Col. 9 Extended Price	Col. 9 Extended Price	Col. 7 Total Price Per Gal	Col. 8 Estimated 24-Month Qty. (gal.)	Col. 9 Extended Price	Col. 9 Extended Price	Col. 7 Total Price Per Gal	Col. 8 Estimated 24-Month Qty. (gal.)	Col. 9 Extended Price	Col. 9 Extended Price	Col. 7 Total Price Per Gal	Col. 8 Estimated 24-Month Qty. (gal.)	Col. 9 Extended Price	Col. 9 Extended Price
1	\$1.5697	1,780,000	\$2,794,105.92	\$2,854,799.60	\$1.60382	1,780,000	\$2,854,799.60	\$2,902,005.20	\$1.8445	1,780,000	\$3,283,210.00	\$3,283,210.00	No Bid	1,780,000	No Bid	No Bid	No Bid	1,780,000	No Bid	No Bid
2	\$1.5697	780,000	\$1,224,383.48	\$1,250,979.60	\$1.60382	780,000	\$1,250,979.60	\$1,271,665.20	\$1.8445	780,000	\$1,438,710.00	\$1,438,710.00	\$1.5738	780,000	\$1,227,592.00	\$1,227,592.00	\$1.5738	780,000	\$1,227,592.00	\$1,227,592.00
3	\$1.5697	460,000	\$722,072.32	\$737,757.20	\$1.60382	460,000	\$737,757.20	\$754,487.40	\$1.8445	460,000	\$848,470.00	\$848,470.00	No Bid	460,000	No Bid	No Bid	No Bid	460,000	No Bid	No Bid
8	\$1.5697	450,000	\$706,375.05	\$721,719.00	\$1.60382	450,000	\$721,719.00	\$733,653.00	\$1.8445	450,000	\$830,025.00	\$830,025.00	\$1.5738	450,000	\$708,226.00	\$708,226.00	\$1.5738	450,000	\$708,226.00	\$708,226.00
10	\$1.5697	1,000,000	\$1,569,722.43	\$1,603,820.00	\$1.60382	1,000,000	\$1,603,820.00	\$1,639,440.00	\$1.8445	1,000,000	\$1,844,500.00	\$1,844,500.00	No Bid	1,000,000	No Bid	No Bid	No Bid	1,000,000	No Bid	No Bid
15	\$1.5697	1,780,000	\$2,794,105.92	\$2,854,799.60	\$1.60382	1,780,000	\$2,854,799.60	\$2,907,986.00	\$1.8445	1,780,000	\$3,283,210.00	\$3,283,210.00	No Bid	1,780,000	No Bid	No Bid	No Bid	1,780,000	No Bid	No Bid
9	\$1.5697	1,780,000	\$2,794,105.92	\$2,854,799.60	\$1.60382	1,780,000	\$2,854,799.60	\$2,907,986.00	\$1.8445	1,780,000	\$3,283,210.00	\$3,283,210.00	No Bid	1,780,000	No Bid	No Bid	No Bid	1,780,000	No Bid	No Bid
18	\$1.5697	400,000	\$627,888.97	\$641,528.00	\$1.60382	400,000	\$641,528.00	\$652,136.00	\$1.8445	400,000	\$737,800.00	\$737,800.00	\$1.5738	400,000	\$629,534.00	\$629,534.00	\$1.5738	400,000	\$629,534.00	\$629,534.00
1	\$1.5697	290,000	\$455,219.50	\$465,107.80	\$1.60382	290,000	\$465,107.80	\$472,798.60	\$1.8445	290,000	\$534,905.00	\$534,905.00	\$1.5738	290,000	\$456,412.00	\$456,412.00	\$1.5738	290,000	\$456,412.00	\$456,412.00
5	\$1.5697	360,000	\$565,100.07	\$577,375.20	\$1.60382	360,000	\$577,375.20	\$586,922.40	\$1.8445	360,000	\$664,020.00	\$664,020.00	\$1.5738	360,000	\$566,581.00	\$566,581.00	\$1.5738	360,000	\$566,581.00	\$566,581.00
6	\$1.5697	1,270,000	\$1,993,547.48	\$2,036,951.40	\$1.60382	1,270,000	\$2,036,951.40	\$2,076,716.70	\$1.8445	1,270,000	\$2,342,515.00	\$2,342,515.00	No Bid	1,270,000	No Bid	No Bid	No Bid	1,270,000	No Bid	No Bid
7	\$1.5697	400,000	\$627,888.97	\$641,528.00	\$1.60382	400,000	\$641,528.00	\$654,084.00	\$1.8445	400,000	\$737,800.00	\$737,800.00	\$1.5738	400,000	\$629,534.00	\$629,534.00	\$1.5738	400,000	\$629,534.00	\$629,534.00
RRC	\$1.5697	25,000	\$39,243.06	\$39,960.25	\$1.59841	25,000	\$39,960.25	\$45,686.75	\$1.8445	25,000	\$46,112.50	\$46,112.50	\$1.5738	25,000	\$39,346.00	\$39,346.00	\$1.5738	25,000	\$39,346.00	\$39,346.00
One Gateway Plaza	\$1.5697	5,000	\$7,848.61	\$8,019.10	\$1.60382	5,000	\$8,019.10	\$9,137.35	\$1.8445	5,000	\$9,137.35	\$9,137.35	\$1.5738	5,000	\$7,869.00	\$7,869.00	\$1.5738	5,000	\$7,869.00	\$7,869.00
			\$14,127,501.83	\$14,434,244.75			\$14,434,244.75	\$14,706,718.60			\$16,600,500.00	\$16,600,500.00			\$4,265,094.00	\$4,265,094.00				
<b>the Southern California Regional Rail Authority</b>																				
555 San Fernando Rd., L.A.	\$1.5686	12,000,000	\$18,823,679.10	\$19,232,880.00	\$1.60274	12,000,000	\$19,232,880.00	\$19,564,080.00	\$1.7031	12,000,000	\$20,437,200.00	\$20,437,200.00	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid	No Bid
<b>the Santa Barbara Metropolitan Transit District (MTD)</b>																				
MTD Terminal 1 550 Olive St., Santa Barbara	\$1.5690	1,091,590	\$1,734,526.60	\$1,784,269.35	\$1.63456	1,091,590	\$1,784,269.35	\$1,821,143.26	\$1.7357	1,091,590	\$1,894,672.76	\$1,894,672.76	No Bid	1,091,590	\$1,869.00	\$1,869.00	No Bid	1,091,590	\$1,869.00	\$1,869.00
<b>First Transit</b> 14011 S. Central Ave., LA	\$1.5772	2,733,400	\$4,311,095.72	\$4,361,686.38	\$1.59570	2,733,400	\$4,361,686.38	\$4,456,371.36	\$1.7031	2,733,400	\$4,655,253.54	\$4,655,253.54	\$1.5733	2,733,400	\$4,300,458,222.22	\$4,300,458,222.22	\$1.5733	2,733,400	\$4,300,458,222.22	\$4,300,458,222.22

I hereby certify BP West Coast Products as being the lowest responsible bidder and recommend the award to them for total price, including sales tax, of \$14,127,501.83.

  
 Date: 04/07/04  
 Signature: V. K. Kasper