



Metro

Metropolitan Transportation Authority

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**OPERATIONS COMMITTEE
JUNE 21, 2007**

SUBJECT: SYNTHETIC TRANSMISSION FLUID

ACTION: AWARD CONTRACT FOR SYNTHETIC TRANSMISSION FLUID

RECOMMENDATION

Authorize the Chief Executive Officer to award a 36-month, firm fixed price contract under Bid Number 07-0006 to National Petroleum, Inc. the lowest responsive and responsible bidder for Synthetic Transmission Fluid for an amount not to exceed \$6,434,169 inclusive of sales tax and two one-year options.

RATIONALE

Synthetic Transmission Fluid is used as a lubricant for all of the moving parts inside the transmission as well as serves as a coolant for better resistance to thermal breakdown.

The contract to be awarded under a Master Agreement will be a Requirements Contract for a specified period of time, but not for a fixed quantity. 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 Metro to order any or all of the synthetic transmission fluid that may be anticipated.

The synthetic transmission fluid under this procurement will be maintained under an Inventory Account and managed by Material Management. Each of the cost centers stock their supply of synthetic transmission fluid based on their individual consumption requirements. As the synthetic transmission fluid is issued, the appropriate departmental budget project numbers and accounts are charged.

FINANCIAL IMPACT

The funding of \$2,144,723 for synthetic transmission fluid is included in the FY08 proposed budget in cost centers 3341, 3342, 3363, 3434, 3441, 3442, 3443, 3503, 3508, 3515, 3601, 3609, 3706, 3707, 3710, 3802, 3805, and 3818 Bus Maintenance/Operations under project numbers 300011, 300050, 301008, 301011, 301012, 302008, 303008, 304008, and 305008 Line Item 50406 Lubricants – 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 fiscal years. In FY06 a total amount of \$2,050,488 for all cost centers was expended on this category.

ALTERNATIVES CONSIDERED

The alternative is not to award the contract and continue to procure synthetic transmission fluid on an as-needed basis. This approach is not recommended since it does not ensure a fixed price or provide a commitment from the suppliers or the manufacturer to ensure availability on a timely basis.

ATTACHMENTS

- A Procurement Summary
- A-1 Procurement History
- A-2 Bid Tabulation

Prepared By: Tanya Allen, Senior Buyer
Milo Victoria, Deputy Executive Officer, Operations

Carolyn Flowers

Carolyn Flowers
Interim Chief Operations Officer

R. Snoble

Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY
SYNTHETIC TRANSMISSION FLUID**

1.	Contract Number: 07-0006		
2.	Recommended Vendor: National Petroleum, Inc., 2005 Main Street, San Diego, CA 92113		
3.	Cost/Price Analysis Information:		
	1. Bid/Proposed Price: \$6,434,169	Estimated Amount: \$6,151,464	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Fixed Price		
5.	Procurement Dates:		
	A. Issued: 3/8/07		
	B. Advertised: 3/7/07		
	C. Pre-bid Conference: 3/21/07		
	D. Proposals/Bids Due: 4/26/07		
	E. Pre-Qualification Completed: N/A		
	F. Conflict of Interest Form Submitted to Ethics: Yes		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 5% DALP	Date Small Business Evaluation Completed:	
	Small Business Commitment:		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 15	Bids/Proposals Picked up:	Bids/Proposals Received: 4
8.	Evaluation Information:		
	A. Bidders/Proposers Names:	<u>Bid/Proposal Amount:</u>	<u>Best and Final Offer Amount:</u> N/A
	National Petroleum	\$6,434,169.13	
	Valley Power Systems, Inc.	\$6,887,954.00	
	Patten Energy Enterprises, Inc.	\$11,913,943.47	
	West Coast Lube Equipment	\$2,086,577.85	
	B. Evaluation Methodology: Selection of the lowest responsive, responsible bidder.		
9.	Protest Information:		
	A. Protest Period End Date: 6/28/07		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
10.	Contract Administrator: Tanya Allen	Telephone Number: 213/922-2166	
11.	Project Manager: Cathy Kaminski – Inventory Mgmt	Telephone Number: 213/922-5713	

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

SYNTHETIC TRANSMISSION FLUID

A. Background on Contractor

The responsive and responsible low bidder National Petroleum, Inc., is located in San Diego, California, and has been in the petroleum business for 53 years. National Petroleum specializes in wholesale distribution of lubricating oils and lubricants to commercial fleets and automotive repair customers. National Petroleum has provided petroleum products to San Diego Unified School District and Chula Vista School District. National Petroleum has provided satisfactory service and products to Metro in the past.

B. Procurement Background

In accordance with Procurement Policies and Procedures, the bids submitted were evaluated by Metro for compliance to the technical specifications. Evaluation of the 4 bids received for synthetic transmission fluid was based on Metro's technical specifications.

The Diversity and Economic Opportunity Department recommend a 5% Disadvantaged Anticipated Levels of Participation (DALP) participation goal for this procurement.

C. Evaluation Criteria

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

Bidder #1 National Petroleum, Inc. in the amount of \$6,434,169 is in full compliance to the technical and the bid specifications.

Bidder #2 Valley Power Systems, Inc. in the amount of \$6,887,954 is in full compliance to the technical and the bid specifications.

Bidder #3 Pattern Energy Enterprises, Inc. in the amount of \$11,913,943 is in full compliance to the technical and the bid specifications.

Bidder #4 West Coast Lube Equipment in the amount of \$2,086,578 is in full compliance to the technical and the bid specifications. Bidder elected not to bid on the two option years.

D. Cost/Price Analysis Explanation of Variances

The recommended bid price of \$6,434,169 has been determined to be fair and reasonable, based upon adequate price competition, and selection of the lowest responsive and responsible bidder. The bid total is higher than the estimate because of the price escalation in petroleum products over the past year.

**ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

SYNTHETIC TRANSMISSION FLUID

PRIME CONTRACTOR – National Petroleum, Inc

Small Business Commitment

Other Subcontractors

N/A

N/A

Total Commitment 0.0%