



Metro

Metropolitan Transportation Authority

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REVISED

**OPERATIONS COMMITTEE
JANUARY 17, 2008**

SUBJECT: CNG ENGINE OIL

ACTION: AWARD CONTRACT FOR CNG ENGINE OIL

RECOMMENDATION

Authorize the Chief Executive Officer to award a 36-month, firm fixed price contract under Bid Number 08-0004 to the following lowest responsive and responsible bidders for Compressed Natural Gas (CNG) engine oil for an amount not to exceed \$5,283,149 inclusive of sales tax and two one-year options.

- A. Conoco Phillips for line items 1 and 2 for a total contract value of \$2,679,719 inclusive of sales tax; and
- B. Rosemead Oil Products, Inc. for line items 3 and 4 for a total contract value of \$2,603,430 inclusive of sales tax.

RATIONALE

The Compressed Natural Gas (CNG) engine oil under this procurement is needed throughout the operating and maintenance divisions to maintain and service the CNG buses with Cummins L10 and 8.9 ISL engines, and Detroit Diesel Corporation Series 50G engines. The requirements are intended to ensure that the engine oil provides satisfactory performance in CNG engines operating in transit service. The Cummins L10 and 8.9 engines each use a different oil that is formulated for their specific operating design and requirements. The Detroit Diesel Series 50 engines can run on either oil.

The CNG engine oil under this procurement will be maintained under an Inventory Account and managed by Material Management. Each of the Service Sector operating divisions maintains these lubricants either in bulk and/or drum based on their individual consumption requirements. As the lubricants are issued the appropriate Sector budget project numbers and accounts are charged.

FINANCIAL IMPACT

The funding of \$734,000 for CNG oil is included in the FY08 budget in multiple bus operating cost centers under various operating projects under Line Item 50406 Lubricants –

Revenue Equipment. Since this is a multi-year contract, the cost center manager and Chief Operations Officer will be accountable for budgeting the cost in future fiscal years.

In FY07 a total amount of \$461,157 for all cost centers was expended on this category.

ALTERNATIVES CONSIDERED

The alternative is to not award the contract and continue to procure CNG engine oil 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 and cost effective due to the continuing price escalation of petroleum products.

ATTACHMENTS

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

Prepared By: Tanya Allen, Senior Buyer
John Roberts, Deputy Executive Officer, Operations

Carolyn Flowels

Carolyn Flowels
Chief Operations Officer

Roger Snoble

Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

CNG ENGINE OIL

1.	Contract Number: 08-0004		
2.	Recommended Vendor: Conoco Phillips 3611 Harbor Blvd., Suite 200, Santa Ana, CA 92704 Rosemead Oil Products, Inc. P.O. Box 2645, Santa Fe Springs, CA 90650		
3.	Cost/Price Analysis Information:		
	1. Bid/Proposed Price: \$5,283,149	Estimated Amount: \$ 7,325,589	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Fixed Price		
5.	Procurement Dates:		
	A. Issued: 10/04/07		
	B. Advertised: 9/28/07		
	C. Pre-bid Conference: 10/18/07		
	D. Proposals/Bids Due: 11/15/07		
	E. Pre-Qualification Completed: N/A		
	F. Conflict of Interest Form Submitted to Ethics: Yes		
6.	Small Business Participation (DALP): 10%		
	A. DALP Bid/Proposal Goal: 10%	Date Small Business Evaluation Completed: <u>1/10/08</u>	
	DALP Commitment: 0%		
	<u>Small Business Commitment: 10%</u>		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 11	Bids/Proposals Picked up: 6	Bids/Proposals Received: 6
8.	Evaluation Information:		
	A. Bidders/Proposers Names:	<u>Bid/Proposal Amount:</u>	<u>Best and Final Offer Amount:</u> N/A
	Conoco Phillips	\$5,452,848.94	
	Rosemead Oil	\$2,603,429.57	
	Patten Energy Enterprises, Inc.	\$6,171,331.74	
	General Petroleum	\$1,958,014.46	
	The Jankovich Co.	\$1,862,432.54	
	Cosby Oil Co.	\$1,946,200.27	
	B. Evaluation Methodology: Selection of the lowest responsive, responsible bidder.		
9.	Protest Information:		
	A. Protest Period End Date: 1-22- 07 <u>08</u>		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Tanya Allen	Telephone Number: 213/922-2166	
11.	Project Manager: Cathy Kaminski – Material Mgmt	Telephone Number: 213/922-5713	

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

CNG ENGINE OIL

A. Background on Contractor

The responsive and responsible low bidder, Conoco Phillips, is located in Santa Ana, California, and has been in the petroleum business for 117 years. Conoco Phillips specializes in lubricants, greases, gear oils, and transmission fluids. Conoco Phillips has provided petroleum products to County of Los Angeles and Orange County Transit Authority. Conoco Phillips has provided satisfactory service to Metro on previous contracts.

The responsive and responsible low bidder, Rosemead Oil Products, Inc., is located in Santa Fe Springs, California, and has been in the petroleum business for 55 years. Rosemead Oil Products, Inc. specializes in lubricants, logistics, and supply chain management. Rosemead Oil Products, Inc. has provided petroleum products to County of Los Angeles and Orange County Transit Authority. Rosemead Oil Products, Inc. has provided satisfactory service to Metro on previous contracts.

B. Procurement Background

In accordance with Procurement Policies and Procedures, the bids submitted were evaluated by Vehicle Technology and Support for compliance to the technical specifications. Evaluation of the six bids received for CNG engine oil was based on Metro's technical specifications.

The Diversity and Economic Opportunity Department recommends a ~~voluntary~~ 10% 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 Conoco Phillips in the amount of ~~\$3,825,172~~ ~~\$5,452,848.94~~ is in full compliance to the technical and bid specifications. Conoco Phillips was the low bidder for the bulk and drum CNG oil (Items 1 and 2 in the bid tabulation, which totaled \$2,679,719 including sales tax) that is required for the L-10 Cummins engines.

Bidder #2 Rosemead Oil Products in the amount of \$2,603,430 is in full compliance to the technical and the bid specifications. Rosemead Oil Products was the low bidder on the bulk and drum stock CNG oil (Items 3 and 4 in the bid tabulation) that is required for the 8.9L Cummins engines.

- Bidder #3 Patten Energy Enterprises, Inc. in the amount of \$6,171,332 is in full compliance to the technical and the bid specifications but was not the low bidder.
- Bidder #4 General Petroleum in the amount of \$1,958,014 is in full compliance to the technical but non-responsive to the bid specifications. Vendor no bid on the two one-year options.
- Bidder #5 The Jankovich in the amount of \$1,862,433 is in full compliance to the technical but non-responsive to the bid specifications. Vendor no bid on the two one-year options.
- Bidder #6 ~~General Petroleum~~ Cosby Oil Co. in the amount of \$1,946,200 is in full compliance to the technical but non-responsive to the bid specifications. Vendor no bid on the two one-year options.

D. Cost/Price Analysis Explanation of Variances

The recommended bid price of \$5,283,149 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**

CNG ENGINE OIL

PRIME CONTRACTOR – Conoco Phillips (10% Small Business Commitment)
Rosemead Oil Products, Inc. (0% Small Business Commitment)

Small Business Commitment
Patten Energy Enterprises, Inc. 10%

Other Subcontractors

Total DALP Commitment: ~~0%~~ 10%

Bids Out: 10/04/07 Total 11
 Bids Opened: 11/15/07 Total 5
 Advertisement Date(s): 09/28/07
 Newspaper: Daily News

Item No.	Description	Qty	Unit	Conoco Phillips		Rosemead Oil		Patten Energy Enterprises, Inc.		General Petroleum		Jankovich Co.		Cosby Oil Co.	
				Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price
First Year															
1	CNG Engine Oil 15W-40	144,000	GL	\$5.62	\$809,280.00	no bid	\$0.00	\$6.21	\$894,240.00	\$5.92	\$852,480.00	\$5.78	\$832,320.00	\$5.93	\$853,920.00
2	CNG Engine Oil 15W-40	131	DR	\$355.85	\$46,616.35	no bid	\$0.00	\$341.55	\$44,743.05	\$343.38	\$44,982.78	\$342.65	\$44,887.15	\$341.18	\$44,684.58
	Drum Deposit	131	DR			no bid	\$0.00		\$20.00		\$2,620.00		\$20.00		\$2,620.00
3	CNG Engine Oil Cummins 8.9L	144,000	GL	\$6.03	\$868,320.00	\$5.74	\$826,560.00	\$6.42	\$924,480.00	\$6.23	\$897,120.00	\$5.78	\$832,320.00	\$6.15	\$885,600.00
4	CNG Engine Oil Cummins 8.9L	32	DR	\$375.10	\$12,003.20	\$333.51	\$10,672.32	\$353.10	\$11,299.20	\$362.08	\$11,586.56	\$342.65	\$10,964.80	\$345.03	\$11,040.96
	Drum Deposit	32	DR		\$20.00	\$640.00		\$20.00	\$640.00		\$640.00		\$20.00	\$640.00	
	Sub Total				\$1,735,219.55		\$837,232.32		\$1,874,752.25		\$1,809,429.34		\$1,720,491.95		\$1,797,875.54
	Sales Tax 8.25 %				\$143,238.11		\$69,071.67		\$154,667.89		\$149,277.92		\$141,940.58		\$148,324.73
	Total First Year				\$1,879,457.66		\$906,303.99		\$2,029,420.14		\$1,958,707.26		\$1,862,432.54		\$1,946,200.27
Option Year 1															
1	CNG Engine Oil 15W-40	132,000	GL	\$5.89	\$777,480.00	no bid	\$0.00	\$6.83	\$901,560.00	no bid	\$0.00	no bid	\$0.00	no bid	\$0.00
2	CNG Engine Oil 15W-40	120	DR	\$372.90	\$44,748.00	no bid	\$0.00	\$375.65	\$45,078.00	no bid	\$0.00	no bid	\$0.00	no bid	\$0.00
	Drum Deposit	120	DR		\$0.00	no bid	\$0.00		\$0.00	no bid	\$0.00	no bid	\$0.00	no bid	\$0.00
3	CNG Engine Oil Cummins 8.9L	132,000	GL	\$6.32	\$834,240.00	\$5.94	\$784,080.00	\$7.06	\$931,920.00	no bid	\$0.00	no bid	\$0.00	no bid	\$0.00
4	CNG Engine Oil Cummins 8.9L	43	DR	\$393.25	\$16,909.75	\$353.51	\$15,200.93	\$388.30	\$16,696.90	no bid	\$0.00	no bid	\$0.00	no bid	\$0.00
	Drum Deposit	43	DR		\$20.00	\$860.00		\$20.00	\$860.00		\$20.00		\$20.00		\$80.00
	Sub Total				\$1,673,377.75		\$799,280.93		\$1,895,254.90		\$0.00		\$0.00		\$0.00
	Sales Tax 8.25 %				\$138,053.66		\$65,940.68		\$156,358.53		\$0.00		\$0.00		\$0.00
	Total Option Year 1				\$1,811,431.41		\$865,221.61		\$2,051,613.43		\$0.00		\$0.00		\$0.00
Option Year 2															
1	CNG Engine Oil 15W-40	122,000	GL	\$6.18	\$753,960.00	no bid	\$0.00	\$7.51	\$916,220.00	no bid	\$0.00	no bid	\$0.00	no bid	\$0.00
2	CNG Engine Oil 15W-40	111	DR	\$391.05	\$43,406.55	no bid	\$0.00	\$413.05	\$45,848.55	no bid	\$0.00	no bid	\$0.00	no bid	\$0.00
	Drum Deposit	111	DR		\$0.00	no bid	\$0.00		\$0.00	no bid	\$0.00	no bid	\$0.00	no bid	\$0.00
3	CNG Engine Oil Cummins 8.9L	122,000	GL	\$6.63	\$808,860.00	\$6.14	\$749,080.00	\$7.76	\$946,720.00	no bid	\$0.00	no bid	\$0.00	no bid	\$0.00
4	CNG Engine Oil Cummins 8.9L	52	DR	\$412.50	\$21,450.00	\$373.51	\$19,422.52	\$426.80	\$22,193.60	no bid	\$0.00	no bid	\$0.00	no bid	\$0.00
	Drum Deposit	52	DR		\$20.00	\$1,040.00		\$20.00	\$1,040.00		\$20.00		\$20.00		\$80.00
	Sub Total				\$1,627,676.55		\$768,502.52		\$1,930,982.15		\$0.00		\$0.00		\$0.00
	Sales Tax 8.25 %				\$134,283.32		\$63,401.46		\$159,308.03		\$0.00		\$0.00		\$0.00
	Total Option Year 2				\$1,761,959.87		\$831,903.98		\$2,090,290.18		\$0.00		\$0.00		\$0.00
	GRAND TOTAL YEAR 1 AND OPTION YEARS 1 & 2				\$5,452,848.94		\$2,603,429.57		\$6,171,331.74		\$1,958,707.26		\$1,862,432.54		\$1,946,200.27

I hereby certify Conoco Phillips & Rosemead Oil as being the lowest responsive, responsible bidder and recommend the award to them for total price, including sales tax, of \$5,283,145

12/17/07
 Date
 J.R. Bachman
 Signature