

PROCUREMENT SUMMARY

CONTRACT NO. FY34649000

UNLEADED GASOLINE

1.	Contract Number: FY34649000		
2.	Contractor: Pinnacle Petroleum, Inc		
3.	Mod. Work Description: Ratify unauthorized expenditures and increase Contract Value		
4.	Contract Work Description: Provide unleaded fuel to various Metro division locations for non-revenue vehicles		
5.	The following data is current as of: 12/9/20		
6.	Contract Completion Status		Financial Status
	Contract Awarded:	7-20-17	Contract Award Amount: \$ 9,717,450.00
	Notice to Proceed (NTP):	9-15-17	Total of Modifications Approved:
	Original Complete Date:	9-15-22	Pending Modifications (including this action): \$ 6,485,975.00
	Current Est. Complete Date:	10-30-22	Current Contract Value (with this action): \$16,203,425.00
7.	Contract Administrator: Juelene Close		Telephone Number: 213-922-1066
8.	Project Manager: Daniel Ramirez		Telephone Number: (213) 922-5797

A. Procurement Background

This Board Action is to ratify an action and approve Contract Modification No. 3 in support of Metro Operations' non-revenue vehicles for unleaded gasoline for the following:

- To ratify unauthorized expenditures in excess of the total contract award of \$3,863,300, increasing the total contract value from \$9,717,450 to \$13,580,750.
- To execute Modification No. 3 for \$6,485,975, inclusive of \$3,863,300 for ratified unauthorized expenditures and to extend the contract period of performance to June 30, 2021, for an additional \$2,622,675, increasing the total contract value from \$13,580,750 to \$16,203,425.

This Contract Modification No. 3 will be processed in accordance with Metro's Acquisition Policy and the contract type is an Indefinite Delivery/Indefinite Quantity (IDIQ).

On July 20, 2017, the Board approved a contract to Pinnacle Petroleum, Inc., as the lowest responsive and responsible bidder to supply unleaded fuel to various bus, rail and non-revenue vehicle departments in the amount of \$9,717,450, inclusive of two year base, inclusive of sales tax, for a not to exceed amount of \$3,886,980, and three one-year options for a not to exceed amount of \$5,830,470 for a total period of performance of 60 months from September 17, 2017 to September 16, 2022.

B. Price/Cost Analysis

Modification No. 3 in the amount of \$6,485,975 is based upon extending the contract performance, thus increasing the total contract value by \$2,622,675; and based upon unauthorized expenditures in the amount of \$3,863,300 due to unforeseen fluctuations and increases in fuel variables over the past 2 years related to the federal and state fuel taxes and fees, Oil Price Information Service (OPIS) fee per gallon, and its fuel supplier.

Upon staff conducting a cost analysis of the price fluctuations related to the past two years, two of the many state and federal fees and taxes were inadvertently omitted from the solicitation price form in December 2016 which represented an understatement of approximately thirty-four cents (\$0.34) per gallon.

The unexpected COVID-19 pandemic has also impacted the supply and demand for fuel causing a reduction in fuel production due to state emergency shutdowns, thus, increasing fuel prices due to low production. Many fuel refineries have closed, and are temporarily closing, which have also impacted the fuel supplier's ability to obtain competitive fuel prices; thus causing a 30% increase from its 2016 bid price. Staff conducted research with OPIS fuel index rates and mandated fees, verifying cost increases and confirmed the price increase for upcoming months is fair and reasonable.

Based upon staff's extensive research with industry resources identifying trends in commodities related to COVID-10 pandemic, fluctuating price indexes from OPIS, review of all federal mandated fees and taxes charges, the projected fuel increases identified during this economic slow-down has been determined to be fair and reasonable.