

PROCUREMENT SUMMARY

CONTRACT NO. DR4348700

DIESEL FUEL

1.	Contract Number: DR4348700		
2.	Contractor: Southern Counties Oil Company (SC Fuels)		
3.	Mod. Work Description: Ratify unauthorized expenditures and increase Contract Value		
4.	Contract Work Description: Provide diesel fuel to various Metro division locations for non-revenue vehicles		
5.	The following data is current as of: 12/28/20		
6.	Contract Completion Status		Financial Status
	Contract Awarded:	1-16-16	Contract Award Amount: \$328,959
	Notice to Proceed (NTP):	1-16-16	Total of Modifications Approved: \$0.00
	Original Complete Date:	1-15-18	Pending Modifications (including this action): \$2,328,005
	Current Est. Complete Date:	6/30/21	Current Contract Value (with this action): \$2,656,964
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 \$2,075,855, increasing the total contract value from \$328,959 to \$2,404,814.
- To execute Modification No. 3 to extend the contract period of performance to June 30, 2021 for \$252,150, increasing the total contract value from \$2,404,814 to \$2,656,964.

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 November 24, 2015, Metro's Supply Chain Management approved a contract to SC Fuels, as the lowest responsive and responsible bidder to supply diesel fuel for Metro's non-revenue and emergency vehicles - that operates using diesel fuel, and equipment in the amount of \$328,959, inclusive of sales tax, a total period of performance of 24 months from January 16, 2016 to January 15, 2018.

B. Price/Cost Analysis

Modification No. 3 in the amount of \$252,150 is based upon extending the contract performance, thus increasing the total contract value to \$2,656,964. The total price for the six (6) month contract schedule extension has been deemed to be fair and reasonable.

The unauthorized expenditures in the amount of \$2,075,855 are due to the variance in the formal annual bid quantity (84,000 gallons) and the actual annual average diesel fuel usage (113,000 gallons), unforeseen fluctuations and increases in fuel variables related to the federal and state fuel taxes and fees, Oil Price Information Service (OPIS) fee per gallon, and its fuel supplier.

The unexpected COVID-19 pandemic has also impacted the supply and demand for diesel 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. 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.