

**Board Report**

File #: 2024-0187, **File Type:** Contract**Agenda Number:** 25.

**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
JUNE 20, 2024****SUBJECT: UNLEADED FUEL****ACTION: APPROVE CONTRACT AWARD****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to award a five-year, Indefinite Delivery/Indefinite Quantity (IDIQ) Contract No. FY119572000 for unleaded fuel to Mansfield Oil Company of Gainesville, Inc., the lowest responsive and responsible bidder, for a three-year base contract with a not-to-exceed amount of \$11,588,606.93 and one two-year option for a not-to-exceed amount of \$7,763,220.01, for a total not-to-exceed contract amount of \$19,351,826.94 inclusive of sales tax, subject to resolution of any properly submitted protest(s), if any.

ISSUE

The recommended contractor is required to provide unleaded fuel for Metro's non-revenue vehicles (sedans, SUVs, trucks, and vans) in support of Bus & Rail Revenue Operations, Facilities Maintenance, Maintenance of Way, and other support operations. Using an Indefinite Delivery/Indefinite Quantity Contract provides Metro with fuel on an as-needed basis at prevailing Oil Price Information Services (OPIS) pricing with the application of state and federal taxes and fees associated with unleaded fuel. In an environment where increasing quantities of non-revenue vehicles are being transitioned to zero-emissions vehicles, it is prudent to establish maximum flexibility for fuel demand and delivery.

BACKGROUND

Metro currently operates a non-revenue fleet of 820 unleaded gasoline-powered vehicles (sedans, SUVs, trucks, and vans) and 558 hybrid vehicles (sedans, SUVs, and trucks) to support bus and rail operations. These vehicles are required to provide field supervision, bus operator relief, parts delivery, custodial services, facilities maintenance, maintenance of way, and various project management efforts.

Metro is committed to promoting and using zero-emission vehicles across the system, including in the non-revenue fleet. The purchase of electric vehicles is in process, along with the development of a system-wide charging infrastructure. Until they are replaced with alternative fuel or zero-emission vehicles in future years, unleaded fuel is required for the existing vehicles.

The current contract for unleaded fuel will expire at the end of July 2024, and the new unleaded fuel supplier will work with Metro to ensure a smooth transition.

DISCUSSION

The award of this Contract will allow the procurement of approximately 5,124,000 gallons of unleaded fuel over five years at prevailing OPIS pricing. OPIS is a widely accepted fuel price index published daily to reflect current market prices for petroleum products in the Los Angeles area. OPIS is a private, independent company with no stake in fuel transactions and is not funded by the oil industry.

Using an Indefinite Delivery/Indefinite Quantity Contract provides Metro with fuel on an as-needed basis at prevailing OPIS pricing with the application of state and federal taxes and fees associated with unleaded fuel. The procurement projections in the bid documents are estimates only, and Metro has no obligation or commitment to order any or all of the unleaded fuel estimated in the bid documents.

Metro is actively working towards converting revenue and non-revenue fleets to zero-emission vehicles to significantly reduce its carbon footprint. As zero-emission non-revenue vehicles become more readily available and the charging infrastructure is developing to support a zero-emission fleet, Metro will continue to replace unleaded fuel vehicles with zero-emission non-revenue vehicles. Currently, 21 electric non-revenue vehicles are in use, and 60 electric non-revenue vehicles are in some stage of the procurement process. Hybrid and zero-emission non-revenue vehicles currently account for 40% of the total non-revenue vehicle fleet.

DETERMINATION OF SAFETY IMPACT

The award of this contract will allow Metro to respond quickly to safety-related incidents and ensure that all operating divisions have an adequate supply of unleaded fuel for the non-revenue vehicles used to support the bus, rail, facilities, and support departments focused on providing safe, clean, and reliable transportation services for Metro customers.

FINANCIAL IMPACT

Funding in the amount of \$4,712,300.00 is included in the FY25 budget in account 50405 Fuel Non-Rev. Equipment under multiple bus division maintenance and non-revenue fleet maintenance cost centers in operating project 306002.

Since this is a multi-year Contract, the cost center managers and Chief Operations Officer will be responsible for budgeting the cost in future years, including any option exercised.

Impact to Budget

The current source of funds for this procurement will be Federal, State, and Local funds, including Proposition C, Measure R, Measure M, Transportation Development Act, and Federal Section 5307. Using these funding sources maximizes the intent of allowable funding allocations given approved provisions and guidelines.

EQUITY PLATFORM

This action ensures that non-revenue vehicles have adequate fuel available to support the bus and rail fleet operations that serve Los Angeles County residents and disproportionately serve marginalized and vulnerable transit riders. The unleaded fuel used in non-revenue support vehicles helps to ensure clean, dependable, and safe bus and rail fleets operating in neighborhoods where disparities within the region can exist between residents' access to jobs, housing, education, health, and safety. Metro transportation provides an important lifeline for the residents in underserved communities.

The Diversity and Economic Opportunity Department (DEOD) did not establish a Disadvantaged Business Enterprise goal for this contract due to a lack subcontracting opportunities and the availability of certified small businesses that perform this service.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The contract for unleaded fuel supports Strategic Goal 2: Deliver outstanding trip experiences for all users of the transportation system. The unleaded fuel is required for support vehicles used by Bus & Rail Operations, Facilities Maintenance, Rail Maintenance of Way, and other departments to support the various operations throughout the Metro transit system. These departments are focused on providing clean, safe, and reliable transportation services for all Metro customers.

ALTERNATIVES CONSIDERED

The alternative is not to award the contract and instead purchase unleaded fuel on the spot market. This approach is not recommended since it does not provide for a fixed discount on price or a commitment from the supplier to ensure availability and delivery on a timely basis.

NEXT STEPS

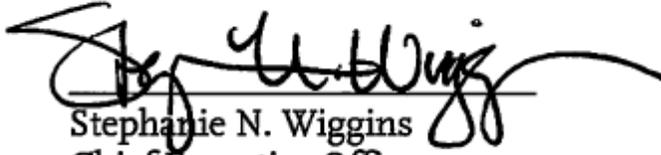
Upon approval, staff will execute Contract No. FY119572000 to Mansfield Oil Company of Gainesville, Inc., effective August 1, 2024, to provide unleaded fuel for Metro's non-revenue fleet in support of Bus and Rail operations.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - DEOD Summary

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