



Board Report

File #: 2019-0633, File Type: Contract

Agenda Number: 30.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE OCTOBER 17, 2019

SUBJECT: ENGINE OIL

ACTION: AWARD CONTRACT

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award a two-year, indefinite delivery/indefinite quantity Contract No. VM61903000 to The Jankovich Company, the lowest responsive and responsible bidder for Engine Oil. The Contract one-year base amount is \$900,905 inclusive of sales tax, and the one-year option amount is \$967,638, inclusive of sales tax, for a total contract amount of \$1,868,543, subject to resolution of protest(s), if any.

ISSUE

This procurement is for the acquisition of engine oil which is required for maintaining the safe and reliable operation of the bus fleet. Award of this contract will ensure that operating divisions and Central Maintenance Shops have adequate inventory to maintain the bus fleet according to Metro maintenance standards.

BACKGROUND

The Material Management usage reports revealed that on an annual basis nearly 120,000 gallons of engine oil was issued to Bus Maintenance in support of the bus preventive maintenance program. The engine oil is replaced by Metro Mechanics at the Central Maintenance Shops and at all bus operating divisions.

DISCUSSION

Engine oil is the lifeblood of an engine, providing lubrication and cooling to a complex system of fast moving mechanical parts. Routine engine oil changes are provided at all Metro bus operating divisions to ensure that used engine oil is replaced before it loses its chemical and mechanical properties, thus maximizing protection against wear. Engine oil is replaced in accordance with the manufacturer's recommendations and Metro's preventative maintenance program to ensure the performance and longevity of the bus fleet.

The contract to be awarded is a "requirements type" agreement in which we commit to order only from the awardee, up to the specified quantity for a specific duration of time, but there is no obligation

or commitment for us to order any or all of the engine oil that may be anticipated. The bid quantities are estimates only, with deliveries to be ordered and released as required. The Diversity and Economic Opportunity Department (DEOD) does not recommend a Disadvantaged Business Enterprise (DBE) goal or subcontracting for this procurement since suppliers are oil manufacturers that use their own tanker delivery trucks and will not assume the risk of allowing a third party to deliver hazardous products on their behalf.

Engine oil will be purchased, maintained in inventory, and managed by Material Management. As the engine oil is issued, the appropriate budget project numbers and accounts will be charged.

DETERMINATION OF SAFETY IMPACT

Award of the Contract will ensure that all operating divisions and Central Maintenance have adequate inventory to maintain the buses according to Metro Maintenance standards.

The used engine oil generated in the maintenance of buses at Metro divisions is accumulated in storage tanks. These storage tanks are evacuated in accordance with Department of Toxic Substances Control accumulation regulations. The used oil is transported by a licensed transporter and recycled at a permitted Treatment, Storage and Disposal Facility. The used oil shipments and recycling activities are documented on a Uniform Hazardous Waste Manifest to ensure the health and safety of residents of our local communities.

FINANCIAL IMPACT

The twelve (12) month funding of \$900,905 for engine oil is included in the FY20 budget under project 306002 Operations Maintenance under line 50406, Lubricant-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.

Impact to Budget

The source of funds for this procurement will come from Federal, State and local funding sources including fares that are eligible for Bus and Rail Operating or Capital Projects. These funding sources will maximize the use of funds for these activities.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The procurement of engine oil supports Strategic Goal 1: Provide high-quality mobility options that enable people to spend less time traveling. The engine oil will maintain the reliability of the bus fleet and ensure that our customers are able to arrive at their destinations without interruption and in accordance with the scheduled service intervals for Metro bus operations.

ALTERNATIVES CONSIDERED

The alternative is to not award the contract and to procure engine oil on an as-needed basis. This approach is not recommended since it does not provide a commitment from the supplier to ensure availability and price stability.

NEXT STEPS

Metro's requirements for engine oil will be fulfilled under the provisions of the contract.

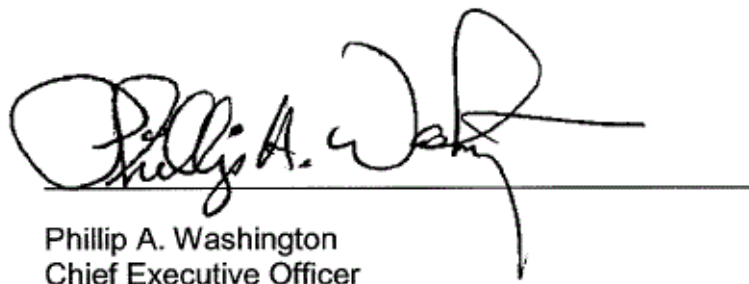
ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: James D. Pachan, Superintendent of Maintenance, (213) 922-5804

Reviewed by: Debra Avila, Chief Vendor/Contract Management, (213) 922-6383
James T. Gallagher, Chief Operations Officer, (213) 418-3108



Phillip A. Washington
Chief Executive Officer