



## Board Report

File #: 2017-0417, File Type: Contract

Agenda Number: 34

### SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE JULY 20, 2017

**SUBJECT: UNLEADED GASOLINE**

**ACTION: AWARD CONTRACT FOR UNLEADED GASOLINE**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a 60 month, Indefinite Delivery/Indefinite Quantity Contract No. FY34649 for unleaded gasoline to Pinnacle Petroleum, Inc., the lowest responsive and responsible bidder, for a 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 not-to-exceed contract amount of \$9,717,450, subject to resolution of protest(s), if any.

#### **ISSUE**

Under this Contract, the recommended contractor is required to provide unleaded gasoline for Metro's non-revenue vehicles (automobiles, trucks, and vans). The use of an Indefinite Delivery/Indefinite Quantity Contract provides Metro with fuel on an as-needed basis. In an environment where future non-revenue vehicles may come in the form of electric automobiles it is prudent to establish maximum flexibility for fuel demand and delivery. Due to the fluctuation and variability in fuel prices the total not-to-exceed price is subject to change but will be in compliance with the prevailing Oil Price Information Service (OPIS) fee per gallon for the Los Angeles Region.

#### **DISCUSSION**

This Contract will provide up to approximately five million gallons of unleaded gasoline for 60 months at prevailing Oil Price Information Service (OPIS) pricing. OPIS is a widely accepted fuel price index that is published daily to reflect current market prices in the Los Angeles area for petroleum products. OPIS is a private, independent company with no stake in fuel transactions and is not funded by the oil industry.

Since this is a requirements contract, the bid quantities are estimates only, with deliveries to be ordered and released as required. There is no obligation or commitment on the part of Metro to order any or all of the unleaded gasoline that is anticipated.

#### **DETERMINATION OF SAFETY IMPACT**

There is no impact on safety standards for Metro.

## **FINANCIAL IMPACT**

The funding of \$2,872,392 for this service is included in the FY18 budget in multiple bus and rail cost centers under operating projects 306002 (Ops. Maintenance), 306001 (Ops. Transportation), 300040 (Rail Ops. Administration), 300044 (Rail Ops. Red Line) and 450003 (Sustainability Environment) in line item 50405 Fuel Non-Rev. Equipment.

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

### **Impact to Budget**

The FY18 source of funds for this procurement is from Enterprise operating funds. The source of funds will be Federal, State, and Local funds including sales tax and fares that are eligible for bus and rail operations. These funding sources will maximize the use of funds for these activities.

## **ALTERNATIVES CONSIDERED**

The alternative is to not award the contract and to instead, purchase gasoline 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. FY34649 to Pinnacle Petroleum, Inc., effective August 1, 2017, to provide unleaded gasoline for Metro's fleet.

## **ATTACHMENTS**

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: Nathan Jones III, Director of Contract Administration, (213) 922-6101  
Helen Cosner, Chief Admin Analyst, (213) 922-5934

Reviewed by: James T. Gallagher, Chief Operations Officer, (213) 418-3108  
Debra Avila, Chief Vendor/Contract Management Officer,  
(213) 418-3051



Phillip A. Washington  
Chief Executive Officer