



Board Report

File #: 2021-0292, File Type: Contract

Agenda Number: 23.

OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE COMMITTEE JUNE 17, 2021

SUBJECT: UNLEADED FUEL

ACTION: APPROVE CONTRACT AWARD

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award a 36 month, Indefinite Delivery/Indefinite Quantity Contract No. FY75015000 for unleaded fuel to Mansfield Oil Company of Gainesville, Inc., the lowest responsive and responsible bidder, for a two year base, inclusive of sales tax, for a not-to-exceed amount of \$6,128,473, and one one-year option for a not-to-exceed amount of \$3,083,094, for a total not-to-exceed contract amount of \$9,211,567, subject to resolution of protest(s), if any.

ISSUE

Under this Contract, the recommended contractor is required to provide unleaded fuel for Metro's non-revenue vehicles (automobiles, trucks, and vans) in support of Bus & Rail Revenue Operations, Facilities Maintenance, Maintenance of Way, and other support operations. The use of 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 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; however, it will be consistent with the prevailing OPIS pricing per gallon for the Los Angeles Region.

BACKGROUND

Metro has a fleet of automobiles, utility trucks, and vans used 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. The

unleaded fuel is required for these vehicles until such time that they are replaced with alternative fuel or zero emission vehicles in future years. The current vendor for unleaded fuel is Pinnacle Petroleum, however this contract is set to end in June 2021. The new unleaded fuel supplier will work with Metro to ensure a smooth transition as we switch vendors.

DISCUSSION

This Contract will provide up to approximately 2.85 million gallons of unleaded fuel for 36 months at prevailing 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.

In order to minimize the cost effects of Oil Price Information Service (OPIS) price uncertainty for Unleaded Fuel to the Contractor and to Metro for the duration of this Contract, a special price escalation/de-escalation provision has been included into the contract where the Contractor is required to notify and provide documentation of economic price adjustment to Metro within thirty (30) days of any price fluctuation of either at least ten percent (10%) greater than or at least ten percent (10%) less than the daily average OPIS rate.

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 fuel that is estimated.

DETERMINATION OF SAFETY IMPACT

There is no impact on safety standards for Metro.

FINANCIAL IMPACT

Given Board approval of the FY22 budget, funding of \$1,599,179 for this service will be included in account 50405 Fuel Non-Rev. Equipment, within multiple bus and rail cost centers and their respective Enterprise Fund operating projects.

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 FY22 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. Allocating these funds to this effort maximizes fund use given approved

funding guidelines and provisions..

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended contract award supports Metro Vision 2028 Strategic Goal 5: Provide responsive, accountable, and trustworthy governance; Initiative 5.2- Metro will exercise good public policy judgement and sound fiscal stewardship. The approval of this contract will ensure that Metro's non-revenue vehicle assets are effectively and efficiently deployed to support Bus & Rail Revenue Operations, Facilities Maintenance, Maintenance of Way; and in these efforts generate maximum value to our customers who ride public transit.

ALTERNATIVES CONSIDERED

The alternative is to not award the contract and to 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. FY75015000 to Mansfield Oil Company of Gainesville, Inc. effective July 1, 2021, to provide unleaded fuel for Metro's non-revenue fleet in support of Bus and Rail operations.

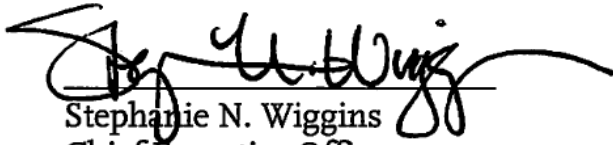
ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

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