



Board Report

File #: 2018-0289, File Type: Contract

Agenda Number: 30.

OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE COMMITTEE JULY 19, 2018

SUBJECT: SYNTHETIC TRANSMISSION OIL

ACTION: AWARD CONTRACT

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award a two-year, firm fixed unit rate Contract No. MA51203000 to Jamison Professional Services, the lowest responsive and responsible bidder for Synthetic Transmission Oil. The Contract first year base amount is \$748,348, inclusive of sales tax, and the second year contract amount is \$748,349, inclusive of sales tax, for a total contract value of \$1,496,697, subject to resolution of protest(s), if any.

ISSUE

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

DISCUSSION

The transmission oil is needed to lubricate internal components for the bus transmissions and serve as a coolant for better resistance to thermal breakdown. Synthetic fluids optimize transmission performance and provide resistance to heat, cold, oxidation and friction. Scheduled replacement of the transmission oil is in accordance with the manufacturer's recommended intervals and is part of 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 synthetic transmission oil that may be anticipated. The bid quantities are estimates only, with deliveries to be ordered and released as required. The second year of the Contract is defined as an Option that allows Metro to assess oil commodity market prices before making a commitment to the second year of transmission oil delivery services.

Synthetic oil will be purchased, maintained in inventory and managed by Material Management. As the synthetic 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 repair and maintain the buses according to Metro Maintenance standards.

FINANCIAL IMPACT

Funding of \$748,348 is included in the FY19 budget under project 306002 Operations Maintenance under line 50406, Lubricant-Revenue Equipment in multiple Cost Centers.

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

Funding for this Contract will come from Federal, State and local sources including sales tax and fares that are eligible for Bus and Rail Operating Projects. These funding sources maximize allowable fund use given approved provisions and guidelines.

ALTERNATIVES CONSIDERED

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

NEXT STEPS

Upon Board approval, staff will execute Contract No. MA51203000 to Jamison Professional Services for Synthetic Transmission Oil. Metro's requirements for synthetic transmission oil will be fulfilled under the provisions of the Contract.

ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

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