



Board Report

File #: 2019-0235, File Type: Contract

Agenda Number: 32.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE JUNE 20, 2019

SUBJECT: ENGINE OIL FOR METRO BUS FLEET

ACTION: AUTHORIZE CONTRACT MODIFICATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to execute Contract Modification No. 7 to Contract No. VM67502000, Engine Oil, with Rosemead Oil Products, Incorporated to provide engine oil for Metro's bus fleet, in the amount of \$252,000, increasing the total Contract value from \$1,789,600 to \$2,041,600.

ISSUE

Metro's Board approved the award of a Contract in January 2017 to Rosemead Oil to provide engine oil for Metro's bus fleet for a base one year, with a one-year option in the amount of \$1,626,900. Metro exercised its Contract option in March 2018, and a new replacement contract was planned to be awarded by April 2019. However, two replacement contract solicitations have not resulted in successful awards, and an extension to the existing Contract is required to maintain a necessary supply of engine oil for Metro's bus fleet operation.

Staff has twice attempted to procure its engine oil supply service through Metro small business set-aside (SBE) program without success. In November 2018, staff cancelled its first solicitation because the lowest responsive responsible bid was \$500,000 in excess of Metro's Independent Cost Estimate (ICE), thus the bid price was deemed not fair or reasonable. Subsequently, staff issued a second SBE set-aside solicitation in December 2018 and received two bids in March 2019. Unfortunately, both bids were deemed to be non-responsive. To ensure a successful procurement staff will issue a third solicitation to the open engine oil market regardless of bidder size and anticipates an award recommendation will be presented to Metro's Board in September 2019 or sooner.

This recommended Board action will provide sufficient contract funding for engine oil through November 30, 2019 if necessary, while a new procurement is released for competitive bid and a new contract is awarded by September 2019.

BACKGROUND

This Board Action is to approve Contract Modification No. 7 issued in support of maintaining the safe and reliable operation of the Metro's bus fleet, ensuring that operating divisions have adequate engine oil inventory to maintain the buses in accordance with Metro's maintenance standards that is in full compliance with Cummins Engine Standard (CES) 20085. Approval of the recommendation will ensure that an adequate supply of engine oil is available to maintain Metro's bus fleet requirements.

DISCUSSION

The engine oil under this procurement is needed throughout Metro to maintain and service its Compressed Natural Gas (CNG) bus fleet. The engine oil is changed out periodically in accordance with the engine manufacturer's preventative maintenance program requirements.

Engine oil will be purchased, maintained in inventory and managed by Material Management. As the engine oil is used, 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 buses according to the bus engine manufacturer guidelines and Metro preventative maintenance program standards. 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. Used oil is then transported by a licensed transporter and recycled at a permitted treatment storage and disposal facility. 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 funding of \$252,000 for engine oil is included in the FY20 budget request under project 306002 Operations Maintenance under line 50406, Lubricant-Revenue Equipment.

Impact to Budget

The source of funds for this procurement will come from Federal, State and local funding sources 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. 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 services intervals for Metro bus operations.

ALTERNATIVES CONSIDERED

The alternative not to authorize this contract modification is not recommended. It is imperative that Metro maintains continuity of having engine oil readily available to sustain its high quality bus fleet in order to continue offering the general public at-large safe and reliable transportation services.

NEXT STEPS

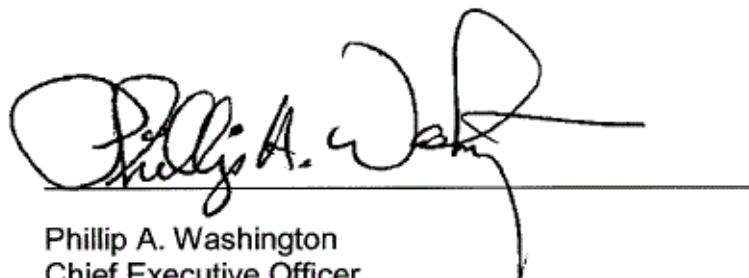
Metro will execute the contract modification to authorize additional funds and a schedule extension for 4.5 months for the continuation of delivery of engine oil through November 2019, while a new procurement is in process with the anticipation of a new contract to be awarded in December 2019.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - Contract Modification Order Log
Attachment C - DEOD Summary

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