

**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.

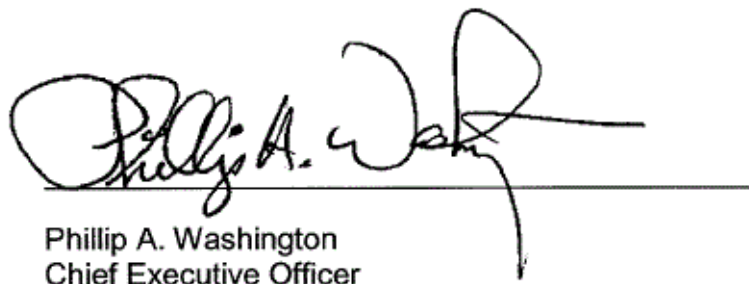
ATTACHMENTS

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

**PROCUREMENT SUMMARY
PURCHASE OF ENGINE OIL
CONTRACT NO. VM61903000**

1.	Contract Number: VM619030000	
2.	Recommended Vendor: The Jankovich Company, 14066 Garfield Avenue, Paramount, CA 90723	
3.	Type of Procurement (check one): <input checked="" type="checkbox"/> IFB <input type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: 4/30/19	
	B. Advertised/Publicized: 5/2/19	
	C. Pre-proposal/Pre-Bid Conference: N/A	
	D. Proposals/Bids Due: 5/30/19	
	E. Pre-Qualification Completed: 7/19/19	
	F. Conflict of Interest Form Submitted to Ethics: 7/19/19	
	G. Protest Period End Date: 9/27/19	
5.	Solicitations Picked up/Downloaded: 12	Bids/Proposals Received: 6
6.	Contract Administrator: Tanya Allen	Telephone Number: 213/922-1018
7.	Project Manager: Alex DiNuzzo	Telephone Number: 213/922-5860

A. Procurement Background

This Board Action is to approve Contract No. VM61903000 for the procurement of Engine Oil. Board approval of contract awards are subject to resolution of any properly submitted protest.

IFB No. VM61903 was issued in accordance with Metro’s Acquisition Policy and the contract type is Indefinite Delivery, Indefinite Quantity (IDIQ).

No amendment was issued during the solicitation phase of this IFB.

Staff has twice attempted to procure its engine oil supply service through the SBE set-aside 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.

A total of six bids were received on May 30, 2019.

1. Jamison Professional Services
2. The Jankovich Company (TJC)
3. Valdes, LLC
4. Patten Energy, Inc.
5. Van De Pol Enterprises, Inc. Bid #1
6. Van De Pol Enterprises, Inc. Bid #2

B. Evaluation of Bids

This procurement was conducted in accordance and complies with LACMTA's Acquisition Policy for a competitive sealed bid. There were three (3) bids from the Jankovich Company (TJC), Valdes, LLC and Patten Energy, Inc. that were deemed Responsive and Responsible to the IFB requirements.

Two bids were deemed Non-Responsive, Jamison Professional Services and Van de Pol Enterprises. Jamison Professional Services, the apparent low bidder was deemed Non-Responsive because they altered the IFB's Schedule of Quantities and Pricing Form. Van De Pol Enterprises, which submitted two (2) separate bids, was deemed Non-Responsive for not offering bid prices for the required option year.

The Jankovich Company (TJC) was determined to be the lowest Responsible and Responsive bidder and was in full compliance with the technical requirements of the IFB.

C. Price Analysis

The recommended total bid price from TJC has been determined to be fair and reasonable based upon adequate price competition and current market value of the oil industry.

Bidder Name	Bid Amount	Metro ICE
		\$1,560,533.00
The Jankovich Company	\$1,868,543.04	
Valdes, LLC	\$1,994,200.86	
Patten Energy, Inc.	\$2,541,917.67	

D. Background on Recommended Contractor

The recommended firm, The Jankovich Company (TJC) has been in business for eighty-six (86) years and is a leader in fuel and lubricant supplies. TJC has extensive experience in supplying engine oil to other municipalities and companies such as the Orange County Transit Authority, City of Pasadena, City of Torrance, LADWP, MBUSA, Toyota Corporation, Nissan Corporation, KIA Corporation, Metrolink, General Motors Corporation. TJC has provided satisfactory products and services to Metro.

DEOD SUMMARY

PURCHASE OF ENGINE OIL/CONTRACT NO. VM61903000

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not establish a Disadvantaged Business Enterprise (DBE) goal for this solicitation due to the lack of certified firms that have adequate tanker trucks for delivery, or the certified firm is acting as a broker or transaction expeditor whose fees and commissions are not enough to perform a commercially useful function. While Metro has set DBE goals for this type of contract in the past, certified firms that performed on those contracts are no longer certified or have been acquired by larger companies. Metro will continue to outreach to certified firms and identify other potential subcontracting opportunities based on industry practice. It is expected that The Jankovich Company will perform the work with its own workforces.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.