



ITEM ID: 2023-287-0

TRANSMITTAL DATE: September 1, 2023

MEETING DATE: September 8, 2023

TO: Contracts, Operations, Maintenance, and Safety Committee

FROM: Arnold Hackett, Chief Financial Officer

SUBJECT: Contract Nos. PO924A-24, PO924B-24, and PO924C-24 - Oils, Coolants, and Lubricants - Recommendation to Award - Hasco Oil Company, SC Commercial, LLC, and The Jankovich Company, LLC

Issue

The Authority requires a range of oils, coolants, and lubricants to operate and maintain its fleet of locomotives.

Recommendation

It is recommended that the Committee recommend that the Board authorize the Chief Executive Officer (CEO) to award the following contracts with their respective not-to-exceed contract authority (total for the base and option periods):

1. Contract No. PO924A-24 - Hasco Oil Company - \$40,326
2. Contract No. PO924B-24 - SC Commercial, LLC - \$250,505
3. Contract No. PO924C-24 - The Jankovich Company, LLC - \$1,058,353

These contracts will have a base term of one-year, with a single one-year option that will be exercised at the sole discretion of the Chief Executive Officer if deemed to be in the Authority's best interest. This award is subject to resolution of any timely received protests.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through

transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. The oils, coolants, and lubricants that will be purchased under these contracts will allow the Authority to operate and maintain its fleet of locomotives in a state of good repair.

Background

The Authority’s Locomotives and Diesel Multiple Units (DMUs) require oils, coolants, and lubricants to ensure that critical components, such as engines and air compressors, function properly. The oils, coolants, and lubricants in this IFB are all required to keep these critical components fully lubricated, which in turn helps increase the life of the components and improves the reliability of the Locomotives and DMUs.

Discussion

On April 21, 2023, the Authority published Invitation for Bids (IFB) No. PO924-24 on its procurement portal for Oils, Coolants, and Lubricants. Electronic notifications were sent to 133 firms registered on the Authority's procurement portal. The Authority also advertised the solicitation in newspapers covering its five member counties, as well as in newspapers specializing in diversity. The Authority hosted a Pre-Bid Conference on May 1, 2023, and responded to 11 questions received during the Questions & Answers (Q&A) period regarding the procurement.

The solicitation allowed bidders to bid on all or any subset of the 11 Line Items. The Authority provided an Estimated Annual Usage per Line Item for bidding purposes only.

On June 26, 2023, the Authority received a total of seven bids. However, the bids received from M.O. Dion and Sons, Inc, Safety-Kleen Systems, Inc, and Southern Counties Lubricants, LLC were deemed unresponsive.

The following table indicates the lowest, responsive bidder per Line Item, based on the Estimated Annual Usage:

<u>Line Item</u>	<u>Part Description</u>	<u>Unit of Measure</u>	<u>Estimated Annual Usage (for bidding purposes)</u>	<u>Independent Cost Estimate (ICE)</u>	<u>Hasco Oil Company</u>	<u>Kluber Lubrication</u>	<u>SC Commercial LLC</u>
1	OIL MAIN ENGINE F/ F125 LOCOMOTIVES	Gallons	30,000	\$623,400.00	\$777,000.00	No Bid	\$780,600.00

2	OIL SAE 20W40 MAIN ENGINE F/ MP36 AND REPOWER LOCOMOTIVES	Gallons	13,000	\$370,500.00	\$508,300.00	No Bid	No Bid
3	OIL 75W-90 GEARBOX SYNTHETIC F/ F125 LOCOMOTIVE	Gallons	232	\$18,033.49	\$14,158.91	\$16,003.50	\$14,557.49
4	OIL GEAR CASE F/D77 & D87 TRACTION MOTORS	Gallons	170	\$17,156.40	No Bid	No Bid	No Bid
5	COOLANT EXTENDED LIFE 50/50 F/ C175-20 ENGINE	Gallons	7,975	\$167,475.00	Non- Responsive Bid	No Bid	\$141,476.50
6	OIL AIR COMPRESSOR	Gallons	110	\$7,040.00	\$9,671.20	\$8,245.60	\$7,922.20
7	OIL JOURNAL BEARING WICK (NO CALCIUM)	Gallons	55	\$1,951.40	No Bid	No Bid	\$2,305.60
8	OIL AIR COMPRESSOR EXTENDED DUTY	Gallons	275	\$62,254.50	\$24,381.50	No Bid	\$16,681.50
9	OIL 75W-90 LUBRICANT F/ GEAR BOX F/ FLIRT 160 DMU	Gallons	3230	\$38,544.00	\$20,163.00	\$22,789.80	\$55,123.20
10	COOLANT 50/50 PRE MIXED F/ FLIRT 160 DMU	Gallons	220	\$4,760.80	\$4,193.20	No Bid	\$3,902.80
11	OIL SAE 15W40 DQC III-10 LA F/ DEUTZ ENGINE	Gallons	440	\$22,044.00	Non- Responsive Bid	No Bid	\$11,448.80

The pricing offered by the lowest, responsive bidder for Line Items 1, 2, 3, 5, 8, 9, 10, and 11 is below the Authority's Independent Cost Estimate (ICE), and therefore deemed fair and reasonable. Although the pricing offered by the lowest, responsive bidder for Line Items 6 and 7 are above the Authority's ICE, they are aligned with market prices, and therefore deemed fair and reasonable as well.

The requested not-to-exceed contract authority per contract is based on adjusted Estimated Annual Usage calculated by the Authority's Materials Management Department. These Annual Usages represent the current quantity in gallons of oils, coolants, and lubricants that the Authority expects to consume per year. However, the Authority will place orders as needed.

Disadvantaged Business Enterprise (DBE) Program Requirements

This procurement does not involve Federal funds, therefore, the DBE Program is not applicable.

Budget Impact

The cost of the oils, coolants, and lubricants that will be purchased under these contracts will be covered by the Materials Management operating budget for Fiscal Year 2024 for the base term, and Fiscal Year 2025 for the option term if exercised.

Next Steps

Upon Board approval, the Authority will execute contracts with Hasco, SC Commercial, and Jankovich. The Authority will place delivery orders for oils, coolants, and lubricants as needed, based on the fixed pricing included in the contracts.

The Authority will pursue a new procurement for Line Item 4 (OIL GEAR CASE F/D77 & D87 TRACTION MOTORS), which did not receive any responsive bids.

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Approved by: Arnold Hackett, Chief Financial Officer

Attachment(s)

[Presentation - Contract Nos. PO924A-24, PO924B-24, and PO924C-24 - Oils, Coolants, and Lubricants](#)