

Agenda Report Details (With Text)

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Title: BLANKET PURCHASE ORDER FOR CHEVRON 5200 LOW ASH 40 OIL
Sponsors: Rob Thompson
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Attachments: 1. Agenda Report, 2. File Summary

Date	Ver.	Action By	Action	Result
7/1/2020	1	OPERATIONS COMMITTEE		

FROM: James D. Herberg, General Manager
Originator: Rob Thompson, Assistant General Manager

SUBJECT:

BLANKET PURCHASE ORDER FOR CHEVRON 5200 LOW ASH 40 OIL

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

- A. Approve Blanket Purchase Order for the purchase of Chevron 5200 HDAX Low Ash 40 Lubricating Bulk Oil, per Specification No. C-2020-1154BD, for the period beginning August 1, 2020 through July 31, 2021, with four, one-year renewal options, with the following three qualified firms, for a combined total amount not to exceed \$175,000 per year:
1. Dal Chem, Inc. (DBA Alexis Oil)
 2. Southern Counties Lubricants, LLC
 3. Southern Counties Oil Co., a CA Limited Partnership (DBA SC Fuels); and
- B. Approve an annual contingency of \$8,750 (5%).

BACKGROUND

The Orange County Sanitation District (Sanitation District) has a Central Generation facility at each treatment plant to convert biogas to electricity and heat to support the plant recycling process. The Central Generation facilities utilize Cooper Bessemer LSVB engines as prime movers. Plant No. 1 utilizes three 12-cylinder engines each with a 2.5 MW generation capacity and 900 gallon oil capacity. Plant No. 2 uses five 16-cylinder engines each with a 3 MW generation capacity and 1600 gallon oil capacity.

Chevron 5200 HDAX Low Ash 40 Lubricating Oil is used in the Cooper Bessemer LSVB Engines. Chevron 5200 HDAX Low Ash 40 Lubricating Oil is the equipment manufacturer's recommended lubricating oil for use in the engines. The Sanitation District had an independent study conducted to analyze and identify if other oils were recommended for the engines. The findings of the study recommend continued use of Chevron 5200 HDAX Low Ash 40 Lubricating Oil with no substitutes to prevent incompatible mixing of oil types.

The blanket purchase order will benefit the Sanitation District in having a competitively bid purchasing mechanism to buy bulk oil from qualified vendors. The qualified vendors will be offered the opportunity to quote on individual oil purchases, and the purchase will be awarded to the vendor with the lowest quote. Cumulative purchases from all qualified vendors will not exceed \$175,000 per year.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- 24/7/365 treatment plant reliability
- Maintain a culture of improving efficiency to reduce the cost to provide the current service level or standard

PROBLEM

The Sanitation District uses a significant amount of engine oil for its Cooper Bessemer engines. Mixing of engine oil types, additives, or using remanufactured oil represents a risk of incompatibility or sludging to the engine systems and is not recommended. A competitive solicitation for each purchase of bulk oil is desired, but can be delayed by bid protests by vendors trying to substitute other products.

PROPOSED SOLUTION

Approve a blanket purchase order with qualified vendors identified through the Request for Qualification (RFQ) process to purchase Chevron 5200 HDAX Low Ash 40 Lubricating Bulk Oil. Individual bulk oil purchases will be made as needed by obtaining quotes from each qualified vendor.

TIMING CONCERNS

This blanket purchase order will allow for the timely purchase of oil in the event of oil contamination or oil loss, preventing extended power supply loss and maintaining compliance.

RAMIFICATIONS OF NOT TAKING ACTION

The Sanitation District will not have any means to purchase Chevron 5200 HDAX Low Ash 40 Lubrication Oil in a timely manner for any time-sensitive events.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

On April 21, 2020, through the RFQ process, the Sanitation District solicited Statements of Qualifications (SOQs). The Sanitation District received responses from the following vendors:

1. Dal Chem, Inc. (DBA Alexis Oil)
2. Southern Counties Lubricants, LLC
3. Southern Counties Oil Co., a CA Limited Partnership (DBA SC Fuels)

The responses were evaluated, all vendors met the requirements of the RFQ, and were deemed responsive and responsible.

Staff recommends approval of a blanket purchase order for bulk oil which will be purchased as needed based on obtaining quotes from all qualified vendors at the time of purchase.

CEQA

N/A

FINANCIAL CONSIDERATIONS

This request complies with authority levels of the Sanitation District's Purchasing Ordinance. This recommendation will be funded under the Repair and Maintenance line item for Operations and Maintenance Department (Proposed Budget Fiscal Year 2020-21). The proposed available funding is sufficient for this action.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

N/A

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