

AWARDING OF BIDS

1. BIO DIESEL FUEL (CHANGE ORDER)

At its September 2010 meeting, the Board authorized a contract with Petroleum Traders Corporation for the purchase of Bio Diesel Fuel over a one-year period with an option for an additional one-year period.

The contractor has been providing good service and staff would like to exercise the option period to allow it to continue to monitor current market prices for Calendar Year 2012 and lock into a fixed market price at a time of its discretion.

RECOMMENDATION: That a contract amendment be executed with Petroleum Traders Corporation to exercise the additional one-year option period in the estimated amount of \$22,247,784.00.

2. CATALYTIC EXHAUST MUFFLER (DIESEL ENGINE)

This bid was publicly advertised and ebusiness bid documents were distributed. Five firms accepted the bid invitation and four bids were received for the purchase of Catalytic Exhaust Mufflers for use in the maintenance of Port Authority's various coaches over a two-year period.

RECOMMENDATION: That a contract be awarded to the lowest responsible bidder which submitted a responsive bid, Penn Detroit Diesel-Allison, in the amount of \$104,850.00.

This price represents approximately a 70 percent increase from the previous bid price paid two years ago. The low bid unit price is \$1,071 less than the second bidder's pricing for this item. The increase in pricing from the previous contract is attributed to the price increases in the precious metals contained within the unit. Currently, platinum sells for \$1,000 per ounce, palladium sells for \$320 per ounce, and rhodium sells for \$6,000 per ounce. A typical catalytic exhaust muffler contains a small amount of each of these elements to stimulate a chemical reaction in which the by-products of combustion are converted to produce a less-harmful exhaust emission. Catalytic exhaust mufflers are mandated by the EPA to be used on diesel engines to reduce emissions.

3. COACH REPLACEMENT PARTS (ALTERNATOR)

This bid was publicly advertised and ebusiness bid documents were distributed. A total of 12 firms accepted the bid invitation and eight bids were received for the purchase of Coach Replacement Parts (Alternator). These parts are used to service and maintain the Niehoff alternators in the fleet.

RECOMMENDATION: That a contract be awarded to the lowest responsible bidder which submitted a responsive bid, Diesel Equipment, in the amount of \$287,367.48.

There has been no recent purchase of these parts, however, the price has been determined to be fair and reasonable and within the funds budgeted.

4. LEASING & SERVICING OF COACH TIRES (CHANGE ORDER)

At its June 2008 meeting, the Board authorized a contract with Michelin Tire to provide Leasing & Servicing of Coach Tires over a three-year period with an option for an additional two-year period.

The contractor has been providing good service and staff would like to exercise the option period to allow it to continue this service over the next two-year period beginning September 2011. Staff has monitored the pricing of products that are used to produce tires such as Natural Rubber (NR) (50 percent of a tire is made of NR) and various petroleum products (used in producing tires) during recent months and has noted an increase in Natural Rubber Pricing of over 240 percent since February 2009.

RECOMMENDATION: That a contract amendment be executed with Michelin Tire to exercise the additional two-year option period in the estimated amount of \$4,133,100.00.

RESOLUTION

RESOLVED, that recommendations as set forth in the report are accepted and that the chief executive officer or chief financial officer be, and they hereby are, authorized and directed to execute such documents on behalf of Port Authority of Allegheny County as shall be required for the entry of proper contracts covering those items recommended for acceptance.