To: Chairman Skinner and the VRE Operations Board  
From: Doug Allen  
Date: September 16, 2016  
Re: Authorization to Execute a Contract for Delivery of Lubricating Oil for VRE Locomotives

Recommendation:

The VRE Operations Board is asked to authorize the Chief Executive Officer to execute a contract with Quarles Petroleum, Inc. of Fredericksburg, VA for the Delivery of Lubricating Oil for VRE Locomotives in the amount of $408,310 (approximately $81,662 annually), plus a 10% contingency of $40,831, for a total amount not to exceed $449,141, for a base year and 4 option years, with the CEO exercising the option years at his discretion.

Background:

VRE Locomotives consume various types of lubricating oils. Therefore, routine bulk delivery is required.

On March 18, 2016, the VRE Operations Board approved a request to issue an Invitation for Bids (IFB) for the Delivery of Lubricating Oil for VRE Locomotives. A mailing list of seven (7) prospective Bidders was established for the solicitation to ensure access to adequate sources of services before the current contract expires in October of 2016. On July 5, 2016, an IFB was issued and bids were due on August 8, 2016. One (1) response was received. The staff conducted a survey to determine why only a single bid was received and is satisfied with the result.
The following reasons were given for why Bidders did not respond to the solicitation:

- *The lubricating oil is a specialized lubricant which is not readily available.*
- *Not their area of expertise.*
- *Notice of solicitation overlooked*

The staff has also certified the price is fair and reasonable based on an Independent Cost Analyses.

The bid abstract is as follows:

<table>
<thead>
<tr>
<th>Bidders</th>
<th>Bid Amount</th>
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<tbody>
<tr>
<td>1. Quarles Petroleum, Inc.</td>
<td>$81,662.00</td>
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After review of the bids, it was determined that Quarles Petroleum, Inc. was the lowest responsive-responsible bidder. Quarles Petroleum, Inc. has successfully delivered lubricating oil for VRE under an existing contract executed in 2013.

**Fiscal Impact:**

The FY 2017 Equipment Operations budget includes funding of $81,662 for the first contract year. Funding will be provided through the Equipment Operations operating budget for future years.
Virginia Railway Express
Operations Board

Resolution
8B-09-2016

Authorization to Execute a Contract for
Delivery of Lubricating Oil for VRE Locomotives

WHEREAS, VRE currently uses several types of lubricating oils for VRE locomotives; and,

WHEREAS, the current lubricating oil delivery services contract expires in October 2016; and,

WHEREAS, it was determined that Quarles Petroleum, Inc. was the lowest responsive-responsible bidder;

NOW, THEREFORE, BE IT RESOLVED THAT, the VRE Operations Board does hereby authorize the Chief Executive Officer to execute a contract with Quarles Petroleum, Inc. of Fredericksburg, VA for the Delivery of Lubricating Oil for VRE Locomotives in the amount of $408,310 (approximately $81,662 annually), plus a 10% contingency of $40,831, for a total amount not to exceed $449,141. The contract will be for a base year and 4 option years, with the VRE CEO exercising the option years at his discretion.

Approved this 16th day of September 2016

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Gary Skinner
Chairman

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Maureen Caddigan
Secretary