

MEMORANDUM

To: Finance Committee
From: Norman S. Heitmann, III, City Solicitor
Date: December 8, 2014
Re: Bids for antifreeze, lubricating oils and greases

In August the City put out a Request for Bids for antifreeze, lubricating oils and greases. Three companies responded to the request. Their bids are attached. The attachment does not set out the final costs to the City. They are: Dennison Lubricants - \$51,807; Dysarts Lubricants - \$55,704 and GH Berlin Windward - \$56,644. Staff recommendation upon review of the bids was to award it to Dysarts Lubricants of Hermon. Dysarts was not the low bid. The low bid was from Dennison Lubricants. The reasons given for not awarding the bid to the low bidder was 1) the bulk oil bid is a new release from Nu-Tier Brand and has no experience in the market in New England, 2) they could not supply the same oil in cases and in bulk for the diesel engine oil (Dennison's response to the request for diesel engine oil in bulk was a Gulf product and in cases a Shell product), and 3) the request was for synthetic motor oil 5-20 and 5-30 in 6 gallon containers and the Dennison bid was 5 gallon pails. All the bidders were notified.

Upon being notified that they were not to be awarded the bid, Dennison gave the City a notice of its appeal of the recommendation. The City's Procurement Policy provides that a bidder who is "aggrieved in connection with the solicitation of award of a bid" may protest to the City Council". During the "protest" no action is to be taken on the award of the bid. The Procurement Policy also provides that the bidder and the City should try to seek a resolution of the complaint. Upon receipt of the protest from Dennison the Finance Director requested me to contact representatives of Dennison Lubricants to discuss the matter to see if we could reach a resolution.

I reviewed the documents, spoke with Bob Dawes, Supervisor of Fleet Maintenance, met with Finance Director Cyr and Assistant City Manager Robert Farrar and spoke with Brian and Tim Dennison of Dennison Lubricants. Bob Dawes primary concern with awarding the bid to Dennison Lubricants is that the diesel engine oil is a new product and does not have experience in the New England Market. Obviously, knowing how the product will work in colder climates is important. Dennison has assured the City that the product can perform in colder climates and provided information from Gulf Oil (attached). The Gulf Oil is the base to which additives are mixed. Dennison Lubricants, a Massachusetts company, has a location in Gardner and contracts with the State of Maine DOT, Portland, Belfast, Brunswick and others. However, as noted above, we are not aware that, the "Gulf Oil mix" proposed has not been used by anyone in cold climates to date.

After reviewing the additional information provided by Dennison Lubricants Bob Dawes still has concerns about the Gulf product and remains convinced that it is in the best interest of the City that the bid be awarded to the next lowest bidder, Dysarts Lubricants.

Although given that Bob Dawes' recommendation is just that, a recommendation, and not a final decision and the protest/appeal may have been premature, it was, in my opinion appropriate for

Dennison Lubricants to err on the side of caution and give the City notice of its appeal and for the City staff to attempt to see if a resolution could be reached.

The decision for the Committee is to award the bid. Any bidder who may feel aggrieved by the Committee's decision has a right to appeal to the City Council. Therefore, if the Committee accepts Bob Dawes' recommendation and Dennison Lubricants continues its appeal the final award of the bid will be on the next City Council agenda.

Staff will be present at the Committee meeting to answer any questions. Representatives of all three bidders will be at the Finance Committee meeting to address the Committee if needed.

City of Bangor Bid Tabulation
 Bid No. B15-001: Antifreeze, Lubricating Oils & Greases
 Bid Opening: 9-10-14

Item	Description	Dennison Lubricants Laheville, MA		Dysarts Lubricants Herron, ME		GH Berlin Windward Hampden, ME	
		Unit Price	Unit	Unit Price	Unit	Unit Price	Unit
1	Diesel Engine Oil: SAE 10W30: Semi Synthetic: Bulk Supply Gal. / Case (6 per case) Quart. / Case (12 per case)	\$7.68 \$48.85 NA		\$9.50 \$50.18 NA		\$9.32 \$15.12 \$4.04	 3 per case 6 per case
2	Automotive Engine Oil: SAE 5W30: Fully Synthetic: 6 gallon container per gallon Quart. / Case (12 per case)	\$47.47 \$31.91	5 Gal. Pail	\$54.72 \$41.96		\$16.60 \$3.75	6 per case
3	Automotive Engine Oil: SAE 5W20: Fully Synthetic: 6 gallon container per gallon Quart. / Case (12 per case)	\$47.47 \$31.91	5 Gal. Pail	\$59.60 \$41.96		\$16.60 \$3.75	6 per case
4	Multipurpose HD 80W90 Extreme Pressure Gear Oil: 120 lb. Kegs 5 Gal. Pails Quart. / Case (12 per case)	\$129.69 \$37.88 \$35.68		\$150.00 \$42.00 \$30.91		\$166.15 \$45.00 \$5.99	 6 per case 6 per case
5	Universal Hydraulic Tractor Fluid: Bulk Supply per gallon	\$6.04		\$6.15		\$6.65	
6	Extreme Pressure Lithium Complex High Temperature Grease: 120 lb. Kegs 5 Gal. Pails	\$249.75 \$72.51		\$275.61 \$75.43		\$271.11 \$83.50	
7	Universal Synthetic Blend Automatic Transmission Fluid: Bulk Supply per gallon Gallon/Case per gallon Quart/Case per quart	\$61.17 \$7.82 NA \$46.23	30 tubes per case (\$2.04 a tube)	\$115.83 \$9.45 NA \$20.26	50/14oz Tubes	\$23.65 \$10.46 NA \$3.64	per 10 cartridges
8	Full Synthetic Automatic Transmission Fluid: 55 Gallon Drum per gallon Quart/Cases per quart	\$1,461.13 NA		\$1,624.00 \$192.99	6/1 Gal	\$14.52 \$3.64	
9	Synthetic Extreme Pressure Gear Oil 75W90: 55 Gal. Drums Quart/Cases (12 per case)	\$905.76 \$129.47		\$1,138.70 \$56.22		\$1,138.78 \$6.77	
10	#00 Off Highway and Construction Grease with 3% Molybdenum: onboard grease systems: 120lb. keg 5 Gallon Pail	\$310.84 \$113.87		\$532.39 \$156.48		\$334.33 \$99.45	
11	Premium Hydraulic Oil for Dielectric Protection: 55 Gal. Drum per gallon 120lb. keg per gallon	\$730.27 \$75.00		\$572.00 NA		\$13.28 NA	
12	Antifreeze: Extended Life Antifreeze/Coolant for Heavy Duty/Gasoline Engines: Pre-mix 50-50: 55 Gallon Drum/gal Pre-mix per gallon 100% Gallons (6 per case)	\$494.35 \$8.99 \$68.04		\$378.87 \$44.10 \$63.84		\$7.50 \$7.98 \$13.50	
13	DEF Fluid: 250 Gal. tote per gallon Gallon Jugs	\$1.74 \$13.41	4/1 Gal. case	\$1.60 \$16.62	2-2.5 Gal. in case	\$1.84 \$3.42	275 Gal. tote

Heitmann, Norman

From: Brian Dennison [briand@denlube.com]
Sent: Thursday, October 23, 2014 4:27 PM
To: Heitmann, Norman
Subject: FW: City of Bangor - Oil and lubricant contract
Attachments: Gulf Lubricants Engine Warranty.pdf

Norm here is the formal response by Gulf below. As they state below the additive/base oil technology is the same as the current 15W40 product we are selling to hundreds of customers in New England. I would be more than happy to provide you with a list of customers using the 15W40 Gulf product. Some of these customers will be switching over to this product this winter.

Unfortunately because the product is so new we do not have anyone that has used the 10W30 product for a period of time. Like I said before what really matters is the product specifications and the OEM approvals which Gulf has. In order to have these approvals they would have to have several thousands of miles of test data to get approved. I also attached Gulf engine warranty to help alleviate any concerns you may have.

Please contact me with any questions or if you would like I could meet with you face to face as I am in Bangor until Saturday. I am an alumni at UMaine in Orono and we are doing a large corporate sponsorship up here to be the Official Oil Distributor of the Black Bears!

Brian Dennison

From: Mike Labus [mailto:mike1504@nu-tierbrands.com]
Sent: Wednesday, October 22, 2014 6:04 PM
To: 'Brian Dennison'
Cc: 'Leigh Smith'; Pat Boss
Subject: RE: City of Bangor - Oil and lubricant contract

Hello Brian,

Gulf Synthetic Blend Super Duty Plus 10W-30 is really not a new product, it is however, a new viscosity grade. It utilizes the same superior additive technology and proven base oils that's been formulated into literally hundreds of thousands of gallons of Gulf Full Synthetic 5W-40, Synthetic Blend 15W-40 and conventional Super Duty Plus 15W-40.

We introduced this fuel efficient lubricant into our family of **Heavy Duty Engine Oils** to offer our customers a premium diesel engine oil capable of fuel economy improvement in Class 6 and 8 trucks relative to conventional SAE 15W-40 diesel motor oils. Often manufacturers of synthetic blend engine oils use only a small percentage of synthetic component and identify their product as a "semi-synthetic" or "part synthetic". While we consider the level of synthetic in our products to be proprietary, be assured there is sufficient synthetic ingredient to impart measurably improved performance.

With this optimum level of synthetic oil combined with premium conventional base oil, improvements in oxidation stability, and high and low temperature protection produces exceptional performance. At subfreezing temperatures **Gulf Synthetic Blend SD Plus 10W-30** will have better flow and pumpability performance compared to conventional mineral oils. This low temperature performance benefits your engine with better lubrication at subfreezing temperatures, and quicker starts, which means less work for your starting system. In addition, **Gulf Synthetic Blend Super Duty Plus 10W-30** has potential of extending oil drain intervals when coupled with a well maintained oil analysis program.

Super Duty Plus Synthetic Blend 10W-30 is licensed and approved for API Service Categories CJ-4, CI-4 Plus and SN for use in modern on-highway, low emission diesel engines with Selective Catalytic Reduction (SCR), Diesel Particulate Filter

(DPF) and Exhaust Gas Recirculation (EGR). It also meets the requirements of Caterpillar ECF-3, Cummins CES 20081, DDC 93K218, Mack EO-O Premium Plus, and is ***compatible with previous engine models and previous API oil service categories.***

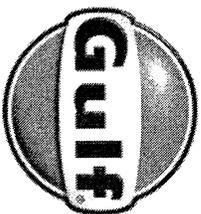
Attached, is a **Gulf Heavy Duty Engine Oil Warranty** that guarantees our HD lubricants meet or exceed the specifications stated by **Gulf Lubricants / Nu-Tier Brands**, and that they are free from defects. This is an excellent selling tool to present your customer(s) showing you are offering a quality, trustworthy brand of lubricant.

Brian, I hope these talking points may be of some benefit in landing this new business for Dennison. As you know, for years we have had numerous heavy duty fleets in the northeast using Gulf Super Duty Plus Engine Oil. The additive chemistry and base oil combination used to formulated Gulf Heavy Duty Engine Oils has proven to provide outstanding performance and protection for these HD fleets.

Best regards,

Mike Labus

Mike Labus
Manager Technical Service
Gulf Lubricants / Nu-Tier Brands, Inc
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Gulf Lubricants

Heavy Duty Engine Oil Warranty

Gulf Lubricants warrants that Gulf Super Duty Plus Heavy Duty Engine Oil and Gulf Super Duty Select are formulated to meet or exceed the performance requirements of most domestic and foreign diesel engines. Gulf will pay for parts and labor for engines to the extent that damage was directly related to the failure of the Gulf branded lubricant to conform to its specifications or comply with its written product performance claims while the engines in use are operated under normal operating conditions and maintained in accordance with manufacturers' recommendations.

To submit claims under this warranty, please contact your Gulf Territory Sales Manager. You will be required to submit an oil sample from the failed engine as well as historical records showing the engine was serviced at manufacturer recommended intervals and that the Gulf branded lubricant was in service for a reasonable length of time. Gulf Lubricants reserves the right to examine the failed parts, take samples, and perform lab tests on the samples.

Customer Name: _____

City, State: _____

Nu-Tier Brands, Inc.

Under License from Gulf Oil Limited Partnership