



Board Report

File #: 2016-0448, File Type: Contract

Agenda Number: 26.

REVISED
SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE
OCTOBER 20, 2016

SUBJECT: BUS TIRE LEASING & MAINTENANCE SERVICES

ACTION: APPROVE CONTRACT MODIFICATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to execute Modification No. 5 for Contract No. OP31202523 with Goodyear Tire & Rubber Company to **extend bus tire leasing and maintenance services for up to twelve (12) months**, for the period covering December 1, 2016 through November 30, 2017, in an amount not to exceed \$7,951,670, increasing the total not to exceed contract amount from \$41,138,647 to \$49,090,317.

ISSUE

This Contract Modification is required as both firms who submitted proposals in response to RFP No. OP14573, issued on April 7, 2016, seeking a new contractor for these services, were deemed non-responsive to the Disadvantaged Business Enterprise requirement.

The extension is needed in order to re-procure these services, evaluate submittals, and make an award recommendation. Outreach discussions with potential contractors will also be conducted during the interim period.

DISCUSSION

Metro's fleet consists of approximately 2,119 buses of which 1,749 have six tires per bus and 370 articulated buses (Artics) have ten tires per bus that require proper maintenance and service on a regular basis for a total of 14,194 tires. This Contract pertains to leased tires for the revenue fleet as well as tire maintenance services for both the revenue and non-revenue fleets. Non-revenue tires are purchased under a separate contract, but are mounted and balanced under the bus tire leasing and maintenance services contract.

Leased costs are based on actual bus (tire) mileage, plus a fixed monthly service rate of a per tire

sales/use tax. Included in this service contract is the remediation of all spent tire castings and a comprehensive tire maintenance program. The tire maintenance program includes tire rotation, mounting, regrooving, recapping, balancing, airing, and wheel refurbishing. Furthermore, the monthly service rate also includes tire maintenance and service for Metro's non-revenue fleet.

DETERMINATION OF SAFETY IMPACT

Approval of the recommendation will have a positive impact on safety. As the buses in Metro's fleet wear through tires, they are regularly replaced as part of a preventative maintenance plan to ensure safe operation of the buses. This Contract Modification guarantees Metro has the capability of replacing tires on its fleet.

FINANCIAL IMPACT

Funding of \$4,638,473 for this Contract Modification is included in the FY17 budget in cost center 3120, Quality Assurance, under project 306002, Operations Maintenance and line item 50421, Tires Revenue Equipment. Since this is a multi-year contract, the Senior Executive Officer and cost center manager will be accountable for budgeting the cost in future years.

Impact to Budget

Funding for this action will come from the Enterprise Operating fund. The source of funds will be from Federal, State and local funding sources that are eligible for Bus and Rail Operating Projects. These funding sources will maximize the use of funds for these activities.

ALTERNATIVES CONSIDERED

There are two alternatives considered. One alternative is a purchase tire program rather than a lease tire program. Additionally, Metro personnel would perform the required tire service. This alternative is not recommended because of the increased labor cost to Metro and the added responsibility of properly disposing thousands of waste tire castings. The second alternative is to have a lease tire program and have Metro personnel provide the required tire service. This alternative is not recommended because of increased labor cost to Metro. Furthermore, the proposed contracting method greatly reduces Metro's risk and eliminates the responsibility for the removal, transportation and disposal of waste tires.

NEXT STEPS

Upon Board approval, staff will execute Modification No. 5 for Contract No. OP31202523 with Goodyear Tire & Rubber Company to continue providing bus tire leasing and maintenance services.

ATTACHMENTS

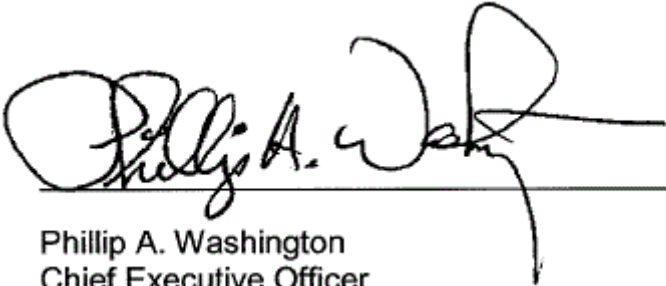
Attachment A - Procurement Summary
Attachment B - Contract Modification/Change Order Log
Attachment C - DEOD Summary

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