



City of Culver City

Staff Report

File #: 18-01092, Version: 1

Item #: C-11.

CC - Approval of a Three-Year Agreement with Michelin North America Inc. for the Lease of Transit Bus Tires in an Amount Not-to-Exceed \$439,280 (\$236,913.54 Base Amount Plus \$181,747.20 for Two One-Year Options and \$33,493.26 in Contingency Authority)

Meeting Date: April 23, 2018

Contact Person/Dept: Paul Condran/Transportation

Phone Number: (310) 253-6520

Fiscal Impact: Yes No

General Fund: Yes No

Public Hearing: **Action Item:** **Attachments:**

Commission Action Required: Yes No **Date:**

Public Notification: (E-Mail) Meetings and Agendas - City Council (04/18/18);

Department Approval: Art Ida (04/11/18)

RECOMMENDATION

Staff recommends the City Council approve a three-year agreement with Michelin North America, Inc. in an amount-not-to-exceed \$439,280 (\$236,913.54 base amount plus \$181,747.20 for two one-year options and \$33,493.26 in contingency authority) for lease of tires for the City's transit bus fleet.

BACKGROUND/DISCUSSION

The City of Culver City's transit bus fleet consists of 56 buses, all of which have six tires each. These tires are highly specialized for use on heavy duty buses in urban environments and require proper maintenance and service on a regular basis. It has been a long standing practice for the City of Culver City to contract bus tire leasing. Leasing bus tires saves the Transportation Department an estimated \$80,000 per year over purchasing tires.

Based on mileage rates and tire costs, it continues to be more cost effective and efficient for the City to lease transit bus tires rather than purchase them. Moreover, a lease agreement greatly reduces the risk of potential tire disposal-related fines and product liability issues.

Contracting bus tire leasing is a standard practice in the transit industry. Most public transit agencies throughout the nation contract tire leasing services including Los Angeles Metropolitan Transportation Authority, Long Beach Transit Authority, and Santa Monica Big Blue Bus. The City's existing tire lease contract with The Goodyear Tire & Rubber Company is set to expire on April 30, 2018.

On February 8, 2018, staff released a Request for Proposal (RFP #1835) to qualified firms. Additionally, the request was posted on the City's website, and published in the February 8, 2018 edition of the *Culver City News*.

Proposals were received from The Goodyear Tire and Rubber Company and Michelin North America, Inc. Both proposals were technically acceptable. References for both proposers were checked and both of the proposers were rated satisfactory. Staff further evaluated proposals based on additional weighted factors including the firm's qualifications and proposed pricing in order to determine the best value to the City. The Transportation Department has been with The Goodyear Tire and Rubber Company for the past 18 years.

Michelin's proposal was thorough, comprehensive and met the qualifications of the scope of work, including the base contract price of \$418,661 for five (5) years of the contract. This proposal has been determined to be fair and reasonable based upon an extensive evaluations including price analysis and reference checks. Goodyear's price proposal was \$567,923.70, significantly higher than the price offered by Michelin. Because both of the proposals were technically similar, and met the qualifications and requirements of the scope of work and the federal requirements, Transportation Department staff recommends the City Council approve an agreement with Michelin North America, Inc.

FISCAL ANALYSIS

Funds for the leasing of tires for transit buses are included in the Transportation Department's Fiscal Year 2017-18 Adopted Budget and available from Transportation Account number 20370303.732120. Subsequent funding in future fiscal years will be appropriated during the fiscal budget process.

Summary total of anticipated expenses under these terms:

Base Proposal (Years 1-3):	\$236,913.54
Option (Years 4 and 5):	\$181,747.20
5% Contingency:	<u>\$33,493.26</u>
Total Contract Expense:	\$439,280

ATTACHMENTS

None

MOTION

That the City Council:

- 1) Approve a three-year agreement with Michelin North America, Inc. in an amount not-to-exceed \$439,280 (\$236,913.54 base amount plus \$181,747.20 for two one-year options and \$33,493.26 in contingency authority) for transit bus tire leasing; and,
- 2) Authorize the City Attorney to review/prepare the necessary documents; and,
- 3) Authorize the City Manager to execute such documents on behalf of the City.