



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

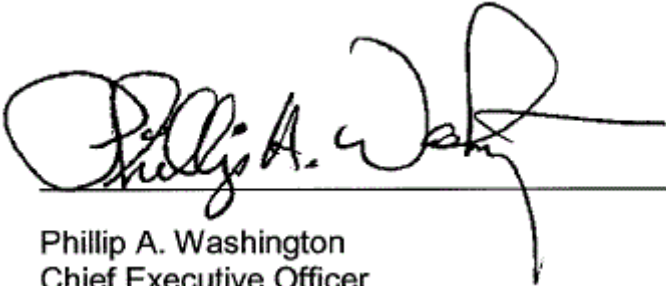
Attachment A - Procurement Summary
Attachment B - Contract Modification/Change Order Log
Attachment C - DEOD Summary

Prepared By: Matt Dake, Sr. Director, Equipment Maintenance, Quality Assurance, 213-922-5797

Chris Reyes, Principal Transportation Planner, 213-922-4808

Reviewed By: James T. Gallagher, Chief Operations Officer, 213-922-4424

Debra Avila, Chief, Vendor/Contract Management Officer, 213-418-3051



Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

BUS TIRE LEASING & MAINTENANCE SERVICES / OP31202523

1.	Contract Number: OP31202523		
2.	Contractor: Goodyear Tire & Rubber Company		
3.	Mod. Work Description: Extend Contract expiration and increase contract authority		
4.	Contract Work Description: Bus tire leasing and maintenance services		
5.	The following data is current as of: September 14, 2016		
6.	Contract Completion Status		Financial Status
	Contract Awarded:	9/1/10	Contract Award Amount: \$24,068,859
	Notice to Proceed (NTP):	N/A	Total of Modifications Approved: \$17,069,788
	Original Complete Date:	8/31/15	Pending Modifications (including this action): \$7,951,670
	Current Est. Complete Date:	11/30/16	Current Contract Value (with this action): \$49,090,317
7.	Contract Administrator: Kenneth Takahashi		Telephone Number: (213) 922-1047
8.	Project Manager: James Jimenez		Telephone Number: (213) 922-5870

A. Procurement Background

This Board Action is to approve Contract Modification No. 5 issued in support of services for bus tire leasing and maintenance for revenue and non-revenue vehicles. This Contract Modification will be processed in accordance with Metro's Acquisition Policy and the contract type is a firm fixed unit price.

The competitively procured contract was awarded to Goodyear Tire & Rubber Company in July 2010 for a five-year period, inclusive of two, one-year options. However, the second one-year option term was inadvertently not exercised through a contract modification. Goodyear Tire & Rubber Company continued to provide Metro the bus tire leasing and maintenance services during this time period. Contract Modification No. 5 will rectify this oversight by formally recognizing the exercise of the second option year.

The Contract has been modified four times and will expire on November 30, 2016.

(Refer to Attachment B – Contract Modification/Change Order Log)

B. Cost/Price Analysis

The recommended price has been determined to be fair and reasonable based upon price analysis, comparison with recent proposal submittals, technical evaluation, and fact finding.

Proposal Amount	Metro ICE	Modification Amount
\$7,951,670	\$7,951,670	\$7,951,670

CONTRACT MODIFICATION/CHANGE ORDER LOG

BUS TIRE LEASING & MAINTENANCE SERVICES / OP31202523

Mod. No.	Description	Status (approved or pending)	Date	\$ Amount
1	Administrative notification of responsible contract administrator	Approved	3/3/11	\$0
2	Exercise Option Year <u>Number 1</u>	Approved	8/12/13	\$8,382,470
3	Exercise Option Year 2 Extend period of performance to <u>August 31, 2016</u>	Approved	7/30/15	\$8,687,318
4	Extend period of performance to November 30, 2016	Approved	7/14/16	\$0
5	Extend Period of Performance and Increase Contract Authorization	Pending	Pending	\$7,951,670
	Modification Total:			\$25,021,458
	Original Contract:			\$24,068,859
	Total:			\$49,090,317

DEOD SUMMARY

BUS TIRE LEASING AND MAINTENANCE SERVICES / OP31202523

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not recommend a Disadvantaged Business Enterprise Anticipated Level of Participation (DALP) for this solicitation. Meeting the DALP was neither a condition of award nor an issue of responsiveness. Goodyear Tire & Rubber Company did not make a DBE commitment.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this contract.