



January 9, 2020

To: Transit Committee
From: Darrell E. Johnson, Chief Executive Officer *[Signature]*
Subject: Agreement for Lease and Full Service of Bus Tires

Overview

The Orange County Transportation Authority contracts for the lease and service of tires at all operating bases, including contractor-operated bases for all revenue vehicles. Bids were received in accordance with the Orange County Transportation Authority procurement procedures for competitive sealed bids. Board of Directors' approval is requested to execute the agreement.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-9-1354 between the Orange County Transportation Authority and Bridgestone Americas Tire Operations, LLC, in the amount of \$10,245,764, for the lease and full service of bus tires for a five-year term.

Discussion

The Orange County Transportation Authority (OCTA) contracts for the lease and service of bus tires at all bus bases. The contractor provides trained service personnel at all five operating bases to mount and dismount the tires from wheels, balance wheels, keep tires inflated to the recommended pressure, make repairs to tires to ensure tires are in proper operating condition, and paint or powder coat steel wheels as requested by OCTA. OCTA pays a fixed cost per mile to the contractor for each tire that is used, for service personnel, for damaged tires based on remaining useful life, and per wheel for painting the steel wheels. Additionally, OCTA pays for the remaining useful life of the tires when buses are retired and the title is transferred to another entity.

The leasing of tires and the provision of tire service by a contractor is a common industry practice, and OCTA has engaged these services for its revenue vehicles since 1973. This has proven to be cost effective in terms of material and labor

resources. Tire leasing and full service is provided for more than 800 OCTA-owned revenue vehicles.

The current agreement for these services will expire on April 30, 2020.

Procurement Approach

This procurement was handled in accordance with OCTA Board of Directors (Board)-approved procedures for materials and equipment greater than \$50,000. These procedures, which conform to both federal and state requirements, are used when minimum requirements can be clearly specified and, therefore, the lowest price is the only criterion for choosing among the bidders who are responsive and responsible after a sealed bid process.

On September 9, 2019, the Board authorized the release of Invitation for Bids (IFB) 9-1354 through OCTA's CAMM NET system. The project was advertised on September 10 and 17, 2019, in a newspaper of general circulation. A pre-bid conference and job walk were held on September 19, 2019, and was attended by two firms. Two addenda were issued to post the pre-bid conference registration sheets, respond to questions received, and handle administrative issues related to the IFB. On October 29, 2019, three bids were received and publicly opened.

All bids were reviewed by staff from both Contracts Administration and Materials Management and Maintenance departments to ensure compliance with the contract terms and conditions, and technical specifications. The list of bidders and bid amounts, which include mileage charges, tire service, estimated damaged tire charges, and sales tax are presented below:

<u>Firm and Location</u>	<u>Bid Amount</u>
Bridgestone Americas Tire Operations, LLC Nashville, Tennessee	\$10,245,764
The Goodyear Tire & Rubber Company Akron, Ohio	\$10,781,258
Michelin North America, Inc. Greenville, South Carolina	\$11,312,456

The OCTA project manager's estimate for this project was \$12,000,000. The recommended firm's bid is about 14.6 percent below the project manager's estimate and is considered by staff to be fair and reasonable.

State law requires award to the lowest responsive, responsible bidder. As such, staff recommends award to Bridgestone Americas Tire Operations, LLC, the lowest responsive, responsible bidder, in the amount of \$10,245,764, for lease and full service of bus tires.

Fiscal Impact

The project was approved in OCTA's Fiscal Year 2019-20 Budget, Operations Division, various accounts, and is funded through the Local Transportation Fund.

Summary

Based on the information provided, staff recommends the Board authorize the Chief Executive Officer to negotiate and execute Agreement No. C-9-1354, between the OCTA and Bridgestone Americas Tire Operations, LLC, in the amount of \$10,245,764, for the lease and full service of bus tires for a five-year period.

Attachment

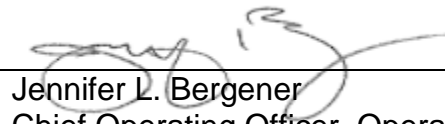
None.

Prepared by:

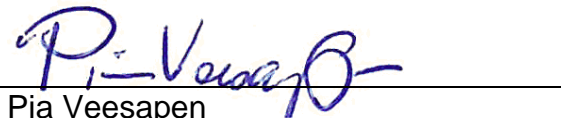
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