



Board Report

File #: 2023-0211, File Type: Contract

Agenda Number: 22.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE MAY 18, 2023

SUBJECT: BUS TIRE LEASING & MAINTENANCE SERVICES

ACTION: APPROVE CONTRACT MODIFICATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to execute Modification No. 8 to Contract No. OP83932000-39383 with The Goodyear Tire & Rubber Company in the amount of \$11,671,134 (\$2,164,434 for FY23 and \$9,506,700 for FY24) to continue to provide bus tire leasing and maintenance services, increasing the contract value from \$41,908,927 to \$53,580,061, as well as extending the period of performance through June 30, 2024.

ISSUE

The Contract Modification will provide Metro bus divisions with uninterrupted bus tire and maintenance services for the transit bus fleet through June 30, 2024. This service contract aims to continue providing Metro with tire maintenance to ensure reliable service on its revenue bus fleet. In addition, the contract will continue to provide qualified and trained service personnel to perform tire inspections and maintain the Metro bus fleet in safe operating condition.

This action will allow staff sufficient time to re-procure these services through a competitive procurement process with opportunities for small business participation.

BACKGROUND

Metro's directly operated revenue bus fleet consists of close to 1,900 buses utilizing approximately 12,480 leased tires, traveling over 67 million miles annually. These tires require maintenance and service daily. In addition, this leased tire contract supports the revenue bus fleet and tire maintenance services for the Metro non-revenue fleets. Although non-revenue tires are purchased under a separate procurement, they 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. This service contract includes waste remediation of all spent tire castings and a comprehensive tire maintenance program. The tire maintenance program includes tire rotation, mounting, regrooving, recapping, balancing, inflating, and wheel refurbishing. The monthly service rate for the contract includes tire

maintenance and service for Metro's non-revenue fleet.

The contract with Goodyear Tire & Rubber Co. was effective as of October 1, 2017. Seven modifications occurred over the life of the contract due to Goodyear Tire & Rubber Co. changes to subcontractors and suppliers, expanded support requirements with the reactivation of Metro Division 10 during the refurbishment of the A Line (Blue Line), reduced support requirements with the closing of Metro Division 10 after completion of the refurbishment of the A Line (Blue Line), changes in firm fixed rates to the contract due to bus fleet changes, and expansion of the contract period of performance and contract value based upon existing staff authority.

DISCUSSION

Consistent and effective maintenance and servicing of bus tires is a fundamental requirement for bus service performance and reliability. The Metro revenue bus fleet travels over 180 thousand miles per day throughout Los Angeles County on city streets, freeways, and highways. Operating in a range of weather conditions from extreme heat to rain and on various road surface conditions. It is an operational necessity for the tires on the Metro fleet to be serviced, maintained, and replaced on a daily basis to limit service interruptions. The recommended contract modification will provide Metro with continuous bus tire maintenance and services to meet Metro bus fleet service requirements.

Bus tire leasing and maintenance services improve the customer experience by ensuring that Metro transit buses safely transport patrons to their destinations. The bus tire and maintenance service contract will ensure Metro bus divisions are well stocked with replacement tires, tire inspections on buses are performed on a nightly basis, tread depth and tire wear are closely monitored, air pressure is maintained and any tires showing abnormal wear are replaced prior to the bus being placed into revenue service.

The safety and security of both customers and operators are ensured by contracting these services with a company that can provide transit-rated tires and qualified service personnel to inspect and maintain the Metro bus fleet.

The contract modification will provide funding to support bus tire replacement and maintenance services in the amount of \$2,164,434 for FY23 and \$9,506,700 for FY24. The FY23 funding will cover costs associated with replacement tires, waste remediation of worn/defective tires, tire rotation, mounting, regrooving, recapping, balancing, inflating, and wheel refurbishing invoiced from April through June 30, 2023. Staff projections of contract authority did not sufficiently account for the additional mileage and associated lease costs from the service expansions that occurred in 2022, which resulted in a shortfall in contract authority for the remainder of the current contract period which expires on June 30, 2023. The contract modification will also provide funding for tire replacement and maintenance services in FY24.

Operations has taken proactive steps to avoid future contract forecast expenditure shortfalls with creation of an oversight team that monitors the remaining contract term, approved contract value, and projected remaining period of performance of existing contracts. The efforts of this new team are expected to avoid any future contractor performance beyond the approved contract authority.

Operations recognizes the absolute necessity for ensuring contract extensions and renewals are started and completed promptly and in accordance with internal schedules and timeliness to prevent contract lapses and service disruptions.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

Funding for this contract modification is included in the FY23 and FY24 budgets in the amount of \$2,164,434 for FY23 and \$9,506,700 for FY24 in cost center 3120, Quality Assurance, under project 306002, Operations Maintenance and line item 50421, Tires Revenue Equipment.

Impact to Budget

The current source of funds for this action includes Fares, Proposition A/C, Measure R/M, and Transportation Development Act. Use of these funding sources currently maximizes funding allocations given approved funding provisions and guidelines. These funds are operating eligible funds.

EQUITY PLATFORM

This action is anticipated to support safety and service quality on the Metro bus fleet, which serves marginalized groups and Equity Focus Communities (EFCs). Bus tire leasing and maintenance services will be performed by qualified service personnel that have experience performing these services. As part of a comprehensive bus maintenance program, bus tire leasing and maintenance will ensure buses remain in a State of Good Repair to provide uninterrupted transportation services for these underserved communities.

The Diversity and Economic Opportunity Department (DEOD) established a 5% Disadvantaged Business Enterprise (DBE) goal for Contract OP83932000-39383. The Goodyear Tire & Rubber Company is currently exceeding the overall commitment with a rate of 5.15% through the utilization of various DBE firms.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Bus tire leasing and maintenance services for Metro buses supports Strategic Goal 2: Deliver outstanding trip experiences for all users of the transportation system. The inspection and maintenance of tires on buses will eliminate unnecessary tire failures and service delays. This service will ensure patrons and Metro operators experience safe and reliable transportation services.

ALTERNATIVES CONSIDERED

Staff considered a purchase tire program rather than a lease tire program, where Metro personnel perform the required tire service. This alternative is not recommended because of the increased labor cost to Metro, increased liability, and the added responsibility of properly disposing of thousands of waste tire castings. Staff also considered a lease tire program where Metro personnel provide the required tire service. This alternative is not recommended because of increased labor cost and liability for any unforeseen events.

The existing contracting method greatly reduces Metro's risk and eliminates the responsibility for the removal, transportation, and disposal of waste tires.

NEXT STEPS

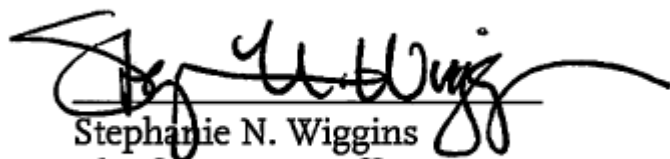
Upon Board approval, staff will execute Modification No. 8 to Contract OP83932000-39383 with The Goodyear Tire & Rubber Company to continue to provide bus tire leasing and maintenance services.

ATTACHMENTS

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

Prepared by: James Jimenez, Sr. Manager Environmental Compliance & Service, (213) 922-5870
James Pachan, Sr. Executive Officer, Bus Maintenance, (213) 922-5808
Debra Avila, Deputy Chief Vendor/Contract Management Officer, (213) 418-3051

Reviewed by: Conan Cheung, Chief Operations Officer, Transit Operations, (213) 418-3034



Stephanie N. Wiggins
Chief Executive Officer

PROCUREMENT SUMMARY

BUS TIRE LEASING AND MAINTENANCE SERVICES/OP83932000-39383

1.	Contract Number: OP83932000-39383		
2.	Contractor: The Goodyear Tire & Rubber Company		
3.	Mod. Work Description: Continue existing services and extend the period of performance from July 1, 2023 through June 30, 2024		
4.	Contract Work Description: Provide lease and maintenance of tires of Metro-operated bus fleet and servicing of non-revenue vehicle tires		
5.	The following data is current as of: 4/10/23		
6.	Contract Completion Status		Financial Status
	Contract Awarded:	10/1/17	Contract Award Amount: \$40,908,927
	Notice to Proceed (NTP):	N/A	Total of Modification Approved: \$1,000,000
	Original Complete Date:	4/30/23	Pending Modification (including this action): \$11,671,134
	Current Est. Complete Date:	6/30/24	Current Contract Value (with this action): \$53,580,061
7.	Contract Administrator: Aielyn Dumaua		Telephone Number: (213) 922-7320
8.	Project Manager: James Jimenez		Telephone Number: (213) 922-5870

A. Procurement Background

This Board Action is to approve Modification No. 8 to Contract No. OP83932000-39383 with The Goodyear Tire and Rubber Company (Goodyear) to continue the lease and maintenance of tires for Metro-operated bus fleet and servicing of non-revenue vehicle tires and to extend the period of performance from July 1, 2023, through June 30, 2024.

This contract modification will be processed in accordance with Metro's Acquisition Policy and the contract type is a firm-fixed unit rate.

In September 2017, the Board awarded five-year Contract No. OP83932000-39383 to Goodyear to provide bus tire leasing and maintenance services.

Refer to Attachment B – Contract Modification/Change Order Log.

B. Cost Analysis

Escalation for tire mileage rates, monthly tire service (revenue and non-revenue vehicles) and fully burdened rates for technicians have been determined to be fair and reasonable based on the current Department of Labor and Statistics' indices for changes in commodity prices and private industry workers' salaries.

Proposed Amount	Metro ICE	Recommended Amount
\$11,671,134	\$11,671,134	\$11,671,134

CONTRACT MODIFICATION/CHANGE ORDER LOG

BUS TIRE LEASING AND MAINTENANCE SERVICES/OP83932000-39383

Mod. No.	Description	Status (approved or pending)	Date	Amount
1.	Update list of approved subcontractors and suppliers	Approved	7/16/18	\$0
2	Revise bus counts and labor requirements (Attachment 2 to the Statement of Work) and update pricing schedule.	Approved	1/1/19	\$0
3	Revise bus counts and labor requirements (Attachment 2 to the Statement of Work) and update pricing schedule.	Approved	7/1/20	\$0
4	Revise pricing schedule to include cost of used tires on retired Metro buses	Approved	8/24/20	\$0
5	Extend period of performance (POP) by six months through March 31, 2023, and revise pricing schedule	Approved	9/30/22	\$0
6	Continue existing service and extend POP by two months through May 31, 2023	Approved	3/31/23	\$500,000
7	Continue existing service and extend POP by one month through June 30, 2023	Approved	4/10/23	\$500,000
8	Continue existing services and extend POP by 12 months through June 30, 2024	Pending	Pending	\$11,671,134
	Modification Total:			\$12,671,134
	Original Contract:		10/1/17	\$40,908,927
	Total Contract Value:			\$53,580,061

DEOD SUMMARY

BUS TIRE LEASING & MAINTENANCE SERVICES/OP83932000-39383

A. Small Business Participation

The Goodyear Tire & Rubber Company made a 5.01% Disadvantaged Business Enterprise (DBE) commitment. Based on payments the project is 96% complete and the current DBE participation is 5.16%, exceeding the commitment by 0.15%.

Small Business Commitment	5.01% DBE	Small Business Participation	5.16% DBE
----------------------------------	------------------	-------------------------------------	------------------

	DBE Subcontractors	Ethnicity	% Committed	Current Participation¹
1.	Islas Tires	Hispanic American	1.06%	2.15%
2.	Metal Masters	Hispanic American	3.87%	2.89%
3.	JCM & Associates	Hispanic American	0.08%	0.12%
	Total		5.01%	5.16%

¹Current Participation = Total Actual amount Paid-to-Date to DBE firms ÷ Total Actual Amount Paid-to-date to Prime.

B. Living Wage and Service Contract Worker Retention Policy Applicability

A review of the current service contract indicates that the Living Wage and Service Contract Worker Retention Policy (LW/SCWRP) was not applicable at the time of award. Therefore, the LW/SCWRP is not applicable to this modification.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this modification.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of \$2.5 million.