SUMMARY OF PROPOSED AWARD

TIRE AND WHEEL MAINTENANCE SERVICES & LEASING OF RADIAL TIRES

Presented to: Organizational, Services & Performance Monitoring Committee
March 3, 2020
PROJECT OVERVIEW
Tire Lease and Maintenance Five (5) Year Contract

GCRTA Tire Requirements
Approximately 430 coaches
Coaches average 35,200 miles per year
Six (6) tires per coach, ten (10) tires per articulated coach
PROJECT OVERVIEW
Tire Lease and Maintenance Five (5) Year Contract

• Average tire lasts approximately 53,670 miles
• Authority requires approximately 1,980 tires per year
PROJECT OVERVIEW
Tire Lease and Maintenance Five (5) Year Contract

Lease Versus Buy

Following cost comparison shows lease is less costly
PROJECT OVERVIEW
Lease Versus Buy

• **Lease Option**
  Tires & Labor: $1,031,137 per year

• **Buy Option**
  - Tires: $748,000 per year
  - Labor: Six (6) Employees $581,900 per year
  - Tire equipment maintenance $18,600 per year
  - Total $1,348,500 per year
  - Plus one time capital purchase, tire machine & tooling $87,000
PROJECT OVERVIEW

Tire Lease and Maintenance Five (5) Year Contract

- Advantages of Lease Option
  - Reduced initial cash outlay
  - Pay only for mileage traveled
  - Complete Service Program
  - Fixed price
  - Not subject to pricing fluctuation
PROJECT OVERVIEW
Tire Lease and Maintenance Five (5) Year Contract

• Advantages of Lease Option
  ➢ Reduces GCRTA liability on disposal of scrap tires
  ➢ On-hand inventory at all District garages
  ➢ Technical expertise
PROJECT OVERVIEW
Tire Lease and Maintenance Five (5) Year Contract

• General:
  ➢ Ensures tires are defect free when received
  ➢ Tires are serialized for asset tracking
  ➢ Furnishes all repair materials & labor to maintain fleet
PROJECT OVERVIEW
Tire Lease and Maintenance Five (5) Year Contract

• Maintenance:

➢ Inspects each tire’s tread-depth once per month
➢ Checks & corrects air pressure in each tire at least two (2) times per month
➢ Dismounts, mounts, balance & rotate tires to maximize tire mileage
➢ Ensures minimum tread depth of rubber remains on each tire after re-grooving
PROJECT OVERVIEW
Tire Lease and Maintenance Five (5) Year Contract

• Reporting:
  • Monthly Tire Mileage:
    ➢ By Tire
    ➢ By Coach
    ➢ By District
  • Monthly Summary of Work Completed
  • Monthly Summary of Spare Tires
PROJECT OVERVIEW
Tire Lease and Maintenance Five (5) Year Contract
PROJECT OVERVIEW
Tire Lease and Maintenance Five (5) Year Contract
PROCUREMENT OVERVIEW

• RFP issued November 4, 2019
• Eight (8) interested parties downloaded the package
• Three (3) vendors proposed
PROCUREMENT OVERVIEW

• First Year Estimated Contract Cost
  ➢ 106,200,000 Tire Miles
  ➢ $0.005645 Average Cost per Mile
      $599,499.00 Total
  ➢ $431,683.20 Tire Maintenance
      $1,031,137.40 First Year Estimated Total Cost
PROCUREMENT OVERVIEW

• Evaluation Criteria:
  ➢ Manufacturer’s Reputation and Performance
  ➢ Product Design and Performance
  ➢ Cost Effectiveness/Price
PROCUREMENT OVERVIEW

• Evaluation Panel Members:
  ➢ Fleet Engineering
  ➢ Hayden District Equipment Management
  ➢ Office of Management & Budget
  ➢ Procurement
PROCUREMENT OVERVIEW

• Recommended Vendor:
  ➢ Michelin North America Inc.
    Located in Greenville, SC
PROCUREMENT OVERVIEW

• Experience:
  ➢ New Jersey Transit
  ➢ Southeastern Pennsylvania Transit Authority
  ➢ Denver Regional Transportation District
  ➢ Massachusetts Bay Transportation Authority
  ➢ San Francisco Municipal Transportation Agency
  ➢ Maryland Transit Administration
  ➢ Miami-Dade Transit
PROCUREMENT OVERVIEW

Staff requests that the Organizational, Services & Performance Monitoring Committee recommend to the Board of Trustees the award of a contract to Michelin North America, Inc. for the Tire and Wheel Maintenance Services and Leasing of Radial Tires in an amount not to exceed $5,410,542 for a five (5) year period.
Questions?