

RESOLUTION NO. 2020-21

AUTHORIZING CONTRACT NO. 2019-144 WITH MICHELIN NORTH AMERICA INC. FOR THE FURNISHING OF TIRE AND WHEEL MAINTENANCE SERVICES AND FOR THE LEASING OF RADIAL TIRES, AS SPECIFIED AND AS REQUIRED, FOR A PERIOD OF FIVE (5) YEARS, AT A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$5,410,542.00 (GENERAL FUND, FLEET MANAGEMENT DEPARTMENT BUDGET)

WHEREAS, the Authority has a need to service and provide wheels and radial tires on all of its revenue vehicles; and

WHEREAS, it has been determined to be cost effective for the Authority to lease this service as opposed to purchasing, maintaining tire inventory, and staffing personnel to service the Authority's tires; and

WHEREAS, the proposal of Michelin North America Inc., with an office at One Parkway South, Greenville SC 29615, for tire and wheel maintenance services and leasing of radial tires for a period of five (5) years, as specified and as required, was received on December 11, 2019; and

WHEREAS, after negotiations Michelin North America Inc., has offered to provide such services in an amount not to exceed \$5,410,542.00 for a period of five (5) years; and

WHEREAS, the General Manager, Chief Executive Officer deems the offer of Michelin North America Inc., as negotiated, to be advantageous to the Authority, cost and other factors considered, and recommends acceptance thereof by the Board of Trustees.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the offer of Michelin North America Inc. for tire and wheel maintenance services and leasing of radial tires, for a period of five (5) years, as specified and as required, be and the same is hereby accepted.

Section 2. That the General Manager, Chief Executive Officer of the Authority be and she is hereby authorized to enter into a contract with Michelin North America Inc. for tire and wheel maintenance services and leasing of radial tires for a period of five (5) years, as specified and as required.

Section 3. That said contract shall be payable from the General Fund, Fleet Management Department Budget in an amount not to exceed \$5,410,542.00 for a period of five (5) years.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon funding for future years and compliance by the contractor to the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution No. 2015-076; bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

Section 5. That the Greater Cleveland Regional Transit Authority's Board of Trustees expects that Michelin North America Inc. will attempt to exceed the 0% minimum DBE goal assigned to this procurement.

Section 6. That this resolution shall become effective immediately upon its adoption.

Adopted: March 24, 2020



President

Attest: 

Interim Secretary-Treasurer



TITLE/DESCRIPTION: CONTRACT: TIRE AND WHEEL MAINTENANCE SERVICES AND LEASING OF RADIAL TIRES VENDOR: MICHELIN NORTH AMERICA, INC. AMOUNT: AMOUNT NTE \$5,410,542.00 FOR FIVE YEAR PERIOD	Resolution No.: 2020-21
	Date: March 19, 2020
	Initiator: Fleet Management Department
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

1.0 **PURPOSE/SCOPE:** This action will authorize the Authority to enter into a contract for tire and wheel maintenance services and leasing of radial tires for a five (5) year period, as specified and as required, for the Authority's revenue vehicles.

2.0 **DESCRIPTION/JUSTIFICATION:** A lease vs. buy analysis has been performed, in accordance with Procurement Department Policies and Procedures, and the Authority has determined it to be cost effective to contract for the leasing and servicing of the radial tires. In addition, the Authority surveyed the industry and found that most transit authorities have similar lease arrangements for their revenue tire needs.

Contracting out the maintenance and leasing of tires has proven to be beneficial to the Authority. The contractor maintains a sufficient tire inventory to support the Authority's radial tire needs and provides on-site service at each of the Authority's district garages. The leasing arrangement requires that the contractor maintain title to the tires which relieves the Authority of any EPA responsibility for their disposal.

3.0 **PROCUREMENT BACKGROUND:** The Request for Proposals (RFP) for the procurement of Tire and Wheel Maintenance Services and Leasing of Radial Tires, as specified and as required, for the five (5) year term of the contract was posted on the GCRTA's web site and advertised in the local newspapers. Eight (8) interested parties downloaded the solicitation. Three (3) proposals were received on December 11, 2019. After evaluation by a panel of Authority employees in accordance with established Procurement Policies and Procedures, and subsequent negotiations, the proposal of Michelin North America Inc., as negotiated, was determined to be most advantageous to the Authority.

A cost analysis was performed by the Procurement Department and it was determined that the negotiated price is fair and reasonable to the Authority.

4.0 **AFFIRMATIVE ACTION/DBE BACKGROUND:** All Affirmative Action requirements have been met. A 0% DBE goal was established for this procurement due to the lack of certified DBE firms.

- 5.0 POLICY IMPACT: Does not apply.
- 6.0 ECONOMIC IMPACT: This contract will be funded through the General Fund, Fleet Management Department budget, in an amount not to exceed \$5,410,542.00 for a period of five (5) years.
- 7.0 ALTERNATIVES: Reject this offer. Rejection of this offer would impact the Authority's ability to replace worn tires and wheels, which could impact safety and service.
- 8.0 RECOMMENDATION: This procurement was discussed at the March 3, 2020 Organizational, Services & Performance Monitoring Committee meeting. It is recommended that the negotiated offer of Michelin North America, Inc. be accepted and the resolution passed authorizing the General Manager, Chief Executive Officer to enter into a contract.
- 9.0 ATTACHMENT: N/A

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.



General Manager, Chief Executive Officer