



**San Francisco Office of the City Administrator  
City Administrator Carmen Chu**

# **Tire Lease & Associated Service for SFMTA Buses & Trolleys**

File 23-0207

Office of Contract Administration

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**Board of Supervisors' Budget and Finance Committee**

**April 19, 2023**

# Contract Summary

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- Provides for the lease of tires and associated tire services for fleet of 860 SFMTA buses and trolleys. Services take place at six SFMTA bus yards.
- Current contract with Michelin North America, Inc. (Michelin)
  - Current NTE \$9.995M, ending on September 30, 2023
  - Contract has been exhausted
- Competitive solicitation issued September 15, 2022 pursuant to Admin. Code § 21.03 to replace current contract
- Solicitation resulted in no responsive bidders
- OCA awarding contract to Michelin (incumbent) pursuant to Admin. Code § 21.6

# Contract Pricing & Projected Expenditures

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	<b>Current Contract</b> <i>(10/1/2018-9/30/2023)</i>	<b>Proposed Contract</b> <i>(4/1/2023-3/31/2028)</i>
Tire Lease Pricing	\$0.00547-\$0.00711 per mile	\$0.00577-\$0.0075 per mile
Est. Monthly Lease Cost	\$70,000	\$70,000
Monthly Tire Service (flat rate)	\$143,125	\$151,042
Est. Monthly Recycling Fee	\$0	\$595
<b>Total Annual Cost</b>	<b>\$2,557,500</b>	<b>\$2,659,644</b>

# Performance Standards & Controls

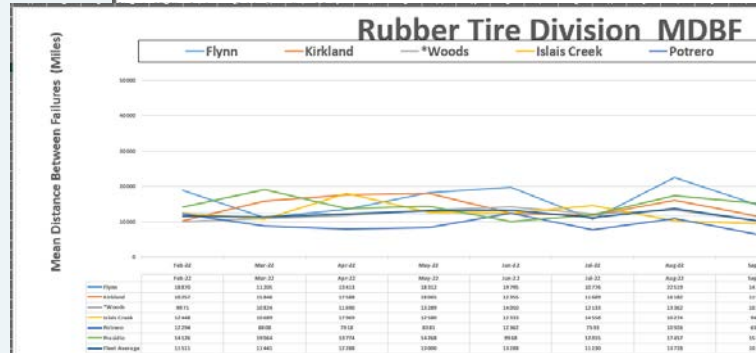
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- Contract performance standards & MTA bus fleet Standard Operating Procedures ensure daily safe and on-time deployment of buses
  - Daily visual inspection by contractor and MTA
  - On site tire supply and inventory
  - Tire safety standards: minimum tread & timely replacement of tires
  - Daily minimum contractor staffing
  - On-call road service: 24/7, 60 minute response time (“Required Arrival Time”)
  - Pricing model: pay by tire mileage, not for each new tire – incentive to contractor to provide high-quality tires
- Fleet performance standards hold MTA divisions—and thus contractor—accountable
  - Miles per road call
  - Distance per failure

# Performance Standards & Controls

- MTA Fleetwatch data
- MTA fleet road call data
- Contractor inventory and service data

Chargeable Roadcalls - Rubber Tire 2021-22					
	Feb-22	Mar-22	Apr-22	May-22	Jun-22
<b>Rubber Tire Division Totals</b>					
Flynn	7	16	13	10	9
Kirkland	15	13	10	9	13
Woods	5	6	5	4	4
Isais Creek	12	13	11	14	16
Potero	14	24	26	26	17
Presidio	9	8	11	11	15
<b>TOTAL CHARGEABLE RUBBERTIRE ROADCALLS</b>	<b>110</b>	<b>146</b>	<b>129</b>	<b>121</b>	<b>118</b>
*Rubber Tire Mileage	1244305	1604304	1549648	1575077	1530936
Rubber Tire Division MDBF	11513	11441	12288	13000	13288



## Additional periodic contract performance review by MTA and OCA

- Record of services performed, including defective mechanical conditions reported
- Road call Required Arrival Time compliance rate
- Total number of tires supplied, tire inventory by location, date installed and/or removed, and number of safe and useable tires furnished or returned by contractor
- Contractor employees assigned to each Shop and for road calls, and employee attendance records

# Proposed Action

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OCA requests retroactive approval of the resolution to enter into contract with Michelin, as follows:

- Initial not-to-exceed amount of \$13,500,000 for five years from April 1, 2023 through March 31, 2028.
- Option to extend up to 7 years ending March 31, 2030, for total NTE of \$18,900,000.

**Thank You**