

Agenda Report

October 17, 2022

TO: Honorable Mayor and City Council

FROM: Department of Public Works

SUBJECT: CONTRACT AWARD TO SOUTHERN TIRE MART, LLC FOR TIRES, TUBES, AND RELATED ITEMS WITH ON-SITE AND ON-CALL MOBILE TIRE SERVICES IN AN AMOUNT NOT-TO-EXCEED \$2,587,500 FOR UP TO FIVE YEARS

RECOMMENDATION:

It is recommended that the City Council:

1. Find that this action is exempt under the California Environmental Quality Act (CEQA) in accordance with Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment; and
2. Accept the bid dated September 12, 2022 submitted by Southern Tire Mart, LLC (Southern Tire Mart) in response to the specifications for Tires, Tubes, and Related Items with On-Site and On-Call Mobile Tire Services; reject all other bids; and authorize the City Manager to enter into a contract for three years in an amount not-to-exceed \$1,552,500 (which includes a \$202,500 contingency) with the option for two additional one-year extensions, in the annual amount of \$517,500 (which includes a \$67,500 contingency) at the discretion of the City Manager, for a maximum total contract length of five years and a grand total contract amount of \$2,587,500.

BACKGROUND:

The Department of Public Works, Building Systems and Fleet Management Division (BSFMD) repairs and maintains the City's fleet of over 1,100 vehicles and equipment. The City's vehicle fleet includes service trucks, refuse collection vehicles, street sweepers, police cruisers, and many other vehicles that perform vital and diverse tasks in the field. As such, it is necessary for BSFMD to purchase and stock replacement automotive parts and supplies, such as tires, tubes, and related items for use in repair and maintenance of vehicles of all classes. In addition to purchasing tires and related accessories for use in fleet repair work orders performed by City staff, the City also requires other tire-related services such as scheduled and non-scheduled on-site tire inspection and 24/7 on-call mobile tire changing services.

On August 25, 2022, a Notice Inviting Bids for Tires, Tubes, and Related Items with On-Site and On-Call Mobile Tire Services was posted on PlanetBids, and was published in the local paper on September 1, 2022. The posting generated notices to all vendors who have previously registered with the City for this particular commodity class. Staff referenced a list of local vendors in the City's business license database as well as online web searches in an attempt to reach potential local vendors that can provide the scope of work detailed in the solicitation. The volume and vast array of tire sizes, variety of tire parts, and on-call tire or mobile services are incorporated in this bid to comprehensively address the City's maintenance and repair needs for its existing fleet ranging from passenger to heavy duty vehicles. Local vendors contacted regarding the bid opportunity did not submit bids. A total of nine non-local vendors downloaded the bid specification.

BID RESULT:

Tire manufacturers establish a parts price schedule to its dealers, which is updated periodically. Per the bid specifications, bidders were asked to enter into the bid table, the maximum percentage mark-up or minimum percentage discount against the manufacturer's government pricing schedule for what the bidder would charge the City on the specified twenty tire types and manufacturers listed. Additionally, bidders also provided a universal discount for all other tire-related parts and a firm hourly labor rate for each contract year for onsite and on call tire services. Bid was evaluated based on the lowest total grand total amount calculated from the estimated quantity provided on the bid table against the bidder's submission of the maximum percentage mark-up or minimum percentage discount for parts and hourly labor rate for services.

Two non-local bids were received by the September 12, 2022 bid opening date. One bidder was deemed non-responsive due to failure to follow directions affecting their calculated bid amount, which was still higher than the lowest bidder after the calculation was rectified. The bid results are as follows:

Bidder		Amount (\$)
1. Southern Tire Mart, LLC	Columbia, MS	\$446,898
2. Parkhouse Tires, Inc.	Bell Gardens, CA	Non-Responsive

Southern Tire Mart, founded in 1973, has expanded locations in several states including 13 locations in California. The City has previously done business with Southern Tire Mart, issuing purchase orders totaling \$49,990 in Fiscal Year 2023 for tires and related services. Based on prior years' actual expenditures for these services, staff estimates an annual need of \$450,000.

Southern Tire Mart is the lowest responsive and responsible bidder, their bid includes an average of 27% discount off the tire manufacturer's government pricing sheet. Staff therefore recommends that this vendor be awarded a three-year contract term with an option for two one-year extension periods, renewable at the discretion of the City

Manager. This proposed contract with Southern Tire Mart fully complies with the Competitive Bidding and Living Wage Ordinances.

The contract will be set out as follows:

	Year 1 to 3	Year 4 Optional 1 st Extension	Year 5 Optional 2 nd Extension
Base Bid	\$1,350,000	\$450,000	\$450,000
Contingency Allowance	<u>\$ 202,500</u>	<u>\$ 67,500</u>	<u>\$ 67,500</u>
	\$1,552,500	\$517,500	\$517,500
		TOTAL	\$2,587,500

The 15% contingency allowance is to address any commodity price fluctuation during the life of the contract especially critical to address ongoing supply chain issues driving unpredictable market conditions and increases in cost of goods.

COUNCIL POLICY CONSIDERATION:

By providing the departments with the proper equipment to perform their function, the proposed purchase furthers the City Council's Strategic Plan goals to ensure public safety, increase conservation and sustainability, and maintain fiscal responsibility and stability.

ENVIRONMENTAL IMPACT:

This action is exempt from CEQA pursuant to State CEQA Guidelines Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment.

FISCAL IMPACT:

The cost of this contract is \$1,552,500 and the total cost of this action is \$2,587,500. Funding for this project will be addressed by utilization of existing budgeted appropriations in the Fleet Maintenance Fund budget accounts 51122058-823600 and 51122058-810100. There is no anticipated impact to other operational programs or capital projects as a result of this action.

Respectfully submitted,



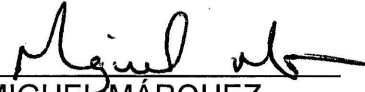
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