



REPORT

Report Date: January 12, 2021
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VanRIMS No.: 08-2000-20
Meeting Date: February 10, 2021
[Submit comments to Council](#)

TO: Standing Committee on Policy and Strategic Priorities
FROM: General Manager of Engineering Services and Chief Procurement Officer
SUBJECT: Contract Award for Supply and Services of Fleet Tires

RECOMMENDATION

- A. THAT Council authorize City staff to negotiate to the satisfaction of the City's General Manager of Engineering, City's Director of Legal Services, and the City's Chief Procurement Officer and enter into a contract with Kal-Tire and Michelin North America (Canada) Inc., for the supply and services of fleet tires, for a term of three (3) years, with the option to extend for two (2) additional two (2) year terms, with an estimated contract value of \$2,449,861, plus applicable taxes over the initial three-year term, to be funded through the operating budget of the respective City departments requesting for supply and services for fleet tires.
- B. THAT the Director of Legal Services, Chief Procurement Officer and General Manager of Engineering be authorized to execute on behalf of the City the contract contemplated by Recommendation A.
- C. THAT no legal rights or obligations will be created by Council's adoption of Recommendations A and B above unless and until such contract is executed by the authorized signatories of the City as set out in these Recommendations.

REPORT SUMMARY

The City issued an RFP PS20170976 on December 10, 2018 for the supply and services of fleet tires. The RFP was advertised on City of Vancouver website and BC Bid and the work was called in accordance with the terms and condition of the City's Procurement Policy ADMIN-008. City staff on the RFP evaluation committee and, subsequently, Bid Committee have considered the responses received, and on that basis recommend that the City negotiate and if such negotiations are successful enter into a contract as describe above with Kal-Tire and Michelin North America (Canada) Inc.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City's Procurement Policy ADMIN-008 requires that contracts with values over \$2 million must be approved by Council following review and recommendations by the Bid Committee. The Bid Committee has considered and recommended Kal-Tire and Michelin North America (Canada) Inc. as the successful proponent.

There is no applicable Council Authority or previous decisions relevant to this report.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The Acting City Manager recommends approval of the foregoing.

REPORT

Background/Context

The City of Vancouver operates five (5) key garage service centers (National Yard, Landfill Garage, Evans Yard, Fire Hall #1 and Manitoba Yards) to supply and deliver tires and tubes, retread and repair tires, provide service calls and perform related support services for the City's Engineering, Fire and Rescue Services, Vancouver Police Department and the Vancouver Parks Board. Inventory at each center is being held to support the operational needs of each facility.

The City's requirement for the Products is divided into six (6) categories:

- a) Requirement 'A' - product and services for light truck, passenger car and other similar or related light duty vehicles having 17.5" LT tires and smaller;
- b) Requirement 'B' – products and services for heavy trucks having tires larger than 17.5" LT tires, and equipment and other similar or related heavy duty vehicles;
- c) Requirement 'C' – product and services for lawn and turf products;
- d) Requirement 'D' – product and services for Off the Road (OTR) tires and products;
- e) Requirement 'E' – retreads and/or recaps; and
- f) Requirement 'F' – Tire repair supplies.

The purpose of the RFP was to identify suppliers with demonstrated capability to meet the City's estimated demand over the term of the contract at competitive pricing and satisfactory service requirements.

Strategic Analysis

The RFP was issued in the accordance with City's Procurement Policy ADMIN-008. The City received responses from Kal-Tire and Michelin North America (Canada) Inc. [Kal-Tire is the exclusive distributor for Michelin], Goodyear Canada, OK Tire, Midway Tirecraft and Dalee Enterprises Ltd., dba B-Line. The responses were evaluated through the work of an evaluation

team comprised of representatives from Fleet and Manufacturing Services under the stewardship of Supply Chain Management to ascertain if the responses offered good overall value to the City, both quantitative and qualitative factors were evaluated. Evaluation criteria considered in the overall evaluation process included:

Technical:

- Industry Experience: ability to provide expertise and knowledge as it pertain to fleet tires and services;
- Ordering and Delivery: mechanisms available to the City to order [phone, email, online, etc.] and the ability to provide same day and next day delivery services;
- Inventory Management: ability to carry and track inventory; minimize or avoid stock-outs/backorders for standard items and provide inventory tracking system
- Field or Emergency Service Calls/Reporting: ability to respond to routine field service calls and emergency field service calls; and
- Implementation / Transition Plan: ability to implement a new contract or re-launch and existing contract seamlessly.

Sustainability:

- Compliance with City's corporate supplier code of conduct, environmental regulations, best practices relating to the creation, disposal or recycling of used and scrap tires.

Financial:

- The financial evaluation was based on a comparative analysis that used the City's average annual tire volumes as a baseline for the comparative analysis.

Based on the overall evaluation, the team concluded that the proposal submitted by Kal-Tire and Michelin North America (Canada) Inc., best met the City's requirements and provided best overall value to the City.

Financial

Finance has reviewed and confirmed that funding is available from the operating budget of the respective City departments in the approved 2021 Operating budget. Expenditures for future years, while planned, will necessarily be subject to Council approval of future operating budgets.

As a result of the RFP, the City is forecasting a savings over the initial three (3) year term, based on an analysis of historical and projected purchase trends in comparison to our previous contract.

Sustainable / Ethical / Environmental

Kal-Tire and Michelin North America (Canada) Inc. has demonstrated compliance with the City's Supplier Code of Conduct. In addition, FMS reviewed Kal-Tire and Michelin North America (Canada) Inc. to evaluate the sustainability and environmental impact of its operations:

Based on this, Kal-Tire and Michelin North America (Canada) Inc. scored higher due to the following:

- Offers SmartWay Program – working with suppliers to identify fuel efficient products and to recommend them to their customers;
- Takes responsibility for the proper disposal and recycling of all City of Vancouver scrap tires and monetary value is credited back to City account;
- Offers Program to re-use Vancouver Police Patrol Vehicle Tires; and
- Promotes low rolling resistance tires that offer savings in fuel consumption and are environmentally friendly because they reduce carbon emission output.

Legal

The City's Procurement Policy requires that all contracts that have been awarded by Bid Committee and Council will be signed by the Director of Legal Services.

CONCLUSION

In summary, City staff recommends that the City of Vancouver negotiate and enter into three (3) year contract, with the option to extend the contract for an additional two (2) two (2) year terms, with Kal-Tire and Michelin North America (Canada) Inc., for supply and services of fleet tires.

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