

Date: 2021-09-02

Subject: **Begin Procurement Report – Leasing of Transit Bus Tires for a Five (5) Year Period**

Secondary Title: Transit Staff request Council approval to begin procurement to establish a new contract for the leasing of Urban Transit Bus Tires for a Five (5) Year Period

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Report Number: Brampton Transit-2021-1054

Recommendations:

1. That the report titled: Begin Procurement Report - Leasing of Transit Bus Tires for a Five (5) Year Period, to the Committee of Council meeting of October 13, 2021, be received; and
2. That the Purchasing Agent be authorized to begin the procurement for the Leasing of Transit Bus Tires for a Five (5) Year period.

Overview:

- **This report seeks to obtain Council approval to begin procurement of leasing of Transit Bus tires for a Five (5) year period with the option to renew for Two (2) additional One (1) year periods**
- **Leasing of Transit Bus tires continues to be a common method of tire financing amongst Transit agencies, locally and regionally**
- **Transit's current contract is set to expire on February 28, 2022**

Background:

For the City's current contract, Council approved a begin procurement report on June 22, 2016 and shortly thereafter, a competitive procurement was conducted for the leasing of transit bus tires.

The intent of the procurement was to secure a replacement contract prior to expiry of the contract active at the time. As previously done, the contract was set up for leasing rather than purchasing of tires, due to the benefits of reduced capital start-up costs and consistent monthly operating costs, which could be budgeted for more effectively. Because of this, leasing of tires continues to be a common method of tire financing amongst Transit agencies, locally and regionally.

The competitive procurement award strategy was based on lowest compliant unit price. Due to a limited number of qualified suppliers in the marketplace at the time, only two compliant bids were received and the contract was awarded to Bridgestone Canada Inc.

The initial term of the contract was established for a 5-year period. The contract also includes a five-year renewal option, to be exercised at the City's discretion subject to successful negotiations of both parties.

Long-standing contracts for tire leasing are common in the urban transit bus industry, due to the operational complexities and costs associated with frequent changing of suppliers.

The initial 5-year term is set to expire on February 28, 2022.

Current Situation:

With the contract term approaching its end date, Transit staff explored and evaluated the option that would provide best value for the City.

While the current contract does have an option to renew up to 2027, Transit staff recommend issuing a competitive procurement instead. The supplier base for distribution of commercial vehicle tires has expanded since the inception of the current contract, creating greater opportunities for pricing competition and service improvements.

Corporate Implications:

An uninterrupted supply of bus tires is imperative as Transit continues to provide critical service and to ensure appropriate service levels are provided during and post the Covid-19 pandemic.

If Council approves a new procurement as requested in this report, Transit will proceed to formalize a transition process with the incumbent vendor, which may require an extension of the current contract.

Purchasing Comments

A public Procurement Process will be conducted and the lowest compliant Bid will be eligible for contract award. Purchase approval shall be obtained in accordance with the Purchasing By-law.

All communication with Bidders involved in the procurement must occur formally, through the contact person identified in the Bid Document.

Financial Implications

Funding for the Leasing of Transit Bus Tires for a Five (5) Year Period is available from accounts 200225.001.2305.0001 and 200225.001.2805.0001 - Tires. Transit staff will ensure that sufficient funding is available in future years, subject to Council approval.

Term of Council Priorities:

An uninterrupted supply of tires for Transit's fleet is required for a seamless delivery of Transit services to the Community, helping achieve the City's Strategic Plan of Move and Connect.

Living the Mosaic – 2040 Vision

This report directly aligns with the vision that Brampton will be a mosaic of safe, integrated transportation.

Conclusion:

It is recommended that the Purchasing Agent be authorized to begin the procurement, as described in this report.

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