



AGENDA REPORT

Meeting Date: August 30, 2016
Item Number: D-9
To: Honorable Mayor & City Council
From: Craig Crowder, Fleet Manager
Subject: AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND TIRE CENTERS LLC FOR HEAVY-DUTY TIRE SERVICE; AND ISSUANCE OF A PURCHASE ORDER IN THE AMOUNT OF \$70,000.00 TO TIRE CENTERS LLC FOR THESE SERVICES

Attachment:

1. Tire Centers LLC Agreement
2. Authorized Michelin Retreaders Letter

RECOMMENDATION

Staff recommends that the City Council (1) approve an Agreement with Tire Centers, LLC for Heavy-Duty Tire Service, (2) approve a purchase order to Tire Centers, LLC in the not-to-exceed amount of \$70,000.00 for Heavy-Duty Tire Service which is budgeted for Fiscal Year 2016/2017 in Program No. 49008501, Vehicle Maintenance. This is a one (1) year agreement that has an option to extend for four (4) additional one (1) year terms pursuant to Section 2, (b) with a not to exceed total of \$375,000.00. Staff will return to Council for future fiscal year purchase order approval as required.

DISCUSSION

Heavy-Duty Tire Service includes tire recaps and demounting/mounting of large tires which are used on various types of heavy-duty vehicles. For more than twenty years, the City has outsourced this service to free-up mechanics from the specialty tire work and to save maintenance funds by using recapped tires in every possible area where it is allowed by law. Our experience has shown that the lifespan of a quality recapped tire is approximately the same as a new tire for roughly half the cost.

Utilizing the MEMA (Municipal Equipment Maintenance Association) network, staff inquired of other member agencies about their heavy-duty tire program. Included in feedback received from several agencies were recommendations for Tire Centers, LLC, specifying its reliable service and quality DOT-approved recapped products, which are provided by "Michelin." The Michelin brand is nationally known for its quality tire caps and proprietary recapping process and has been shown to be the superior brand during

the City's prior three year contract with Tire centers, LLC, which expired on June 30, 2016.

Tire Centers, LLC, is the only Michelin factory authorized retreader in Los Angeles County, is in close proximity and able to provide responsive service to the City of Beverly Hills. They also hold current service contracts with the City of Los Angeles and County of Los Angeles, as well as the current Western States Contracting Alliance (WSCA) tire contract with the State. Tire Centers, LLC, has been extremely responsive to the needs of the City's Fleet Service Center and the Central Stores staff during the past three fiscal years and has provided excellent performing products. Therefore, staff recommends the City Council approve a purchase order to Tire Centers, LLC, in the not-to-exceed amount of \$70,000.00 for Heavy-Duty Tire Service for Fiscal Year 2016/2017.

FISCAL IMPACT

Funding for this purchase will be provided from the following Council-approved budget for Fiscal Year 2016/2017:

Budget Unit	Program # / Description of Fund Source	Account #	Amount
49	49008501 / MAINT & REPAIR AUTO	730200	\$70,000.00


George Chavez
Approved By

Attachment 1

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND TIRE
CENTERS LLC FOR HEAVY-DUTY TIRE SERVICE

NAME OF CONTRACTOR: Tire Centers LLC

RESPONSIBLE PRINCIPAL OF CONTRACTOR: Gregg Betcher, National Account Manager,
Government Sales

CONTRACTOR'S ADDRESS: 1530 S. Alameda St.
Los Angeles, CA 90021
Attention: Gregg Betcher, National Account Manager,
Government Sales

CITY'S ADDRESS: City of Beverly Hills
455 N. Rexford Drive
Beverly Hills, CA 90210
Attention: Craig Crowder, Fleet Manager

COMMENCEMENT DATE: July 1, 2016

TERMINATION DATE: June 30, 2017 and may be extended as described in
Section 2 of this Agreement

CONSIDERATION: Total not to exceed \$375,000.00

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND TIRE
CENTERS LLC FOR HEAVY-DUTY TIRE SERVICE

THIS AGREEMENT is made by and between the City of Beverly Hills (hereinafter called "CITY"), and Tire Centers LLC (hereinafter called "CONTRACTOR").

RECITALS

A. CITY desires to have certain services and/or goods provided as set forth in Exhibit A (the "Scope of Work"), attached hereto and incorporated herein.

B. CONTRACTOR represents that it is qualified and able to perform the Scope of Works.

NOW, THEREFORE, the parties agree as follows:

Section 1. CONTRACTOR's Scope of Work. CONTRACTOR shall perform the Scope of Work described in Exhibit A in a manner satisfactory to CITY and consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions. CITY shall have the right to order, in writing, changes in the Scope of Work. Any changes in the Scope of Work by CONTRACTOR must be made in writing and approved by both parties. The cost of any change in the Scope of Work must be agreed to by both parties in writing.

Section 2. Time of Performance.

(a) CONTRACTOR shall commence its services under this Agreement upon receipt of a written notice to proceed from CITY. CONTRACTOR shall complete the performance of services by the Termination Date set forth above and/or in conformance with the project timeline established by the City Manager or his designee.

(b) The City Manager or his designee may extend the time of performance in writing for four additional one-year terms or such other term not to exceed four years from the date of termination pursuant to the same terms and conditions of this Agreement. Pricing set forth in Exhibit B, attached hereto and incorporated herein, may be modified as described in Section 3 in the event CITY exercises its option to extend.

Section 3. Compensation.

(a) Compensation. CITY agrees to compensate CONTRACTOR for the services and/or goods provides under this Agreement, and CONTRACTOR agrees to accept in full satisfaction for such services, a sum not to exceed the Consideration set forth above and more particularly described in Exhibit B. Since new tire and retread prices are subject to change based upon the manufacturer's published prices, CONTRACTOR may annually review prices stated in Exhibit B. Upon 90 days prior written notice to CITY and if agreed to in writing by both parties, the service prices stated in Exhibit B may be modified with such modifications to be effective as of the date of execution of an extension of the term of this Agreement in accordance with Section 2(b).

(b) Expenses. CONTRACTOR shall be entitled to reimbursement only for those expenses expressly set forth in Exhibit B. Any expenses incurred by CONTRACTOR which are not expressly authorized by this Agreement will not be reimbursed by CITY.

(c) Additional Services. CITY may from time to time require CONTRACTOR to perform additional services not included in the Scope of Services. Such requests for additional services shall be made by CITY in writing and agreed upon by both parties in writing.

Section 4. Method of Payment. Unless otherwise provided for herein, CONTRACTOR shall submit to CITY a detailed invoice, on a monthly basis or less frequently, for the services performed pursuant to this Agreement. Each invoice shall itemize the services rendered during the billing period and the amount due. Within 30 days of receipt of each invoice, CITY shall pay all undisputed amounts included on the invoice. CITY shall pay CONTRACTOR said Consideration in accordance with the schedule of payment set forth in Exhibit B.

Section 5. Independent Contractor. CONTRACTOR is and shall at all times remain, as to CITY, a wholly independent contractor. Neither CITY nor any of its agents shall have control over the conduct of CONTRACTOR or any of CONTRACTOR's employees, except as herein set forth. CONTRACTOR shall not, at any time, or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of CITY.

Section 6. Assignment. This Agreement shall not be assigned in whole or in part, by CONTRACTOR without the prior written approval of CITY. Any attempt by CONTRACTOR to so assign this Agreement or any rights, duties or obligations arising hereunder shall be void and of no effect.

Section 7. Responsible Principal(s).

(a) CONTRACTOR's Responsible Principal set forth above shall be principally responsible for CONTRACTOR's obligations under this Agreement and shall serve as principal liaison between CITY and CONTRACTOR. Designation of another Responsible Principal by CONTRACTOR shall not be made without prior written consent of CITY.

(b) CITY's Responsible Principal shall be the City Manager or his designee set forth above who shall administer the terms of the Agreement on behalf of CITY.

Section 8. Personnel. CONTRACTOR represents that it has, or shall secure at its own expense, all personnel required to perform CONTRACTOR's Scope of Work under this Agreement. All personnel engaged in the work shall be qualified to perform such Scope of Work.

Section 9. Permits and Licenses. CONTRACTOR shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the provision of services under this Agreement, including a business license.

Section 10. Interests of CONTRACTOR. CONTRACTOR affirms that it presently has no interest and shall not have any interest, direct or indirect, which would conflict in any manner with the performance of the Scope of Work contemplated by this Agreement. No person having any such interest shall be employed by or be associated with CONTRACTOR.

Section 11. Insurance.

(a) CONTRACTOR shall at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

(1) A policy or policies of Comprehensive General Liability Insurance, with minimum limits of Two Million Dollars (\$2,000,000) for each occurrence, combined single limit, against any personal injury, death, loss or damage resulting from the wrongful or negligent acts by CONTRACTOR.

(2) A policy or policies of Comprehensive Vehicle Liability Insurance covering personal injury and property damage, with minimum limits of One Million Dollars (\$1,000,000) per occurrence combined single limit, covering any vehicle utilized by CONTRACTOR in performing the Scope of Work required by this Agreement.

(3) Workers' compensation insurance as required by the State of California.

(b) CONTRACTOR shall require each of its sub-contractors to maintain insurance coverage which meets all of the requirements of this Agreement.

(c) The policy or policies required by this Agreement shall be issued by an insurer authorized to do business in the State of California and with a rating of at least a B+;VII in the latest edition of Best's Insurance Guide.

(d) CONTRACTOR agrees that if it does not keep the aforesaid insurance in full force and effect CITY may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, CITY may take out the necessary insurance and pay, at CONTRACTOR's expense, the premium thereon.

(e) At all times during the term of this Agreement, CONTRACTOR shall maintain on file with the City Clerk a certificate or certificates of insurance on the current Accord form showing that the aforesaid policies are in effect in the required amounts. CONTRACTOR shall, prior to commencement of work under this Agreement, file with the City Clerk such certificate or certificates. The general and auto liability insurance shall contain an endorsement naming the CITY as an additional insured. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be canceled or reduced except on thirty (30) days prior written notice to CITY, and specifically stating that the coverage contained in the policies affords insurance pursuant to the terms and conditions as set forth in this Agreement.

(f) The insurance provided by CONTRACTOR shall be primary to any coverage available to CITY. The Workers' Compensation policies of insurance required by this Agreement shall include provisions for waiver of subrogation.

(g) Any deductibles or self-insured retentions must be declared to and approved by CITY.

Section 12. Indemnification. CONTRACTOR agrees to indemnify, hold harmless and defend CITY, City Council and each member thereof, and every officer, employee and agent of CITY, from any claim, liability or financial loss (including, without limitation,

attorneys fees and costs) arising from any intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of CONTRACTOR or any person employed by CONTRACTOR in the performance of this Agreement. Notwithstanding the above, CONTRACTOR shall not be responsible for claims that are caused by CITY's improper installation or use of CONTRACTOR's tires purchased under this Agreement.

Section 13. Termination.

(a) CITY shall have the right to terminate this Agreement for any reason or for no reason upon five calendar days' written notice to CONTRACTOR. CONTRACTOR agrees to cease all work under this Agreement on or before the effective date of such notice.

(b) In the event of termination or cancellation of this Agreement by CITY, due to no fault or failure of performance by CONTRACTOR, CONTRACTOR shall be paid based on the percentage of work satisfactorily performed at the time of termination. In no event shall CONTRACTOR be entitled to receive more than the amount that would be paid to CONTRACTOR for the full performance of the services required by this Agreement. CONTRACTOR shall have no other claim against CITY by reason of such termination, including any claim for compensation.

Section 14. CITY's Responsibility. CITY shall provide CONTRACTOR with all pertinent data, documents, and other requested information as is available for the proper performance of CONTRACTOR's Scope of Work.

Section 15. Information and Documents. All data, information, documents and drawings prepared for CITY and required to be furnished to CITY in connection with this Agreement shall become the property of CITY, and CITY may use all or any portion of the work submitted by CONTRACTOR and compensated by CITY pursuant to this Agreement as CITY deems appropriate.

Section 16. Records and Inspections. CONTRACTOR shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of 3 years. CITY shall have access, without charge, during normal business hours to such records, and the right to examine and audit the same and to make copies and transcripts therefrom, and to inspect all program data, documents, proceedings and activities.

Section 17. Notice. Any notices, bills, invoices, etc. required by this Agreement shall be deemed received on (a) the day of delivery if delivered by hand during the receiving party's regular business hours or by facsimile before or during the receiving party's regular business hours; or (b) on the second business day following deposit in the United States mail, postage prepaid to the addresses set forth above, or to such other addresses as the parties may, from time to time, designate in writing pursuant to this section.

Section 18. Attorney's Fees. In the event that either party commences any legal action or proceeding to enforce or interpret the provisions of this Agreement, the prevailing party in such action shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to such other relief as may be sought and awarded.

Section 19. Entire Agreement. This Agreement represents the entire integrated agreement between CITY and CONTRACTOR, and supersedes all prior

negotiations, representations or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both CITY and CONTRACTOR.

Section 20. Exhibits; Precedence. All documents referenced as exhibits in this Agreement are hereby incorporated in this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail.

Section 21. Governing Law. The interpretation and implementation of this Agreement shall be governed by the domestic law of the State of California.

Section 22. CITY Not Obligated to Third Parties. CITY shall not be obligated or liable under this Agreement to any party other than CONTRACTOR.

Section 23. Severability. Invalidation of any provision contained herein or the application thereof to any person or entity by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, or the application thereof to any other person or entity, and the same shall remain in full force and effect.

EXECUTED the _____ day of _____ 20____, at Beverly Hills, California.

CITY OF BEVERLY HILLS
A Municipal Corporation

JOHN A. MIRISCH
Mayor

ATTEST:

BYRON POPE (SEAL)
City Clerk

[Signatures Continue]

CONTRACTOR: TIRE CENTERS LLC

 8-9-16

GREGG BETCHER
National Account Manager, Government Sales

APPROVED AS TO FORM:


LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT

MAHDI ALUZRI
City Manager


GEORGE CHAVEZ
Assistant City Manager / Director of Public Works


SHARON L'HEUREUX DRESSEL
Interim Risk Manager

EXHIBIT A

SCOPE OF WORK

CONTRACTOR shall perform the following services:

- Provide CITY with mounted-wheel service upon request by Fleet Services staff to include, but not limited to, furnishing and delivering tires for on-road CITY heavy-duty vehicles such as Refuse-collection trucks, Street Sweepers, Emergency vehicles, and various types of utility-support vehicles.
- CONTRACTOR shall provide CITY with only Michelin Retread Technologies Inc. tires, where retread tires are requested.
- Provide one (1) biweekly scheduled pick-up/deliveries/service or when requested by administrator.
- Respond to emergency service within 2 hours upon receipt of notification during normal working hours. **24/7** emergency service is required.
- Provide tires with highway tread unless otherwise indicated.
- Provide scrap tire analysis reports, and review reports and other casings on site with the Shop Supervisor once a month, minimum.
- Unit prices of tires shall include delivery charges.
- All tires shall be delivered to CITY's Fleet Services Center Tire Room at: 9355 W. Third Street, Beverly Hills, CA 90210.
- CONTRACTOR shall pick up tires and wheels, and dismount and mount at their facility. Tires returned to CITY shall already be mounted on wheels.
- When picking up tires, the tires are to be written up on a work order or tire receipt and tagged with barcode or serial number to ensure CITY gets the same tire back. The work order or receipt must contain the tire DOT code and barcode or serial numbers. All rejected casings that fail final inspection will be returned to CITY and receipted by barcode or serial number with a report to CITY indicating reason for tire's unsuitability for retreading.
- Casings shall be approved casings from Michelin, Goodyear or Firestone, shall be no more than 3 years old, and not have undergone any type of major repair.
- Casings shall be thoroughly inspected to ensure they meet or exceed DOT retreading standards. Visual inspection shall include looking for every cut, bruise, and puncture, as well as other damage to the tire body.
- In addition to a visual inspection of every casing, CONTRACTOR shall provide no-damage inspections (NDI) of casings prior to recap. NDI procedure may involve electronic, holographic, X-ray or ultrasonic equipment to detect any damage that may not be detected through simple visual process. NDI shall conform to the "Michelin" standards or better.
- Every retread and repair must be performed by a qualified retreader and bear a valid DOT shop number. Retread shall be warranted to be free from defects in workmanship and materials and to give satisfactory service under normal operating conditions for the life of the usable tread.
- Should the retread fail while in service and the cause is faulty workmanship and/or materials, the recapped tire shall be credited at 100% of the actual invoice price for the retread / repair

and the casing, when 10% or less of the original tread is worn. When between 10% worn and 4/32nds of an inch of tread remaining, credit shall be given on a pro rata basis for the retread and the casing (no casing credit is applicable after the first 25% of tread is worn), based on the actual invoice price paid. Replacement charges will be determined by the Michelin Retread Technologies, Inc. National Limited Warranty manual (Rev. 05/09) dated 2009.

EXHIBIT B

SCHEDULE OF PAYMENT AND RATES

CONTRACTOR shall submit an itemized statement to CITY for its services performed for the prior month, which shall include documentation setting forth in detail a description of the services rendered on a form approved by CITY. CITY shall pay CONTRACTOR the amount of such billing within thirty (30) days of receipt of same.

CONTRACTOR shall charge CITY for goods and services delivered at the following rates:

Tire Size	Ply Rating	Tread Design	Unit price	Casing Price
11R22.5 Highway	14	MX XZE #78390	\$476.00	N/A
11R22.5 LUG	14	MX XDE M/S #73493	\$448.00	N/A
11R22.5 RECAP-HW		MRT XZUS 230MM #04030	\$241.70	MARKET VALUE
11R22.5 RECAP-LUG		MRT XDY 240MM #34864	\$229.87	MARKET VALUE
12R22.5 HIGHWAY	16	MX XZE #85335	\$629.60	N/A
12R22.5 LUG	16	MX XDS #62208	\$622.40	N/A
12R22.5 RECAP-HW		MRT XZUS 230MM #67537	\$248.12	MARKET VALUE
12R22.5 RECAP LUG		MRT XDY 240MM #81973	\$236.19	MARKET VALUE
225/70R19.5 HIGHWAY	12	MX XZE #81473	\$340.00	N/A
225/70R19.5 LUG	12	MX XDS2 #91423	\$340.00	N/A
225/70R19.5 RECAP-HW		MRT XZE 203MM #70616	\$138.18	MARKET VALUE
225/70R19.5 RECAP-LUG		MRT XDE M/S 190MM #53423	\$140.54	MARKET VALUE
315/80R22.5		MX XZUS2 #77510	\$696.00	N/A
315/80R22.5 RECAP (CERT FRT AXLE)		MRT XZUS 240MM #16024	\$260.84	MARKET VALUE

SECTION REPAIR W/ RETREAD	
SPOT REPAIR	\$4.00
TRUCK DISMOUNT	\$15.00
TRUCK MOUNT	\$15.00
WHEEL DISMOUNT/MOUNT	\$30.00
TRUCK FLOW THRU VALVE	\$1.35
VALVE STEMS	\$5.95

OTHER SERVICE DESCRIPTION	EFFECTIVE HOURS	HOURLY RATE
ROAD CALL (Monday thru Friday)	7AM to 5PM	\$75.00
ROAD CALL (Monday thru Friday)	AFTER 5PM	\$112.50
ROAD CALL (Saturday)	ANYTIME SATURDAY	\$112.50
ROAD CALL (Sunday/Holidays)	ANYTIME SUNDAY / HOLIDAYS	\$150.00

If the term of the Agreement is extended by CITY, prices are subject to modification annually as described in Section 3 of this Agreement.



EXHIBIT C
CERTIFICATE OF INSURANCE

This is to certify that the following endorsement is part of the policy(ies) described below:

NAMED INSURED _____

COMPANIES AFFORDING COVERAGE

- A. _____
- B. _____
- C. _____

ADDRESS _____

COMPANY (A. B. C.)	COVERAGE	POLICY NUMBER	EXPIRATION DATE	B.I.	LIMITS P.D.	AGGREGATE
	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> GENERAL LIABILITY <input type="checkbox"/> PRODUCTS/COMPLETED OPERATIONS <input type="checkbox"/> BLANKET CONTRACTUAL <input type="checkbox"/> CONTRACTOR'S PROTECTIVE <input type="checkbox"/> PERSONAL INJURY <input type="checkbox"/> EXCESS LIABILITY <input type="checkbox"/> WORKERS' COMPENSATION <input type="checkbox"/>					

It is hereby understood and agreed that the City of Beverly Hills, its City Council and each member thereof and every officer and employee of the City shall be named as joint and several assureds with respect to claims arising out of the following project or agreement:

It is further agreed that the following indemnity agreement between the City of Beverly Hills and the named insured is covered under the policy: Contractor agrees to indemnify, hold harmless and defend City, its City Council and each member thereof and every officer and employee of City from any and all liability or financial loss resulting from any suits, claims, losses or actions brought against and from all costs and expenses of litigation brought against City, its City Council and each member thereof and any officer or employee of City which results directly or indirectly from the wrongful or negligent actions of contractor's officers, employees, agents or others employed by Contractor while engaged by Contractor in the (performance of this agreement) construction of this project.

It is further agreed that the inclusion of more than one assured shall not operate to increase the limit of the company's liability and that insurer waives any right of contribution with insurance which may be available to the City of Beverly Hills.

In the event of cancellation or material change in the above coverage, the company will give 30 days written notice of cancellation or material change to the certificate holder.

Except to certify that the policy(ies) described above have the above endorsement attached, this certificate or verification of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policies listed herein. Notwithstanding any requirement, term, or condition of any contract or other document with respect to which this certificate or verification of insurance may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.

DATE: _____

BY: _____
Authorized Insurance Representative

AGENCY: _____

TITLE: _____

ADDRESS: _____

RM02.DOC REVISED 10/14/96.

Attachment 2



5/6/16

To: City of Beverly Hills, CA

Attn: Harry Kalindjian

RE: Authorized Michelin Retread Technologies (MRT)

Tire Centers, LLC 1530 S. Alameda Street Los Angeles, CA 90021

Tire Centers, LLC (TCi) is an authorized new tire supplier/MRT dealer for all Michelin products (including retreading) and provides service on the behalf of Michelin in Los Angeles County.

Thank you,

Joe Hendricks
Account Manager - Government Sales
Michelin North America
561-309-2526 (cell)
www.michelintruck.com