

# The County Connection

## Inter Office Memo

**To:** O&S Committee

**Date:** August 24, 2010

**From:** *J. Scott Mitchell*  
J. Scott Mitchell  
Director of Maintenance

**Reviewed By:** *PSH*

**SUBJECT:** Leased Tires and Related Services Contract

### BACKGROUND:

The Central Contra Costa Transit Authority leases the tires on the revenue vehicles. Every five (5) years, the maximum term allowed by the Federal Transit Administration, the CCCTA goes to bid for a renewal contract. Traditionally, there have only been two (2) companies interested in and capable of pursuing a contract for this service. Those two companies are The Goodyear Tire and Rubber Company ("Goodyear") and The Firestone Tire and Rubber Company ("Firestone"). The CCCTA has, with one contract term exception, contracted with Goodyear for this service since beginning full service in 1982.

### SUMMARY OF ISSUES:

An Invitation For Bids (IFB) was issued on June 29, 2010 to seek a new contract for this service. On the bid opening date of August 20, 2010, one bid was received. That bid was from Goodyear. Firestone had previously issued a letter stating that it did not intend to bid on our IFB.

The Authority is in need of a contract for the continued supply of tires for the revenue buses. The advantage to having a tire company under contract for the supply of tires provides the CCCTA with a guarantee of tires in the event of a materials shortage for the production of bus tires. Although the Authority received a single bid, the cost analysis did show that the Goodyear bid was fair and equitable. Staff is recommending that the committee proceed with approving the submitted bid and requesting the Board of Directors to authorize the General Manager to enter into a contract with Goodyear for a five (5) year contract for Leased Tires and Related Services.

### OPTION 1:

That CCCTA award a contract to The Goodyear Tire & Rubber Company for Leased Tires and Related Services.

### OPTION 2:

The O&S Committee direct staff to re-advertise the procurement.

**FINANCIAL IMPLICATIONS:**

The bid submitted by Goodyear lists two rates; one for large tires (.006075/mile for the first year) for the 35' and 40' coaches and a different rate for the smaller tires (.007100/mile for the first year) on the 29' coaches. The Service rate for the first year of the new contract is \$5,200/month. The IFB response contains fixed rates for each of the five years of the contract period.

The first year annual financial implication will be a decrease in tire costs of \$25,220.00, which is a decrease of 15.80%. And an increase of \$100.00 for Services, which is a 2% increase. After the first year, the rates bid show the following percentage increases:

Second Year 4.5% for tires and 3.8% for Service

Third Year 4.6% for tires and 4.1% for Service

Fourth Year 4.5% for tires and 4.0% for Service

Fifth Year 4.5% for tires and 4.3% for Service

**RECOMMENDATIONS:**

Staffs recommends that the O&S Committee recommend award of a five (5) year contract to The Goodyear Tire & Rubber Company at the guaranteed rates specified in their bid of August 20, 2010.

**ACTION REQUESTED:**

The O&S Committee recommend to the Board of Directors at its August 20, 2010 meeting, the award of a contract by CCCTA to The Goodyear Tire & Rubber Company for a five (5) year period at the guaranteed rates specified in their bid for Leased Tires and Related Services.