

The County Connection

Inter Office Memo

To: Board of Directors

Date: September 8, 2010

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

Reviewed By:

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. The O&S Committee is 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 Board of Directors direct staff to re-advertise the procurement.

FINANCIAL IMPLICATIONS:

The bid submitted by Goodyear lists two rates; .006075/mile for the first year for the large tires (35' and 40' coaches), and .007100/mile for the first year for the smaller tires (29' coaches).

The service rate submitted by Goodyear for the first year 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, a decrease of 15.80%. There will be an increase of \$100.00 per month for service, an increase of 2%. 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:

The Staff and O&S Committee recommend that the Board of Directors authorize the General Manager to award 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 Staff and O&S Committee recommend that the Board of Directors at its September 16, 2010 meeting, authorize the General Manager to award 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.