

City of Culver City, California
City Council Agenda Item Report

Meeting Date: April 10, 2006		Item Number: <u>C-6</u>	
AGENDA ITEM: Authorization to Award a Memorandum of Agreement to The Goodyear Tire & Rubber Company For Transit Bus Tire Leasing For five Years With Three One Year Extensions.			
Contact Person/Dept.: Paul Condran		Phone Number: 310.253.6520	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Public Notification on February 23, 2006 by Mail to Bridgestone/Firestone Inc., The Goodyear Tire & Rubber Company and Michelin North America. It was also posted on the City's Website. The Request for Proposal was Published in Passenger Transport and the Culver City News on February 23, 2006.			
Department Approval: Steve Cunningham (03/29/06)		CAO Approval: Jerry B. Fulwood (04/05/06)	
City Controller Approval: Marlee Chang (04/05/06)			

RECOMMENDATION:

Staff recommends that the City Council award a Five (5) year contract with three (3) one year extensions to the Goodyear Tire and Rubber Company for Transit Bus Tire Leasing.

BACKGROUND:

Since 1992 the Transportation Department has been under contract with the Goodyear Tire & Rubber Company for lease tires. Leasing tires is a cost effective alternative to purchasing expensive, specially manufactured heavy-duty tires and is a broadly accepted business practice in the transit industry. In 2001, the Transportation Department received City Council approval to extend the original contract for an additional five (5) years with an option for a one (1) year extension. The Department decided not to take the final remaining one year option and opted instead to put out a Request for Proposal (RFP).

DISCUSSION:

The current Memorandum of Agreement (contract) expires on May 1, 2006. On February 23, 1996 Transportation issued an RFP by advertising in the Culver City News and the Passenger Transport which is a national public transportation industry paper. The Department received notifications of six (6) downloads from the City's website whereby potential bidders received the RFP. In order to ensure that the major suppliers of transit vehicle tires were informed of our bid, the Department sent

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bid notifications directly to Firestone/Bridgestone Incorporated, The Goodyear Tire and Rubber Company and Michelin North America.

The Department received a response from Michelin North America indicating they were unable to provide a bid because they no longer offer lease tire services. Transportation also received notification from Bridgestone-Firestone that they were unable to meet the criteria of the technical specifications and they will not submit a proposal. Under the terms of the RFP, in addition to lease tires, each proposer must also provide all the required material to repair, clean, re-groove, and maintain the tires including a factory representative to be on-site 16 hours each month to perform tire inspections and training for Department staff. Transportation received one qualified bid which was from Goodyear Tire and Rubber Company and their proposal met all areas of the technical specifications and the requirements of the RFP.

FISCAL ANALYSIS:

The Goodyear Tire and Rubber Company quoted a rate of .007670 cents per-mile which is 5% lower than our current contract. Goodyear's quote includes a 4% annual increase through five years, and includes three additional one year extensions that would be held at this rate.

The Transportation Department expends approximately \$80,000 per-year on lease tires. Leasing versus purchasing tires saves the Department an estimated \$50,000 per each year. The approximate cost of one new tire is \$386 and the estimated cost of a fully expended lease tire is \$248. Given the recent trend in the rising cost of raw materials, specifically rubber, it has been determined that we received a very competitive proposal.

The Transportation Department has budgeted sufficient funds for this program from Federal Capital Grant Section 5307. No general fund money is being used for this contract.

MOTION:

1. That the City Council approve a new five (5) year Memorandum of Agreement with three one (1) year extensions with the Goodyear Tire and Rubber Company for leasing of transit bus tires, and;
2. Authorize the Purchasing Office to prepare a new Memorandum of Agreement between the City of Culver City and the Goodyear Tire & Rubber Company, and Authorize the Chief Administrative Officer to sign the agreement on behalf of the City of Culver City.