

RESOLUTION 2004-114

AUTHORIZING CONTRACT NO. 2004-036 WITH GOODYEAR TIRE & RUBBER COMPANY FOR TIRE AND WHEEL MAINTENANCE SERVICES AND FOR THE LEASING OF RADIAL TIRES FOR A PERIOD OF FIVE (5) YEARS IN AN AMOUNT NOT TO EXCEED \$6,476,563.00 (GENERAL FUND - FLEET MANAGEMENT DEPARTMENT BUDGET)

WHEREAS, the Greater Cleveland Regional Transit Authority routinely requires tires to be installed and serviced on the Authority's revenue vehicles; and

WHEREAS, it has been determined to be cost effective for the Authority to lease radial tires for the Authority's revenue vehicles; and

WHEREAS, the proposal of Goodyear Tire & Rubber Company located at 1144 East Market Street, Akron, OH 44316, as negotiated, for tire and wheel maintenance services and leasing of radial tires as required was received on May 24, 2004; and

WHEREAS, after negotiations, Goodyear Tire & Rubber Company, has offered to provide such services in an amount not to exceed six million four hundred seventy-six thousand five hundred sixty-three & 00/100 dollars (\$6,476,563.00) for a period of five (5) years; and

WHEREAS, the General Manager/Secretary-Treasurer deems the proposal of Goodyear Tire & Rubber Company to be most advantageous to the Authority, cost and all other factors considered, and recommend acceptance thereof by the Board of Trustees.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the proposal of Goodyear Tire & Rubber Company, as negotiated, for tire and wheel maintenance services and leasing of radial tires, as required, be and the same is hereby accepted as being in the best interest of the Authority.

Section 2. That the General Manager/Secretary-Treasurer of the Authority be and he is hereby authorized to enter into a contract with Goodyear Tire & Rubber Company for tire and wheel maintenance services and leasing of radial tires, as required for a period of five (5) years.

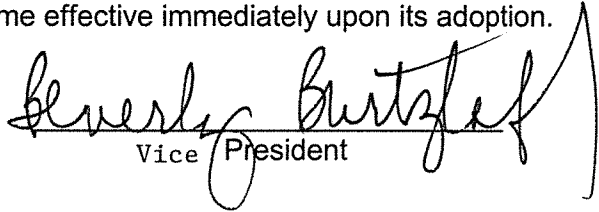
Section 3. That said contract shall be payable from the RTA General Fund, Fleet Management Department budget, in an amount not to exceed six million four hundred seventy-six thousand five hundred sixty-three & 00/100 dollars (\$6,476,563.00) for a period of five (5) years.


Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon appropriation of funds for future years; compliance by the contractor to the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2004-112; bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

Section 5. That the Greater Cleveland Regional Transit Authority's Board of Trustees expects that Goodyear Tire & Rubber Company will attempt to exceed the 0% minimum DBE goal assigned to this procurement.

Section 6. That this resolution shall become effective immediately upon its adoption.

Adopted: September 21, 2004, 2004


Vice President

Attest: 
CEO, General Manager/Secretary-Treasurer



Greater Cleveland Regional Transit Authority
STAFF SUMMARY AND COMMENTS

A-3

TITLE/DESCRIPTION: AUTHORIZING CONTRACT NO. 2004-036 WITH GOODYEAR TIRE & RUBBER COMPANY FOR TIRE AND WHEEL MAINTENANCE SERVICES AND FOR THE LEASING OF RADIAL TIRES FOR A PERIOD OF FIVE (5) YEARS IN AN AMOUNT NOT TO EXCEED \$6,476,563.00 (GENERAL FUND - FLEET MANAGEMENT DEPARTMENT BUDGET)	Resolution No.: 2004- 114
	Date: September 16, 2004
	Initiator: Fleet Management Department
ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 PURPOSE/SCOPE: This action will allow the Authority to enter into a five (5) year contract for tire and wheel maintenance services and leasing of radial tires, as required, for the Authority's revenue vehicles.
- 2.0 DESCRIPTION/JUSTIFICATION: Contracting out the maintenance and leasing of tires has proven to be beneficial to the Authority. The contractor maintains a sufficient inventory for all the Authority's tubeless radial tires and provides on-site service at each of the Authority's district garages. This leasing arrangement allows the contractor to maintain title of the tires, which relieves the Authority of any EPA responsibility for the disposal of tires. Most transit authorities have similar arrangements for their revenue tire needs.
- 3.0 PROCUREMENT BACKGROUND: A lease versus purchase analysis had been conducted in accordance with Procurement Department Policies and Procedures to review the economics of leasing versus purchasing the Authority's radial tire requirements.

Requests for Proposals were sent to the three (3) known providers of lease and tire service. Proposals were received on May 24, 2004. After evaluation by a panel of Authority employees in accordance with established Procurement Department Policies and Procedures, and negotiations, the proposal by Goodyear Tire & Rubber Company, for tire and wheel maintenance services and leasing of radial tires, as required, was determined to be most advantageous to the Authority, price and all other factors considered.

The anticipated contract award is approximately 30 percent above the previous contract. This increase is attributed to several major differences between the 1999 and the 2004 lease tire maintenance contract. The 1999 average tire life was estimated at 60,000 miles. The 2004 average tire life is approximately 40,000 miles. The dominant tire in the 1999 lease tire program was the Hi-Floor tire, which represented 138 million miles at a cost of \$.0034 per tire mile. The 2004 lease tire program identifies 60 million tire miles for the Hi-Floor coach tires at approximately \$.0044 per tire mile and 80 million tire miles for the Low Floor coach tires at a rate of \$.0056 per tire mile.

For all vehicles, the 1999 contract was based on approximately 150 million tire miles. The 2004 contract is based on 164 million tire miles. This represents an increase of 14 million tire miles per year.

A cost analysis was performed and the negotiated price schedule was determined to be fair and reasonable to the Authority.

A-4

STAFF SUMMARY & COMMENTS

Tire Lease and Service

Page 2

- 4.0 AFFIRMATIVE ACTION/DBE COMPLIANCE: All Affirmative Action requirements have been met. A 0% DBE goal was established for this procurement due to the lack of subcontracting opportunities.
- 5.0 POLICY IMPACT: Does not apply.
- 6.0 ECONOMIC IMPACT: This procurement will be funded through the General Fund, Fleet Management Department budget in an amount not to exceed at six million four hundred seventy-six thousand five hundred sixty-three & 00/100 dollars (\$6,476,563.00) for a period of (5) five years.
- 7.0 ALTERNATIVES: Reject this award. Rejection of this offer would impact the Authority's ability to replace worn tires and wheels, which could impact service and the safety of both employees and customers.
- 8.0 RECOMMENDATION: It is recommended that the proposal of Goodyear Tire & Rubber Company, as negotiated, be accepted and the resolution passed authorizing the General Manager/Secretary-Treasurer to enter into a contract.
- 9.0 ATTACHMENTS: None.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.



CEO, General Manager/Secretary-Treasurer