



Los Angeles County  
Metropolitan Transportation Authority

**Metro**

OPERATIONS COMMITTEE  
JANUARY 19, 2006

**SUBJECT: TIRE SERVICE CONTRACT**

**ACTION: MODIFY TIRE SERVICE CONTRACT**

**RECOMMENDATION**

Authorize the Chief Executive Officer to execute Modification No. 3 to Contract No. OP31201022 with the Goodyear Tire and Rubber Co. for tire leasing and services for an amount not to exceed \$2,091,673 through the remainder of the contract period, July 31, 2006, increasing the total contract amount from \$21,013,463 to \$23,105,136.

**RATIONALE**

The current tire service contract covers the leasing and service of all Metro revenue and non-revenue tires. Cost is based on actual tire mileage plus a fixed monthly service charge, which includes compliant environmental disposal of spent tire casings, as well as all facets of a tire maintenance program. The maintenance program includes tire removal and replacement, airing, bump testing, wheel inspection, related repair, regrooving, recapping, wheel balancing and wheel powder coating/polishing.

At the time of initial contract award, staff estimated the maintenance and replacement of approximately 73,000 tires for a fleet of 2,293 buses and the service of 1,063 non-revenue (rolling stock) vehicles. Staff is requesting additional contract authority because since the contract was awarded in August 2001, the bus fleet has increased from 2,293 buses to 2,674 buses, which represents a 17% increase in the revenue fleet size.

In addition to the increase in fleet size, staff did not anticipate accelerated tire wear on the low floor bus/low profile tires to be greater than the high floor bus/standard tire. The ratio of low floor vs. high floor bus has increased 163% above the original contract forecast. The mileage rate for the low profile tire on the low floor bus is \$.037/mile, compared to the standard profile tire on the high floor bus rate of \$.025/mile.

The current contract expires July 31, 2006. As the new request for proposal goes out, staff will incorporate lessons learned to better determine Metro's requirements for tire mileage usage.

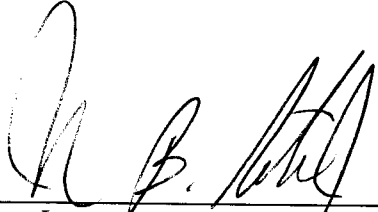
## **FINANCIAL IMPACT**

This action will increase the value of the contract by \$2,091,673. The funding for this contract is included in the FY06 budget in cost centers 3120 and 3434 under various bus projects in the revenue and non-revenue tire accounts. The cost center manager and the Deputy Chief Executive Officer will be accountable for budgeting the remaining balance of the contract of approximately \$400,000 in FY07.

## **ATTACHMENT(S)**

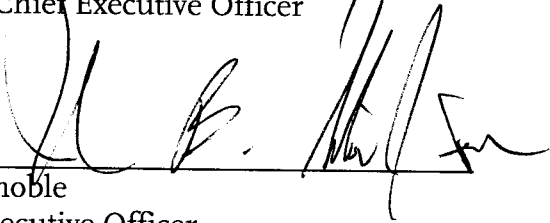
- A Procurement Summary
- A-1 Procurement History
- A-2 List of Subcontractors

Prepared by: Michael Stange, Equipment Maintenance Superintendent  
Robert Vasquez, Sr. Contract Administrator



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John B. Catoe, Jr.  
Deputy Chief Executive Officer



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Roger Snoble  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY**

**TIRE SERVICE CONTRACT**

1.	Contract Number: OP31201022		
2.	Recommended Vendor: Goodyear Tire and Rubber Co.		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$2,091,673	Recommended Price: \$2,091,673	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Fixed Unit Rate		
5.	Procurement Dates: N/A (modification to existing contract)		
	A. Issued: N/A		
	B. Advertised: N/A		
	C. Pre-proposal Conference: N/A		
	D. Proposals Due: N/A		
	E. Pre-Qualification Completed: N/A		
	F. Conflict of Interest Form Submitted to Ethics: 12/02/05		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 0%	Date Small Business Evaluation Completed: N/A	
	B. Small Business Commitment: 0%		
7.	Invitation for Bid/Request for Proposal Data: N/A (modification to existing contract)		
	Notifications Sent: N/A	Bids/Proposals Picked up: N/A	Bids/Proposals Received: N/A
8.	Evaluation Information:		
	A. Bidders/Proposers Names: Goodyear Tire and Rubber Co.	<u>Bid/Proposal Amount:</u> \$2,091,673	<u>Best and Final Offer Amount:</u> \$N/A
	B. Evaluation Methodology: Details are in Attachment A-1.C		
9.	Protest Information: N/A (modification to existing contract)		
	A. Protest Period End Date: N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Robert Vasquez	Telephone Number: 213-922-1044	
11.	Project Manager: Mike Stange	Telephone Number: 213-922-5751	

**BOARD REPORT ATTACHMENT A-1  
PROCUREMENT HISTORY**

**TIRE SERVICE CONTRACT**

**A. Background on Contractor**

The Goodyear Tire and Rubber Company (Goodyear), headquartered in Akron, Ohio, has been in the tire and rubber business since 1898, and is the world's largest tire company. It has more than 80,000 employees and manufacturers and markets tires and other engineered rubber products for the transportation industry, as well as rubber-related chemicals for various applications. Goodyear has had several multi-year service contracts for tire leasing with Metro over the years. It currently has tire leasing contracts with many other large public transit agencies across the country. The firm has performed very well for over 4 years under the current contract, as well as under prior Metro contracts.

**B. Procurement Background**

The existing contract was awarded for a 5-year period, inclusive of two option periods, under a competitive sealed bid process. The Board of Directors approved the original contract award on June 28, 2001 and the contract took effect on August 1, 2001. Both one-year renewal options have now been exercised. Additional funding is now required for the remainder of the last option period, which was exercised as of August 1, 2005, for the reasons stated in the Rationale section of this report.

**C. Evaluation of Proposals**

A written proposal from Goodyear was not required for this modification since the action is unilateral and only involves the increase of contract funding based on current unit rates.

**D. Cost/Price Analysis Explanation of Variances**

The recommended price has been determined to be fair and reasonable based upon current contract pricing for the second option period, effective August 1, 2005 through July 31, 2006. Since the existing unit rates shall remain in effect, there are no price variances to be considered for this funding modification.

**BOARD REPORT ATTACHMENT A-2  
LIST OF SUBCONTRACTORS**

**TIRE SERVICE CONTRACT**

**PRIME CONTRACTOR**

Goodyear Tire & Rubber Company

**Small Business Commitment**

None

**Total Commitment      0%**

**Other Subcontractors**

None