



City Council Report

Date: August 31, 2009
To: City Council
Through: Bryan Raines, Deputy City Manager
From: Edward Quedens, Business Services Director
Subject: Renewal of the Term Contract for Recapping of Tires for the Materials and Supply Warehouse (Contract #2006131)
"Citywide" contract

Purpose and Recommendation

Council is requested to approve the Renewal of the Term Contract for Recapping of Tires as recommended. Renewal pricing was evaluated by the Fleet Services Department, and the Materials & Supply and Purchasing Divisions.

The Purchasing Division recommends authorizing renewal of the contract with Michelin North America, Inc. (as the primary vendor) at \$423,616.88 and Roberts Tire Sales, Inc. (as the secondary vendor) at \$141,205.63 for a combined total award of \$564,822.51 annually, based on estimated requirements.

Multiple awards are recommended to guarantee continuity of supply to Fleet Services for the sizes required.

Background/Discussion

This contract will provide recapping and repair services for the City's large truck tires. The contractor picks up tire carcasses from the City, recaps and returns them for storage in the City's central warehouse until required by Fleet Services. The recapped tires are used on non-steering applications, and are significantly less expensive than new tires. The majority of this contract is for tires used on Solid Waste vehicles.

Michelin North America, Inc. has offered to renew with a 5% increase on all items. The increase is due to the volatile costs of raw materials in the industry, and also over the past several years, Michelin, Goodyear and Bridgestone have all widened their tire casings, and as a result, require a wider retread which costs more. The increase is also in-line with the Bureau of Labor Statistic's Consumer Price Index.

Roberts Tire Sales, Inc. has offered to renew at last year's pricing. While minimum orders have been placed with this vendor, it is in the City's best interest to have a secondary vendor to ensure Fleet Services has an alternate contractor in the event the primary cannot perform.

Renewal pricing from both vendors continues to be market competitive. Both contractors have been satisfactorily performing for the past three (3) years. This renewal of the term supply contract is valid through August 31, 2011 at \$564,822.51 annually.

Alternatives

Council could choose not to award this supply contract and new bids would be obtained.

Fiscal Impact

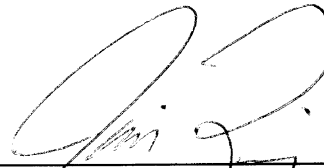
The total amount of \$564,822.51 is available in Materials & Supply Division's budget.

Coordinated With:

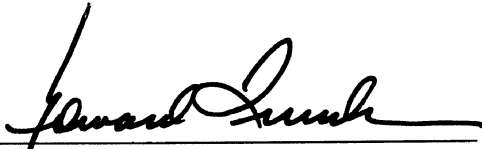
Business Services - Materials and Supply
Fleet Services Department



Pamela Chavez,
Management Assistant II



Jim Ruiz, CPPB
Purchasing Administrator



Edward Quedens, CPPO, C.P.M.
Business Services Director



Bryan Raines,
Deputy City Manager

**CITY OF MESA
RENEWAL RECOMMENDATION
RECAPPING OF TRUCK TIRES
(MESA CONTRACT #2006130)
Contract Valid Through August 31, 2011**

**Michelin North America, Inc. - Primary
Atlanta, GA**

| Description | Annual Renewal Amount |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Recapping of Truck Tires for various tire sizes including 9Rx22.5 and 10Rx22.5 highway tread for crew trucks; 10Rx22.5 and 11Rx22.5 spread axle type for crew trucks and single axle dumps; 11Rx22.5 and 315/80Rx22.5 BRM tread type rib for refuse trucks and tractors; 11Rx22.5 waste hauler rib for refuse and sewer trucks; 315/80Rx22.5 waste hauler rib for refuse trucks; 255/70Rx22.5 highway type for refuse trucks; 9R17.5 trailer type tread for trailers | \$423,616.88 |

**Roberts Tire Sales, Inc. - Secondary
Mesa, AZ**

| Description | Annual Renewal Amount |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Recapping of Truck Tires for various tire sizes including 9Rx22.5 and 10Rx22.5 highway tread for crew trucks; 10Rx22.5 and 11Rx22.5 spread axle type for crew trucks and single axle dumps; 11Rx22.5 and 315/80Rx22.5 BRM tread type rib for refuse trucks and tractors; 11Rx22.5 waste hauler rib for refuse and sewer trucks; 315/80Rx22.5 waste hauler rib for refuse trucks; 255/70Rx22.5 highway type for refuse trucks; 9R17.5 trailer type tread for trailers | \$141,205.63 |

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|------------------------------------------|
| TOTAL ANNUAL RENEWAL \$564,822.51 |
|------------------------------------------|