

CITY OF TEMPE
REQUEST FOR COUNCIL ACTION

Council Meeting Date: 6/13/2013
Agenda Item: 5B1

ACTION: Approve the renewal of one-year contracts with Redburn Tire Company and Roberts Tire Sales for tire retreading services used by the Public Works Department.

FISCAL IMPACT: Total cost of these two contracts will not exceed \$150,000 during the one-year renewal period. Sufficient funds have been appropriated in the General Fund – cost center 3262 – for the anticipated expenditures in the current fiscal year.

RECOMMENDATION: Approve the renewal of the contracts.

BACKGROUND INFORMATION: (T12-132) City Council originally approved the award of contracts for tire retreading services on May 31, 2012 for an initial one-year period with four one-year renewal options. This renewal request is the first of four available renewal options.

When a tire has reached the end of its service life on a vehicle, it must be replaced. In order to lower costs associated with tire replacement, the tires which are no longer serviceable on vehicles, are forwarded to a retreading facility which has the necessary equipment to renew a large majority of the tires.

A retread is defined as a previously used tire which has gone through a remanufacturing process in order to extend its useful life. Retreading starts with a rigorous safety inspection of the used tire searching for defects that cannot be seen by the naked eye. If the used tire passes inspection, the old tread is buffed off the “casing” and a new rubber tread is bonded to the bare “casing” using industry best practices and specialized machinery. City staff have actively been pursuing efforts to replace tires on vehicles before they are to a stage where they would be unable to pass a retread inspection. As a result of this effort, the City has seen the casing rejection rates go from 42% to 25% which has allowed for more of the end of life tires to be reconditioned and has generated additional savings for the City.

Based on current pricing, the City is able to generate savings of approximately 66% compared to the cost of a new tire – saving about \$400 per tire. Retreading is not only highly cost effective, but it is also a greener solution for the environment since it uses less oil and reduces land fill waste.

Contractor Performance

The performance of the individual companies were rated by the Public Works Department as follows:

Criteria	Redburn Tire	Roberts Tire
Personnel are responsive, cooperative and available	A	B
Overall quality of products or services delivered	B	B
Timeliness of performance	B	B
Quality of follow-up in resolving complaints or problems	B	B
Firm's promptness in submitting accurate invoices	B	B

A = Exceeds Standards; B = Meets Standards; C = Below Standards

Renewal Cost

Roberts Tire has requested an 8% price increase based on costs associated with their raw materials. There was no increase associated with Redburn Tire renewal. Since Roberts Tire is utilized less than Redburn, the increase will have little effect on overall costs.

ATTACHMENTS: None

STAFF CONTACT(S): Kevin Devery, Interim Fleet Manager, (480) 350-8088

Department Director: Ken Jones, Finance & Technology Department Director

Legal review by: David Park, Assistant City Attorney

Prepared by: Tony Allen, CPPB, Procurement Officer