

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: General Services

AGENDA DATE: July 26, 2011

CONTACT PERSON/PHONE: Stuart Ed – Director, General Services - Fleet Division, (915) 621-6822
Bruce D. Collins, Purchasing Manager – Financial Services, (915) 541-4313

DISTRICT(S) AFFECTED: All

SUBJECT:

Issue a PO to WingFoot Commercial Tire Systems in the amount of \$798,633.20 for the purchase of Duraseal Technology tires used mostly on refuse trucks and trash hauling vehicles.

BACKGROUND / DISCUSSION:

General Services - Fleet Division is requesting the purchase of the above tires. The proposed tires that are to be replaced are conventional tires without technology that is currently available that makes a tire puncture resistant. The Fleet Division has been testing the tires on a number of refuse trucks that collect trash on different City routes since September of 2010 and has found that the tires have averaged a wear of 2/32 per month, meaning the life of the original tread is useful for potentially one full year. The tires can be recapped an average of 3-4 times before becoming unserviceable to the user.

PRIOR COUNCIL ACTION:

The participation by the City of El Paso in The Cooperative Purchasing Network (TCPN), State Contracts Program was approved by Mayor and City Council on March 27, 2007. Local vendor supported with approval of this purchase.

AMOUNT AND SOURCE OF FUNDING:

General Services Dept, Internal Service Operating Funds (Account Number, 37370510-503121-45202-3700)

BOARD / COMMISSION ACTION:

N/A.

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:


(If Department Head Summary Form is initiated by Purchasing, client department should also sign)

Information copy to appropriate Deputy City Manager



To: Carmen Arrieta-Candelaria, CFO
From: Stuart Ed, General Services Director
Date: May 19, 2011
Re: Duraseal Tires – Maintenance Cost / Price Analysis

This memo provides additional backup information regarding the purchase of Duraseal tires for the use on refuse trucks. This is currently scheduled for placement on the agenda for June 14, 2011. This purchase is for the Environmental Services Department through General Services, Fleet Division.

Below is a very brief cost-benefit analysis analyzing maintenance expenses for the existing tires that are currently by the refuse vehicles:

1. The proposed tires that are to be replaced are conventional tires without technology that is currently available that makes a tire puncture resistant. The recommended product is made by GoodYear Tire and Rubber Company and is distributed through WingFoot, Commercial Tire Systems, LLC who is a local vendor. The tires that are being recommended for purchase offer Duraseal technology. This technology allows the tires to be puncture resistant from objects that are at least a quarter inch in diameter without experiencing a flat. This is important due to the daily use of the refuse trucks as well as the ability to meet and maintain trash pickup routes without any lapses.
2. Cost of the proposed replacement tires is approximately \$730,800. The Fleet Division has been testing the tires on a number of refuse trucks that collect trash on different City routes since September of 2010. The tires have averaged a wear of 2/32 per month, meaning the life of the original thread is useful for potentially one full year. In addition, the tire can be recapped for a price of \$160.00 all while still maintaining the Duraseal, puncture resistant technology after it has been recapped. The tires can be recapped an average of 3-4 times before becoming unserviceable to the user.
3. By replacing the current tires with Duraseal tires, the Environmental Services Department (ESD) is looking at a potential savings of \$246, 079.56 within the first year even when taking into consideration the initial capital expense of the tires.
4. Currently, the refuse trucks use a tire that is at a lower cost of \$322.74 per tire, however, when taking into consideration the number of repairs and tire replacements as a result of not having the puncture resistant technology, ESD is projected to spend \$976,879.56 in tire related expenses if the current brand of tire is kept.
5. In addition to the cost saving, ESD would benefit from having a greater number of trucks available for refuse collection. Currently, the department

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GENERAL SERVICES DEPARTMENT

suffers from an average of 2,178 hours of down time due to tire repairs. This translates to refuse vehicles not being in service, therefore, losing money generated from collections. With an estimated revenue of \$217 per hour generated by a refuse truck, if multiplied against the number of hours saved in down time, this could potentially mean an increase in revenue of \$472,626. A potential revenue generator for the city in addition to the savings already mentioned.

GENERAL SERVICES DEPARTMENT

1059 Lafayette Drive - El Paso, Texas 79907 - (915) 621-6822



To: Carmen Arrieta-Candelaria, CFO
From: Stuart C. Ed, General Services Director
Date: 5/26/11
Subject: Use of Coop contracts, TCPN R4937, TXMAS 7-261020, 7-261020-63, 7-2610-99

The General Services Department recommends utilizing The Cooperative Purchasing Network program through Cooperative and State Contracts to issue a \$49,500 purchase order to WingFoot Commercial Tire Systems, Wicker Tire Company and American Tire Distributors for the acquisition of vehicular tires for the City's fleet. The following are the factors used to evaluate the use of this procurement program as the best approach:

1. Is there an urgent need for the product/service? In other words, is time of the essence?

The city has a rolling stock of vehicles that collect refuse from citizens and a police department that provide a service to the community, both departments play a large role in the community. In addition, the City maintain a fleet of support vehicles that provide additional services to the citizens of the city to include the Fire, Health and Transportation Departments. The use of tires is an urgent necessity that will ensure the City's fleet to comply with environmental requirements. The replacement of tires will minimize the amount of downtime of the vehicles in allow them to provide a better service to the community.

2. Does the purchase through the Program promote the standardization of equipment?

Yes, the mentioned vendors would be able to provide a similar product to the one the City currently uses. The fleet would benefit from using similar products and promote standardization of materials and stock inventory.

3. Does the purchase through the Program support local business? If not, is there a comparable product/service available locally?

This purchase does support local business. The vendors being recommended are from the local community.

4. Do the available vendors have prior work experience and/or familiarity with the City?

Yes, the city has previously purchased tires from the recommended vendor in the past. The vendors have been responsive to the City's needs. The city recently had open purchase orders with the recommended vendors.

5. Is the pricing reasonable as compared to other similar products/work performed for the City of El Paso in the past or as quoted from other companies?

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Price reasonableness has been established because the cooperative purchasing agency used a competitive bidding process in the awarding of the contract.

The participation by the City of El Paso in the Coop's was approved by Mayor and City Council on August 21, 2007.

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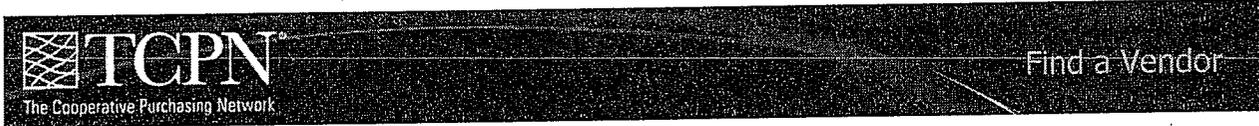
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Company:

Goodyear Tire and Rubber Company

Contract(s):

Automotive Tires

Contract Number:

R4937 (All PO's must reference "Per TCPN Contract")

Contract Term:

January 31, 2010 to January 31, 2015

Products and Services:

Documents:

[Click here for due diligence documents.](#)

Order Placement:

→ Contract terms require PO's to be sent directly to the local authorized dealer and must reference "Per TCPN Contract."

Supplying Dealers - The TCPN pricing and processing information may be found on your Tire HQ system as follows: From your "Home" page:

- 1) go to Government Sales; 2) Pricing Approvals; 3) Select "Countrywide" from the drop down box; 4) click on TCPN (The Cooperative Purchasing Network) Contract # R4937; 5) Print information and process invoice.

Pricing:

Contact Local Dealer for Pricing

Vendor Contacts:

Jeanne Oberdier
 1144 East Market Street
 Akron, OH 44316

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