ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

STAFF REPORT

MEETING DATE: 6/10/2026 **Staff Report No.** 20-203b

TO: AC Transit Board of Directors

FROM: Salvador Llamas, General Manager/Chief Executive Officer

SUBJECT: Extension of Contract for Tire Mileage and Leasing Program

ACTION ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider authorizing the General Manager to execute a contract extension with Brannon Tire for the Tire Mileage and Leasing Program for a period of up to six (6) months, from July 1, 2026, through December 31, 2026.

Staff Contact:
Aaron Vogel, Chief Operating Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency
Initiative - Financial Efficiency and Revenue Maximization

This contract supports Safe and Secure Operations and Service Quality by ensuring consistent tire maintenance and vehicle availability through the Tire Mileage and Leasing Program with Brannon Tires. It helps minimize service disruptions, control costs, and maintain service continuity while staff completes the solicitation and award of a new agreement.

BUDGETARY/FISCAL IMPACT:

Funding for the proposed contract extension will be included in the FY 2026-27 operating budget. The extension will continue the District's tire mileage and leasing services at current contract pricing and provide cost stability for tire maintenance operations supporting the revenue fleet. The estimated cost of the six-month extension is $1,651,134.

BACKGROUND/RATIONALE:

The District does not have the equipment, specialized tools, or personnel necessary to install, service, and maintain tires for revenue buses. Due to the safety risks and liability associated with tire failures, the industry standard is to utilize a tire leasing and mileage-based service contract.

The current tire mileage and leasing services Contract No. 2020-1510 was awarded in October 2020 for a not to exceed amount of $15,783,362. The contract supports the installation, removal, inspection, and maintenance of tires across the District's revenue fleet. The contract had a five-year term from January 1, 2021 through December 31, 2025.

An initial six-month contract extension was previously executed administratively in accordance with Board Policy 465, as the cumulative contract change did not exceed 15% of the Board-approved contract value. During the development of a solicitation for a replacement contract it was decided to change in the form of the solicitation from an invitation for bid (IFB), which had been used for the past few procurements, to a request for proposals (RFP), requiring more time to complete the solicitation process. The proposed extension from July 1, 2026, through December 31, 2026, will allow for completion of the RFP process and award.

Staff is requesting Board authorization for this second contract extension, as the cumulative contract value may exceed the 15% threshold established under Board Policy 465. The requested extension will provide sufficient time to complete the revised procurement and award of a new contract and, if necessary, support an orderly transition should a new contractor be selected.

While staff is releasing the solicitation to test the market and try to garner competition, Brannon Tire has been the incumbent for nearly 20 years, with only one other bidder during that period.

ADVANTAGES/DISADVANTAGES:

The primary advantage of continuing the tire mileage and leasing contract is that it provides access to specialized expertise, equipment, and inventory necessary to maintain the District's fleet safely and efficiently. The contractor assumes responsibility for tire performance, reducing operational risk and liability exposure.

There are no known disadvantages to extending the contract. Transitioning to an in-house model would require significant investment in equipment, staffing, training, and risk management, making it neither practical nor cost-effective at this time.

ALTERNATIVES ANALYSIS:

No cost-effective alternatives have been identified. Bringing tire maintenance services in-house would require substantial capital investment, additional staffing, and increased liability exposure. Continuing the existing contract through a second extension remains the most practical and operationally sound approach.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Staff Report 20-203 - Tire Mileage and Leasing Program Contract
Board Policy 465 - Procurement Policy

ATTACHMENTS:

None

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