

City of Waukesha Transit Commission

Analysis of Lease vs. Purchase of Transit Mileage Tires

Procurement #19-0039

April 2019

The following are reasons why Waukesha Transit Commission should lease their mileage tires instead of purchasing bus tires. Below is a chart that compares purchase vs lease.

<u>Tire</u>	<u>Purchase Price</u>	<u>Lease Price</u>	<u>Leased Life Cost</u>
B305/85R22.5	\$575	\$.008794/mile	\$395 approximate
305/70R22.5	\$525	\$.0067726/mile	\$305 approximate
LT225/75R16	\$169	\$.003470/mile	\$104 approximate

The only size tire which shows no real significant price difference is the LT225/75R16. The larger, more widely used tires show a significant savings with leasing the tires rather than purchasing.

With the leasing program, there are no casing charges, no freight charges, and an easy and convenient ordering procedure. The tire contractor provides all valves and repair material to maintain the lease tires. On a lease program, all tires are individually branded prior to delivery for inventory control. The tire lease contractor provides a computerized inventory control and reports. The tire lease contractor also performs on-site service, fleet inspections, and technical services and disposes of scrap tires, all included in the lease price.

A purchasing program would require all the above at additional cost, including to dispose of scrap tires. Under a purchasing program, the operator must maintain a higher inventory of tires and larger volume purchases are required from suppliers to obtain volume discounts. Under a leasing program, the operator pays only on an "as used" basis.

For the reasons noted above, the leasing program is the most advantageous for Waukesha Metro Transit.

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