

**EXHIBIT F
SCOPE OF SERVICES
TIRE MAINTENANCE SERVICES AND MILEAGE LEASING**

1.0 GENERAL

This scope of services describes the lease and service requirements for leasing and maintaining tires for the vehicle fleet of Greater Richmond Transit Company (GRTC). GRTC fleet currently consists of vehicles manufactured by the following companies with the Original Equipment Manufacturer's (OEM) tire size listed:

Schedule of Vehicles – Subject to change

<u>Manufacturer</u>	<u>Tire Size</u>	<u>Number of Lease Wheels</u>	<u>Number Of Vehicles Rate</u>	<u>Type Of Wheel</u>
Gillig Low Floor	275/70R22.5	6 Fixed Route	20	Aluminum
Gillig Low Floor	305/85R22.5	6 Fixed Route	129	Aluminum
Chev/Ford van	225/75R16	6 Non-revenue	88	Steel
MCI Coach	315/80R22.5	8 Fixed Route	8	Aluminum
Total			245	

2.0 DEFINITIONS

2.1 Tire

Tire shall mean a casing with valve stem for a tubeless-type tire.

2.2 Rims/Wheels

Rims and/or wheels shall mean the equipment upon which tires are to be mounted. Rims and/or wheels shall be of sizes and types to conform to the approved standards of the Tire and Rim Association of American, Inc. All rims and wheels will be furnished by and remain the property of GRTC.

2.3 Vehicle Miles

Vehicle miles shall mean the actual number of miles of operation/travel of a vehicle. A vehicle mile shall be ascertained, in the discretion of GRTC, by means of an instrument, which will accurately record mileage of each vehicle, or, by any other method reasonably designed to provide reliable mileage information.

2.4 Mileage Rate

Mileage rate shall mean the rate to be paid to the contractor for the use of contractor supplied tires and shall include all tires for which the vehicle is equipped and operated on the vehicle for the reporting period.

2.5 Scrap Tires

2.5.1 It is understood, in this agreement, a "Scrap Tire" means any tire furnished under the contract which has

been determined by Contractor and agreed by GRTC's Director of Maintenance, or designated representatives, to be permanently unfit for further service under the contract.

2.5.2 The contractor shall furnish scrap tires, if available, for the sole exclusive purpose of transporting and storing vehicles from garages to storage facilities. It is understood that, in this instance, furnishing shall also include mounting and inflating said tires.

2.5.3 GRTC shall:

2.5.3.1 Use the scrap tires furnished here-under for the sole and exclusive purpose of transporting and storing vehicles from garages to a storage facility.

2.5.3.2 Acquire each scrap tire as is (contractor makes no warranties as to the condition or fitness of such tires for continued use).

2.5.3.3 Assume all liability for use and possession of scrap tires furnished under this contract.

2.5.3.4 Not file or assert against the contractor any claim, action, or cause of action for loss, liability, or damage arising out of the use of or possession of scrap tires furnished under this contract.

2.5.3.5 Indemnify and hold the contractor harmless against all claims resulting from Lessor's furnishing of scrap tires.

2.5.4 It is further agreed that Contractor shall provide scrap tires, if available, at no cost to GRTC.

2.5.5 Tires to be scrapped are subject to inspection and approval by GRTC's Director of Maintenance or designated representative before disposition.

2.6 Damage/Abused/Lost Tires

Damaged and/or abused tires shall mean tires which have not accumulated mileage equal to or greater than the base average tire life for the same tire type over the last four years, (average tire life will be figured only on tires removed from service due to normal wear and tear) and must be removed from any additional service due to damage. Refer to Determination of Tire Value attached hereto. When damaged/abused/lost tire value is to be assessed, it will be determined as follows: "The remaining mileage for tires shall be determined by multiplying the number of 32nds of an inch of available rubber remaining, minus 2/32nds on each tire, by the applicable cost per 32nd. When a tire is not available for inspection to apply the above calculation(s) whether lost, stolen or otherwise missing, or destroyed by fire, or involved in an accident, reimbursement shall not be in excess of fifty percent (50%) of the current value of a similar tire, minus 2/32nds, unless Contractor can provide an auditable accounting of the tire's accurate mileage just prior to the loss.

'Normal Damage', if chosen by GRTC as an option, will not be assessed by occurrence, as it will be included in the mileage rate.

2.7 The Contractor shall supply Material Safety Data Sheets (MSDS) for all supplies used to repair tires.

2.8 STATEMENT OF WORK

The contractor shall perform the following tasks at 301 EAST BELT BLVD, RICHMOND, VA. 23224 and all new facilities that GRTC may open. The fixed monthly service charge is based on the labor, equipment and supplies of the fleet as stated in the bid. Adjustments to the monthly service charge for addition or deletion of service locations or personnel required will be subject to adjustment in manpower, equipment and supplies determined on a mutually agreeable basis.

2.9 Make all tire and wheel changes to and from the vehicles and torque lugs in accordance with vehicle manufacturer's specifications. Spot paint steel wheels and lugs prior to releasing a vehicle for service using approved by GRTC as needed.

2.9.1 If this option is not chosen by GRTC, to have 'Normal Damage' included in the tire mileage rate, then the cost for normal damage will be in addition to the mileage rate.

2.9.2 The value of the tire will be calculated by prorating the remaining usable tread depth against the value of the tire plus the casing value (As described in 2.6 above)

3.0 Maintain at each facility a minimum of 1/2 spare tires per vehicle located at each facility. Spare tire inventory levels should be managed so as to limit the amount of tire

storage outside of the enclosed storage areas. Additional storage capacity will be the responsibility of the contractor.

3.1 Mount and dismount tires from rims and supply the necessary tools and equipment to perform such service.

3.2 Deliver and pick up Contractor's leased tires at the operating garage location.

3.3 Keep all tires inflated to conform to approved standards of the Tire and Rim Association of America, Inc. and perform the following inspections:

3.3.1 Visual condition of all tires prior to pullout.

3.3.2 Pressure checks with tire inflation gauge daily, sufficient vehicles to ensure that each vehicle in the fleet is pressure checked every week. Show beginning and end PSI of each tire upon checking.

3.4 Provide wheel refinishing services as follows:

3.4.1 Pick-up and delivery of GRTC wheels from designated GRTC garage location.

3.4.2 Inspect wheels for cracks, oblong bolt hole patterns, and other defects that would render the wheel unsafe. (Wheels found to be defective in accordance with the Tire and Rim Association of America standards will be returned unfinished at no charge.

3.4.3 All wheels (aluminum and steel) are to be cleaned before installation. No inside dual wheel will be installed on the outside unless it has been thoroughly cleaned. All Aluminum wheels will have all tarnish, dirt, etc. cleaned off before reinstalling.

3.5 Price proposal must be at the current price of rubber, nylon, wire, as determined from the commodity index for these items, and labor as determined by the contractor's labor agreements.

3.6 If the option is chosen by GRTC, the cost for "normal damaged" tires shall be included in the rate per tire mile. "Normal damage" to a tire means, abuse by partial or total destruction of a tire by means other than normal wear, including irregular wear, damage for brake heat, curbing, road hazards, and misalignment. The operator agrees to maintain the vehicle's suspension and steering in accordance with vehicle manufacturer's alignment specifications and to keep the brakes properly adjusted.

3.7 The operator shall pay for tires, which are damaged beyond repair by an accident, fire, vandalism, or have been lost or sold, by paying for any mileage remaining thereon at the rate then in effect. When a tire is not available for inspection, whether lost, stolen, destroyed by fire, collision or accident, the operator shall not reimburse the contractor in

excess of fifty percent (50%) of the current value of a similar tire, unless the contractor can provide an auditable accounting of the tires accurate mileage prior to the loss.

3.8 The Contractor shall be financially responsible for losses of any tires, equipment, system, subsystem or materials from theft while the tires are located in the tire service area provided to the Contractor, if such loss is a result of Contractor negligence. GRTC will exercise ordinary care in the use of all tires furnished hereunder and in operating, storing and parking its buses equipped with Contractor's tires so that none of said tires may be subjected to misuse. GRTC agrees that it will provide, at no cost to Contractor, a safe and suitable place in an enclosed building for tire maintenance, storage of spare tires and tires unfit for further service so that such tires shall not be subject to damage by the elements.

3.9 Correct any dual assembly that has misaligned hand holes. Make sure all valve stems are accessible.

3.10 As a minimum, GRTC requires two service personnel to provide the scope of service above. During the term of this contract, GRTC reserves the right to have the contractor adjust service personnel levels accordingly as service requirements change. An independent contractor working for the prime contractor will be required to operate by the same rules and regulations as the prime contractor.

3.11 Contractor personnel will be required to drive GRTC equipment.

3.12 Assigned contractor personnel will be required to have a Commercial Drivers License.

3.13 Proposed contractor personnel must furnish a three-year Motor Vehicle Record prior to any on-site activity.

3.14 Physical Condition: All personnel assigned by the contractor to work under this contract shall have a physician's certification attesting to a contractor's employee's ability to perform job duties as required in performance of this contract. The physical certification shall be furnished to GRTC and shall not be more than six months old at the time of submission, and must indicate the test results (e.g., pass/fail). The contractor's employees shall be in good general health and capable of performing the required duties.

3.15 Drug Tests: The contractor or sub contractor must adhere to the following conditions:

3.15.1 Upon recruitment and acceptance of the applicant, arrange testing of personnel for drugs and controlled substance abuse as determined by GRTC.

3.15.2 The contractor shall provide test results to GRTC indicating the employee passed the drug test prior to assignment of duty.

3.15.3 Arrange for testing of personnel for drugs and controlled substance after their assignment to duty when there is reasonable suspicion of drug or controlled substance abuse as determined by the contractor or GRTC.

3.15.4 Testing shall be conducted by a contractor-selected laboratory certified by the Department of Health and Human Services or the National Institute for Drug and Alcohol Collection. Testing procedures must comply with 49 CFR (Code of Federal Regulations) part 40.

3.15.5 Upon suspicion by GRTC of use of a drug or controlled substance abuse by any personnel, contractor shall be advised verbally and in writing that such employee cannot continue to work or be assigned to work under this contract until evidence is presented to the contrary.

3.16 Special Qualifications: Every contract employee shall meet the following additional minimum requirements:

3.16.1 Be a lawful resident of the United States and have appropriate work authorizations, where applicable.

3.16.2 Be no younger than 19 years of age.

3.16.3 Be literate in English to the extent of reading and understanding printed regulations, written orders and instructions, and be able to compose reports, which convey complete information.

3.16.4 Possess the capability to acquire a good working knowledge of all duty requirements within the terms of this contract.

3.16.5 Be subject to a criminal background check.

3.17 Supervisory Requirements: The contractor or sub contractor shall provide supervisory personnel as hereinafter stated as part of the services under this contract.

3.17.1 At least one supervisor is to be assigned to this project.

3.17.2 The supervisor shall, at all reasonable times, be available to receive and implement orders or instructions from GRTC that affect the operation of the vehicle fleet. Notice of leave days and who will be the contact person in charge shall be given at a minimum of five working days before the leave commences.

3.18 All on-sight contract employees must utilize a punch clock. The records must be available to the project manager every pay period.

3.19 GRTC shall have the right, by written request within a 24-hour period, to require that the contractor dismiss from the premises covered by this contract, any employees of contractor or sub contractor whose conduct is improper, inappropriate, or offensive, and such employees shall not

be reemployed on subject premises by contractor without the written consent of GRTC. Personnel performing under this contract shall be direct employees of the contractor. For the purpose of this contract, subcontractor personnel shall be considered contractor personnel. Subcontractor personnel may be allowed on GRTC property subject to a written contract between the prime and subcontractor consistent with the contract between the prime and GRTC; copy to be furnished to GRTC.

3.20 Prior to operating GRTC vehicles, contractor personnel must be trained by GRTC personnel on the safe operation of all GRTC vehicles.

3.21 In the event that a new facility is opened, the contractor will be responsible for moving all required tires and equipment necessary for the operation in the new facility.

4.0 TIRES

GRTC will not be obliged to use tires which, because of condition, interfere with the use, operation or safety of its vehicles. GRTC and the contractor shall jointly agree as to the condition of tires which might unreasonably interfere with the use, operation, or safety of its vehicles. The contractor shall remove such tires from service upon determination of tire serviceability.

The contractor shall be required to identify to GRTC all tires that have been removed from service. GRTC and the contractor shall determine if tires so removed from service shall be considered as scrap. No tires shall be delivered within six months of the termination date of the contract without written approval from GRTC prior to delivery.

5.0 TECHNICAL SPECIFICATIONS

These specifications are minimum specifications for contractor-manufactured tires to be leased by GRTC.

5.1 All size bus tires shall be:

5.1.1 Radial Tires.

5.1.2 Tubeless equipped with quality high temperature grommets, quality valve stems, quality valve cores, and a quality double-seal, inflate-through metal cap.

5.1.3 Steel Radial construction.

5.1.4 Minimum 16-ply rating suitable for its intended application.

5.1.5 All tires provided must be new tires.

5.1.6 All tires furnished will be group branded.

5.1.7 Tires will be replaced when they show the following tread depths:

Front tires - 4/32 inch

Rear tires - 2/32

5.1.8 Tires may be re-grooved provided that 3/32 under tread remains after re-grooving.

5.1.9 The difference in circumference of tires matched for use as rear duals shall not exceed 0.5 inches.

6.0 NUMBER OF TIRES

6.1 The contractor shall maintain a sufficient supply of tires as required to guarantee continuity of service at all times. In the event of a manufacturing delay in tires due to a strike, the contractor will, to the degree possible, prior to the effective day of the strike, ship additional spare tires to maintain GRTC during the manufacturing delay.

6.2 GRTC reserves the right, during the term of the contract, to alter, add and/or delete locations of tire storage, repair and/or service, as GRTC deems to be in its best interest.

6.3 Testing

GRTC reserves the right to install test tires of a make other than the contractors on its vehicles, but the number of vehicles equipped with such test tires shall never exceed 10% of the total units of the fleet.

7.0 VEHICLES

7.1 Future Purchased Vehicles

In the case of vehicles that may be purchased during the life to this Tire Lease and Service Contract, GRTC shall have the option to either lease or make a direct purchase of tires from the contractor or to purchase the vehicles already equipped with tires. In the case of vehicles that may be purchased or leased during the term of this contract, the contractor may be required to sell and deliver tires to the plant(s) of the bus manufacturer(s). Deliveries shall be made when requested 30 days in advance and in writing by GRTC. If the contractor is required to deliver tires, the contractor shall provide the same carrying capacity and application for GRTC service. Such tires shall then be included in this contract. The contractor shall be paid the existing rate (at the time of delivery) called for under the contract for mileage, if the vehicles are delivered overland. (Driven from the plant of manufacture to destination.)

7.2 Obsolete Vehicles

GRTC shall notify the contractor, as soon as possible, prior to the date of retiring vehicles. All retired vehicles shall have any useable tire removed and scrap tires installed on scrap tire availability. If not removed, all tires left on the vehicles shall be considered scrap and are to have no value to GRTC or the contractor.

7.3 Leased Vehicles

GRTC represents and warrants that it has the right to operate all vehicles comprising the fleet it operates. If during the term of the contract, GRTC acquires the right to operate any vehi-

cles not owned by it pursuant to a rental or other arrangement with the owner of such vehicles (herein called "Leased Vehicles"); GRTC shall notify the contractor forthwith of the existence and details of such arrangement. GRTC shall use its best efforts to provide that all leased vehicles will be furnished to GRTC by the owner without tires so that they may be operated and equipped with contractor's tires supplied under the contract. GRTC shall obtain from the owner an agreement acceptable to and for the benefit of contractor's ownership and right to possession of all tires supplied by it and waives any and all rights with respect thereto by virtue of their use on leased vehicles or otherwise. After obtaining such agreement from the owner of the leased vehicles equipped with tires supplied by the contractor, GRTC shall have the same options with respect to the tires thereon (including spares) as provided herein with respect to vehicles sold by GRTC. The term "Leased Vehicles" shall not include any vehicle rented or borrowed by GRTC for temporary use during a period limited to not more than 90 days.

8.0 RECORDS AND REPORTS

8.1 The contractor shall provide printed monthly reports for GRTC, which shall include, but not necessarily be limited to the following:

8.1.1 The average tire mileage for each specific type of tire in GRTC's fleet.

8.1.2 A summary of all tires removed from service by the contractor during the previous month.

8.1.3 Weekly checks of air pressure tire condition shall be made on the entire fleet and a report provided weekly.

8.1.4 A detailed quarterly summary report of all damaged or destroyed tires, to include the specific bus numbers, specific date on which the damage occurred, will be sent to GRTC's Maintenance Department quarterly.

8.1.5 GRTC will require mileage billing for each service type it operates. GRTC operates service in the following categories: Fixed Route and Special Transit Vans.

8.1.6 GRTC shall maintain an accurate record of the number of miles covered by each vehicle service type and render to the contractor a report of such vehicle service mileage by the 10th of the following month. The billing for the miles of service operation shall be submitted to GRTC no later than the first business day of the month following the month that the miles were submitted.

8.1.7 Proof of the mileage calculations shall be available to the contractor upon request.

8.2 Should there be a change of contractor; the new Contractor will be required to provide GRTC two (2) copies of daily tire movement change information. GRTC will retain one copy and mail one copy to the run-out supplier with the monthly vehicle mileage report, if applicable, so tire miles may be prorated either for a run out period or for GRTC-owned tires

9.0 TIRE RUN-OUT OPTION

Notwithstanding any provision to the contrary set forth in this contract, and upon written notification 30 days prior to the ending date of the contract, GRTC may exercise an option to continue leasing the contractor's tires, for a 36-month period based upon the following conditions:

9.1 The rental rate or rates per tire mile in effect during the one-year period immediately preceding the contract expiration date shall be the rate or rates during such 36-month period.

9.2 All terms, conditions and provisions of the contract shall remain in full force and effect during said 36 - month period, except that the contractor shall be relieved of any requirement to furnish GRTC with tires, tubes, flaps, services, or repair materials during the 36 month period, unless requested by GRTC and agreed to by the contractor.

9.3 GRTC shall continuously use such tires, insofar as practicable on its highest mileage runs, until such tires are rendered permanently unfit for service during said 36-month period.

9.4 Upon expiration of the term of the contract, as extended, and only in the event GRTC wishes to change suppliers, GRTC reserves the right to further extend and exercise this Run-Out Option and continue to use all tires furnished by the contractor in GRTC's possession for a period of 36 months from the expiration date of said contract.

9.5 Upon expiration of the contract as so extended, GRTC shall pay for any mileage remaining thereon for such tires in the possession of GRTC (tires supplied by the contractor pursuant to the contract), at the rental rate set forth in Section 9.1 above. The remaining mileage shall be determined by use of the Determination of Tire Value in Section 2.6.

9.6 In lieu of the above Run-Out Option, GRTC will purchase any mileage remaining thereon at the rental rate in effect immediately preceding the expiration date at the terms specified above.

9.7 Any invoice for tires and tubes required to be purchased by GRTC under this Section shall be submitted within 30 days after the expiration of the contract. GRTC will receive ownership after final payment on each tire as is, and the contractor makes no warranties as to the condition or fitness for continued use of such tires.

10.0 Deficiencies

Any deficiencies found by GRTC management of their appointees, shall be remedied within twenty-four (24) hours.

END OF SCOPE OF SERVICES

