



City Council Report

Date: April 21, 2014
To: City Council
Through: Alex Deshuk, Manager of Technology and Innovation
From: Edward Quedens, MPA, C.P.M., CPPO, Business Services Director
Matt Bauer, MBA, CPPO, CPPB, CPSM, Procurement Administrator
Subject: Dollar Limit Increase for the Term Contract for Original Equipment Manufacturer (OEM) Heavy-Duty Truck Repair Services for the Fleet Services Department **(Citywide)**

Purpose and Recommendation

Council is requested to approve a dollar limit increase to the Term Contract for Original Equipment Manufacturer (OEM) Heavy-Duty Truck Repair Services as recommended.

Fleet Services and Purchasing recommend authorizing a dollar limit increase of \$300,000 with Cummins Rocky Mountain, LLC (a Mesa business), increasing the contract amount from \$267,000 to \$567,000 annually, based on estimated requirements.

Background / Discussion

On August 26, 2013, Council approved the initial three-year contract (10/1/2013 through 9/30/2016) with two, one-year renewal options to Freightliner of Arizona & Western States Fire Equipment at \$75,000; Cummins Rocky Mountain, LLC (a Mesa business) at \$242,000; Arizona Refuse Sales, LLC at \$20,000; W.W. Williams Southwest, Inc. at \$25,000; and RWC International, Ltd. at \$25,000; annually. On March 31, 2014; management approved a \$25,000 increase to Cummins Rocky Mountain, LLC (a Mesa business). The current annual contract amount is \$412,000.

Fleet Services has expended \$187,000 of the \$267,000 for Cummins engine repair services. Based on current spending, the remaining balance is insufficient for upcoming expenses through the first-year contract period (9/20/2014).

Six months into the contract, there have been unanticipated additional costs:

1. Solid Waste has increased their daily service requirements increasing their annual accumulated mileage by 4%, and fleet's age by 18%.
2. Multiple costly extensive engine failures (unexpected).
3. Higher maintenance for 2007 and newer engines due to more stringent emission controls (repairs for failing turbochargers, high pressure fuel pumps, EGR coolers, fuel injectors, DEF lines and controls, etc.).
4. Seven new Cummins CNG ASL trucks have been delayed on their expected in-service times due to CNG up-fitting and delivery issues; the current trucks are required to remain in service for a longer period of time thus more repairs.
5. Multiple vehicles' covered by the Cummins Horizon Plan and 2-year factory warranty have expired.

In addition, staff anticipates there may be non-warranted specialized components or service for the seven new Cummins CNG ASL engines.

The requested increase is for an authorization to spend and will not result in Fleet Services overspending their budget.

Alternatives

Council may choose not to authorize the increase and new bids will be obtained.

Fiscal Impact

The total amount of \$712,000 is available in the Fleet Services operating budget.

Coordinated With

Fleet Services and Purchasing

PURCHASING INFORMATION

Action: Dollar Limit Increase

Procurement Type: Request for Bids

Solicitation Number: 2013125

Contract Term: 10/1/2013 through 9/30/2016

DOLLAR INCREASE RECOMMENDATION ***Cummins Rocky Mountain, LLC*** **Mesa, AZ**

Description	
Section 4 - CUMMINS OEM Engine Repair Service	
Original Award 8/26/2013, Current Limit	\$242,000
Administrative Increase, approved 3/31/2014	\$25,000
Increase Request 4/21/2014	<u>\$300,000</u>
New Annual Contract Amount (thru 9/30/2014, years 2 and 3)	\$567,000

Arizona Refuse Sales, LLC **Phoenix, AZ**

Description	
Section 5 - DADEE MANUFACTURING OEM Truck Repair Service (Scorpion Solid Waste Truck)	
Annual Contract Amount: \$20,000	

W.W. Williams Southwest, Inc.
Phoenix, AZ

Description
Section 6 - DETROIT DIESEL OEM Engine Repair Service Annual Contract Amount: \$25,000

RWC International, Ltd.
Phoenix, AZ

Description
Section 9 - INTERNATIONAL (Navistar) OEM Truck and Engine Repair Service Annual Contract Amount: \$25,000

Freightliner of Arizona & Western States Fire Equipment
Tolleson, AZ

Description
Section 1 - AMERICAN-LAFRANCE OEM Truck Repair Service (\$10,000); Section 3 - CATERPILLAR OEM Truck, Tractor and Engine Repair Service (\$35,000); Section 7 - FREIGHTLINER OEM Truck Repair Service (\$20,000); and Section 14 - STERLING OEM Truck Repair Service (\$10,000) Annual Contract Amount: \$75,000

Total Contract Amount: <u>\$712,000</u>
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