



City Council Report

Date: April 1, 2019
To: City Council
Through: Michael Kennington, Chief Financial Officer
From: Edward Quedens, Business Services Director
Matt Bauer, Procurement Administrator
Subject: Dollar Limit Increase to the Term Contract for General Motors Original Equipment Manufacturer (OEM) Auto and Light Duty Truck Parts for the Fleet Services Department **(Citywide)**

Recommendation

Council is requested to approve the contract amendment as recommended.

The Fleet Services Department and Purchasing recommend increasing the dollar limit with Earnhardt Buick GMC Inc. dba Earnhardt Buick GMC (Primary) (a Mesa business); and Courtesy Chevrolet ISUZU Medium Truck (Secondary); by \$329,000, from \$150,000 to \$479,000 annually.

Background / Discussion

This contract provides General Motors genuine OEM parts to support the City's fleet of sedans, light duty trucks and vans. Fleet Services currently maintains a fleet of GM vehicles including 128 Chevrolet/GM automobiles, and 474 Chevrolet/GM vans and light duty trucks.

The City is currently in Year 3 of the term contract which will expire 9/30/2019. The remaining balance of the contract with Earnhardt and Courtesy is \$264. The reason for such a large increase is due to the City's new model of keeping vehicles longer which is driving up repair costs. This contract is also used to purchase new engines for the City's fleet of Tahoe vehicles that cost approximately \$6,700 each. Fleet Services estimates replacing 4 to 12 engines a year, and has added 15 engines for unforeseen replacements/safe measures.

Fleet Services has requested to increase the annual contract amount by \$329,000, for Year 3.

Purchase Information

Action: Amendment
Procurement Type: Request for Bids
Contract Number: 2017014
Initial Contract Term: Three years
Possible Renewals: Up to a maximum of two years, renewals subject to Administrative review and approval

Funding Source: Fleet Services Department operating budget through the Fleet Internal Services Fund

Dollar Limit History

Term Contract for Year 3 (Original Award 9/26/2016):	\$150,000.00
Contract Dollar-Limit Increase Request 4/1/2019:	<u>\$329,000.00</u>
Term Contract for Year 3:	<u>\$479,000.00</u>