



City Council Report

Date: November 4, 2024
To: City Council
Through: Michael Kennington, Deputy City Manager/Chief Financial Officer
From: Edward Quedens, Business Services Director
Kristy Garcia, Procurement Administrator
Subject: Additional Vendor Awards Using the Cooperative Term Contract for the Purchase of Original Equipment Manufacturer (OEM) Heavy Duty Parts and Repair Services and Dollar Limit Increase for the Fleet Services Department **(Citywide)**

Recommendation

Council is requested to approve the award as recommended.

The Fleet Services Department and Procurement Services recommend authorizing the award of five (5) additional vendors using the City of Phoenix cooperative contracts with Velocity Truck Centers dba Freightliner of Arizona, LLC.; Sonsray Machinery, LLC.; Balar Holding, Corp.; Southwest JCB, Inc.; and Simpson Norton Corporation and increase the contract by \$1,000,000 from \$2,500,000 to \$3,500,000 annually, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

Background / Discussion

The City of Mesa has a fleet of over 200 heavy-duty trucks which Fleet Services maintains. Fleet Services requests to use the City of Phoenix's cooperative contracts for Original Equipment Manufacturer (OEM) Parts and Services to meet the service requirements of the City. These contracts establish heavy-duty truck service labor rates and associated pricing required to complete OEM repairs and purchase OEM parts. The contracts require the vendors to be authorized manufacturers' representatives of the services being provided.

On September 9, 2024, Council approved the use of the City of Phoenix cooperative contracts for OEM Parts and Services. These vendors were not originally included because at the time, there were other contracts in place to provide parts and services. Based on a recent review of department spending, contracts nearing expiration, and forecasted future contract needs, it has been determined that it is in the best interest of the City to add these vendors to the contract.

The City of Phoenix's contract provides competitive pricing, meets the City of Mesa's procurement requirements, and allows for cooperative use. The contract pricing is fair and reasonable and it is in the City's best interest to purchase from the established contract.

Purchase Information

Action: Award

Procurement Type: Cooperative Contract Use

Contract Number: 2025035

Contracting Agency: City of Phoenix

Agency Contract Numbers:

- Rush Truck Centers of Arizona #159848-0
- RWC International Ltd. #161390-0
- Cummins, Inc. dba Cummins Sales & Service #160088-0
- Velocity Truck Centers dba Freightliner of Arizona, LLC. #160404-0
- Sonsray Machinery, LLC. #159869-0
- Balar Holding Corp. #161205-0
- Southwest JCB, Inc. #160770-0
- Simpson Norton Corporation #160776-0

Term: 9/9/2024 to 10/31/2026 (Rush Truck, RWC, and Cummins)

Term: 11/4/2024 to 10/31/2026 (for additional vendors being added)

Possible Renewals: Up to a maximum of (2) one-year renewal options, subject to Administrative review and approval

Local Consideration: Policy did not apply to this procurement method

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

Dollar Limit History

Original Award Amount – 9/9/2024:	\$2,500,000.00
This increase request:	<u>\$1,000,000.00</u>
New Annual Contract Amount:	\$3,500,000.00