



City Council Report

Date: October 2, 2023
To: City Council
Through: Michael Kennington, Deputy City Manager/Chief Financial Officer
From: Edward Quedens, Business Services Director
Kristy Garcia, Procurement Administrator
Subject: Two-Year Renewal to the Term Contract for GM OEM Auto and Light-Duty Truck Parts for the Fleet Services Department **(Citywide)**

Recommendation

Council is requested to approve the contract renewal as recommended.

The Fleet Services Department and Purchasing recommend authorizing the renewal with Courtesy Chevrolet, Year 4 at \$700,000 annually and Year 5 at \$750,000 annually, based on estimated requirements.

Background / Discussion

This contract will provide General Motors (GM) Genuine Original Equipment Manufacturer (OEM) parts to support the City's fleet. The City's fleet contains approximately 920 GM vehicles. The parts are genuine OEM parts or remanufactured to OEM specifications unless otherwise ordered or accepted by the City.

Fleet Services has requested an increase for Years 4 and 5 to help offset an increase in parts pricing due to inflation. The current contract is set up with a percentage discount off the manufacturer's list price and as the list prices increase so does the total contract spend. If the City were to rebid this contract, it would be with the same pricing methodology and most likely result in a lesser percentage discount off than what this contract currently offers.

Courtesy Chevrolet has agreed to renew the contract with the same discount as negotiated last year. The City has been satisfied with the vendor's performance, the vendor has provided dependable service, and delivery times have exceeded expectations. This contract continues to be advantageous to the City and it is in the City's best interest to renew the contract.

Purchase Information

Action: Renewal (Years 4 and 5)
Procurement Type: Request for Bids
Contract Number: 2020018
Original Council Award Date: 11/4/2019
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

Current Contract Value (Years 4 to 5):	\$450,000.00
Management approved Increase (for Year 4) – 7/25/2023:	\$25,000.00
This Renewal and Increase Request (for Year 4) – 10/2/2023:	<u>\$225,000.00</u>
New Annual Contract Value (Year 4 through 11/4/2023):	<u>\$700,000.00</u>
Contract Value (Year 5):	\$675,000.00
This Renewal and Increase Request (for Year 5) – 10/2/2023:	<u>\$75,000.00</u>
New Annual Contract Value (Year 5 through 11/4/2024):	<u>\$750,000.00</u>