



City Council Report

Date: November 20, 2023
To: City Council
Through: Michael Kennington, Deputy City Manager/Chief Financial Officer
From: Edward Quedens, Business Services Director
Kristy Garcia, Procurement Administrator
Subject: Dollar Limit Increase to the Term Contract for Original Equipment Manufacturer (OEM) Heavy-Duty Truck Parts and Repairs for the Fleet Services and Mesa Fire and Medical Departments **(Citywide)**

Recommendation

Council is requested to approve the contract amendment as recommended.

The Fleet Services and Mesa Fire and Medical Departments and Purchasing recommend increasing the dollar limit with Cummins, Inc. (a Mesa business); RWC International, LTD dba RWC Group; Rush Truck Centers of Arizona dba Rush Truck Center, Phoenix; and W.W. Williams Company LLC; Year 5 by \$950,000, from \$770,000 to \$1,720,000 annually, based on annual usage.

Background / Discussion

Fleet Services provides maintenance and maintains a fleet of approximately 200 heavy-duty trucks. This contract provides several vendors for Original Equipment Manufacturer (OEM) heavy-duty truck parts and service repairs and has established heavy-duty truck service labor rates and associated pricing required to complete repairs. Each vendor is an authorized manufacturer representative of the repair services.

Mesa Fire and Medical Department (MFMD) uses this contract for their fire apparatus engine repairs and replacement services with W.W. Williams Company LLC, the only OEM repair contractor who can work on Detroit engines.

The City is in Year 5 of the term contract. Fleet Services and MFMD have reached the contract threshold halfway through this term. This increase request of \$950,000 (\$700,000 for Fleet Services and \$250,000 for MFMD) is based on the current usage. The spending on this contract has increased due to parts and labor increases, and also increased usage due to a variety of factors such as increased size and age of fleet, and staff shortages.

Purchase Information

Action: Amendment (Year 5 Increase)

Procurement Type: Request for Bids

Contract Number: 2019039

Initial Contract Term: Three years

Possible Renewals: Up to a maximum of two years subject to Administrative review and approval

Funding Source: Fleet Services Department operating budget through the Fleet Internal Services Fund (\$1,350,000) and Mesa Fire and Medical Department operating budget (\$370,000)

Dollar Limit History

Management approved Renewal (Years 4 and 5):	\$770,000.00
This Increase Request for Year 5 – 11/20/2023:	<u>\$950,000.00</u>
New Annual Contract Value (Year 5 through 3/31/2024):	<u>\$1,720,000.00</u>