



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: Dollar Limit Increase and One-Year Renewal to the Term Contract for Heavy-Duty OEM Cab/Chassis 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 Rush Truck Centers of Arizona dba Rush Truck Center Phoenix; Freightliner of Arizona, LLC dba Velocity Truck Centers; Inland Kenworth, Inc.; RWC International dba RWC Group; and Cummins Inc. dba Cummins Sales and Service (a Mesa business); and increasing Year 4 by \$225,000 from \$825,000 to \$1,050,000 and renewing Year 5 at \$1,050,000, based on estimated requirements.

Background / Discussion

This contract provides heavy-duty Original Equipment Manufacturer (OEM) cab/chassis parts to maintain the City's assorted fleet of approximately 175 medium and heavy-duty vehicles. OEM replacement parts fabricated according to OEM specifications and equivalent in design and workmanship are critical when requesting repairs and warranty from dealers. All parts purchased under this contract will be installed by the Fleet Services Department.

Fleet Services has requested an increase for Year 4 and an increase and renewal for Year 5 to help offset an increase in parts pricing due to inflation and increased use due to longer vehicle retention. This contract is set up with a percentage discount off manufacturer pricing; as manufacturer pricing continues to increase, so does the annual spend. All vendors agreed to renew at the same discount pricing and going out to re-bid most likely would not come back with a lower percentage discount. Fleet Services has been satisfied with the vendors on the contract and their level of service provided. There are no known new suppliers in the market that did not bid on the original contract. 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: Dollar Limit Increase and One-Year Renewal (Years 4 and 5)
Procurement Type: Request for Bids
Contract Number: 2019185

Original Council Award Date: 9/23/2019

Initial Contract Term: Three years

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

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

Dollar Limit History

Contract Value (Years 1 to 3):	\$700,000.00
Administrative approved Increase (for Year 3) - 7/6/2022:	\$25,000.00
Council approved Increase (for Year 4) - 10/17/2022:	\$100,000.00
Administrative approved Increase (Year 4) 7/11/2023:	\$75,000.00
Administrative approved Increase (Year 4) 8/3/2023:	\$25,000.00
This Renewal and Increase Request (for Year 4) – 10/2/2023:	<u>\$125,000.00</u>
New Annual Contract Value (Year 4):	<u>\$1,050,000.00</u>
Contract Value (Year 5):	\$825,000.00
This Renewal and Increase Request (for Year 5) – 10/2/2023:	<u>\$225,000.00</u>
New Annual Contract Value (Year 5 through 9/22/2024):	<u>\$1,050,000.00</u>