

CITY COUNCIL MEMORANDUM

AGENDA ITEM

Fleet Services purchasing limits

ORIGINATING DEPARTMENT

Support Services

BACKGROUND INFORMATION

Unless specifically exempted under Texas Local Government Code 252.022, staff is required to comply with competitive procurement processes for expenditures over \$50,000. The exemptions, however, facilitate Fleet Services maintenance operations by including single-source providers, captive replacement parts or components for equipment, and purchases due to unforeseen damage to public machinery, equipment, or other property.

Fleet Services leverages the City of Killeen procurement card program (P-cards) to purchase parts and supplies and facilitate timely equipment maintenance and repairs. Since 2013, some suppliers have incrementally approached the \$50,000 threshold and maintenance operations were then disrupted until city council approval was secured to exceed the threshold. Negative impacts included outsourcing of maintenance support to other organizations in Central Texas, disruption of city department operations, increased non-mission capable times for mission critical city vehicles, and extended travel times for Fleet Services staff.

Fleet Services also leverages the P-card program to reduce administrative costs for small purchases by eliminating the need for multiple requisitions and purchase orders. Expenditures however can exceed the projected amount per vendor based on required services and repairs during each fiscal year.

DISCUSSION/CONCLUSION

Staff requests approval, in advance, to exceed the \$50,000 threshold with the following vendors in FY16. As granted by council in FY15, prior approval aligns with LGC provisions and facilitates timely and resource-efficient equipment maintenance and the uninterrupted support of local vendors. FY14 and FY15 vendor totals are included below.

C & C Collision Center, Waco. Body work and repairs to emergency vehicles; one of the few shops in Central Texas certified to do so. Provides heavy structural and/or truck alignments since Fleet Services does not have that capability. Two other local companies provide back-up support: Kyrish and Mid-Tex Frame & Axle/Truck & Trailer.

- FY14 - \$59,393
- FY15 - \$65,890

Calabama, Killeen. Hydraulic repairs/rebuilds, diagnosis and parts as they are the most qualified shop in this area. Backup support is provided by Quality Hydraulics in Gatesville and Texas Hydraulics in Round Rock.

- FY14 - \$59,320
- FY15 - \$75,172

D & D Paint and Body, Killeen. Paint and body repairs on light duty vehicles. Demonstrates excellent quality and quick turn-around and consistently performs at the lowest cost.

- FY14 - \$49,618
- FY15 - \$59,591

Danny's Transmission, Killeen. Transmission repairs to light and medium duty vehicles. Provides excellent service and quick turn-around times.

- FY14 - \$45,679
- FY15 - \$48,439

Stepp Equipment, Garland. After-market parts supplier of heavy duty truck parts for manufacturers such as Heil, McNeilis, and Tymco. Historically provides "one-stop shopping" and many times at half the cost of the original equipment manufacturer (OEM).

- FY15 - \$86,302

Heil of Texas, Irving. OEM parts for the majority of our Solid Waste fleet as there are very few after-market suppliers for their type of equipment.

- FY14 - \$46,096
- FY15 - \$23,253

Longhorn International, Temple. Major repairs to International vehicles when Fleet Services does not have the equipment or personnel to do so. They are the closest certified International truck repair facility.

- FY14 - \$49,901
- FY 15 - \$85,963

O'Reilly Auto Parts, Killeen. General auto parts purchases and quarterly technician training. They are one of several general auto parts stores in the Killeen area and are the closest to Fleet Services. Consistently provides exceptional service on a wide variety of parts and tools.

- FY14 - \$54,526
- FY15 - \$83,270

The Parts Depot, Temple. OEM parts such as Motorcraft (Ford) and AC Delco (Chevy) when required. Historically less expensive than purchasing directly from the dealer.

- FY14 - \$46,871
- FY15 - \$39,654

Rush Truck Center, Waco. OEM parts and service, it is the nearest certified Peterbilt repair facility. Due to proprietary diagnostic software, occasionally our heavy trucks have to be taken to the dealer to diagnose specific trouble codes. There are also many parts that are not supplied by after-market vendors and therefore have to be purchased directly from the Peterbilt dealer.

- FY14 - \$67,673
- FY15 - \$75,622

Leif Johnson Ford, Austin. OEM Ford parts. LJF appears to be the main parts hub for this region as they most always have the needed part in stock when the local vendors do not. They also deliver twice per day to the Killeen area. Used when local vendors are unable to supply the required item.

- FY14 - \$40,211
- FY15 - \$53,897

Industrial Transmission, Waco. Heavy truck transmission repair; it is the nearest certified Allison Transmission repair facility. Performs major repairs to vehicles when Fleet Services does not have the equipment or personnel to do so.

- FY15 - \$54,480

FISCAL IMPACT

Funding is available within the FY2016 budget, and there is no projected budget increase.

RECOMMENDATION

Recommend the City Council authorize staff to exceed the \$50,000 threshold in FY2016 with the stated vendors as required.