



STAFF REPORT

DATE: January 18, 2021
TO: Kent Cagle, City Manager
FROM: Jonathan Locke, Executive Director of Finance
SUBJECT: Procurement of Fleet Parts and Tires

BACKGROUND AND FINDINGS:

The City of Killeen Fleet Services Division provides the maintenance and repair required to keep the City's approximately 1,012 units of fleet functioning properly. To accomplish this feat, there are numerous parts and tires procured daily. The costs of those items are then charged back to the corresponding City departments as they are used. The regularly used parts and tires are stocked at Fleet Services to facilitate timely repairs. The items not stocked within the 2,911 distinct parts within Fleet Services are purchased as needed and delivered to Fleet Services by the vendor.

Fleet Services purchases parts from 47 vendors that offer cooperative pricing and/or dealer only parts totaling approximately \$745,000 annually. Four of these vendors exceed the \$50,000 annual threshold and therefore require City Council approval.

The primary vendors for fleet parts are the local NAPA, O'Reilly and Lonestar Freightliner. During the preceding three fiscal years, the combined average amount spent with these three vendors was \$271,000. The total estimated amount to be spent in FY 2022 is \$287,000.

All three vendors offer significant savings to the City through their cooperative contracts. NAPA provides cooperative pricing pursuant to Sourcwell contract #032521-GPC, effective through May 19, 2025, O'Reilly pursuant to The Interlocal Purchasing System (TIPS) contract #180603, effective through August 31, 2023 and Lonestar Freightliner pursuant to BuyBoard contract #601-19, effective through November 30, 2022. The cooperative pricing structure with NAPA offers a savings of 43% to 60% off list price, O'Reilly offers a minimum savings of 41% off list price, and Lonestar provides savings of 10% to 14% off list price.

The vendor for new tires offering significant savings and service to the City is Southern Tire Mart of Waco, TX. During the preceding three fiscal years, the average cost of tires has been \$184,000. The total estimated amount to be spent with Southern Tire Mart in FY 2022 is \$203,000.

Southern Tire Mart has provided new tires to the City for several years utilizing cooperative pricing pursuant to the TASB BuyBoard contract #636-21, effective through February 29, 2024. The cooperative pricing structure with Southern Tire Mart offers a savings of 20% to 50% off list price.

THE ALTERNATIVES CONSIDERED:

- 1.) Disapprove the purchase of parts through NAPA, O'Reilly, and Lonestar and tires through Southern Tire Mart.
- 2.) Approve the purchase of parts through NAPA, O'Reilly, and Lonestar and tires through Southern Tire Mart.

Which alternative is recommended? Why?

The second alternative is recommended. It provides the most efficient use of City resources and ensures the best value for purchasing the quantity and variety of parts and tires required by the City.

CONFORMITY TO CITY POLICY:

Fleet Services is seeking approval to purchase parts and tires for various departments from NAPA, O'Reilly, Lonestar Freightliner, and Southern Tire Mart through their cooperative contracts. Purchases made through a cooperative contract are exempt from the competitive bidding process as stated in Texas Local Government Code (TLGC) section 271.102, subchapter F; a local government that purchases goods or services under this subchapter satisfies any state law requiring the local government to seek competitive bids for the purchase of the goods or services.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

The estimated amount to be spent in FY 2022 for fleet parts with NAPA, O'Reilly and Lonestar combined is \$287,000. The estimated amount to be spent in FY 2022 for fleet tires with Southern Tire Mart is \$203,000.

Is this a one-time or recurring expenditure?

Recurring

Is this expenditure budgeted?

Yes, in each department/division's 42-51 (on-road) and/or 42-33 (off-road) repairs and maintenance accounts.

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Yes

RECOMMENDATION:

City Council authorize the procurement of fleet parts through NAPA, O'Reilly, and Lonestar Freightliner in an amount not to exceed \$287,000 and tires through Southern Tire Mart in an amount not to exceed \$203,000.

DEPARTMENTAL CLEARANCES:

Purchasing
Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Contracts
Certificates of Interested Parties