



City of Killeen

Legislation Text

File #: RS-23-139, **Version:** 1

Consider a memorandum/resolution authorizing a change order with Chastang Enterprises, Inc. for Solid Waste refuse trucks, in the amount of \$75,453.

DATE: September 5, 2023

TO: Kent Cagle, City Manager

FROM: Judith Tangalin, Executive Director of Finance

SUBJECT: Authorization of Change Order with Chastang Enterprises, Inc.

BACKGROUND AND FINDINGS:

As part of the approved FY 2022 Fleet Replacement Program procurement, three (3) Solid Waste Automated Side Loaders were initially quoted and ordered. Unfortunately, due to manufacturing delays caused by the COVID-19 pandemic and the subsequent rise in material costs between October 2021 when the order was placed and April 2023 when the chassis arrived at the BTE body company. This situation resulted in material cost hikes ranging from 30% to 118%, which the refuse body company finds necessary to pass on to the City of Killeen.

The initial proposed price increment was \$41,151.00 per unit. However, after extensive negotiations with both the manufacturer and the dealer, the final agreed-upon price adjustment per unit was settled at \$25,151.00. These price adjustments pertained to a single purchase order (PO). Because the cumulative price elevation for the entire PO surpassed the \$50,000 threshold, official approval from the City Council is necessary for the associated change order.

Purchase Order Number 220604, issued on 10/27/21 with an initial value of \$1,438,469.00, originally covered the acquisition of three (3) Solid Waste Automated Side Loader refuse trucks. Each of these trucks will now incur an additional cost of \$25,151.00 per unit, resulting in a total increase of \$75,453.00. This reflects a revised PO total of \$1,513,922.00.

THE ALTERNATIVES CONSIDERED:

1.) Cancel the order, which would cause the department to operate in a reduced resource capacity and incur additional repair and maintenance expense to units that are already overdue for replacement.

2.) Approve the change order with Chastang Enterprises, Inc.

Which alternative is recommended? Why?

The second alternative is recommended to meet the division's mission.

CONFORMITY TO CITY POLICY:

This purchase conforms to City policies and law. 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.

FINANCIAL IMPACT:

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

Department	FY 2023
Public Works	\$75,453.00
Total	\$75,453.00

The purchase pricing increase from Chastang Enterprises, Inc. utilizing The Texas Association of School Boards (TASB) BuyBoard Cooperative is as follows:

Make/Model	PO No.	Units	Cost Increase	Total Cost Inc.
Autocar/BTE Auto Side Loader	220604	3	\$25,151.00	\$75,453.00
Total				\$75,453.00

Is this a one-time or recurring expenditure?

This is a one-time expenditure.

Is this expenditure budgeted?

Yes, upon approval of the budget amendment, funds will be included in the following account:

Department/Division	Account	Cost	Available Funds
Public Works/Solid Waste	388-8834-493.61-35	\$75,453.00	\$75,453.00
Total		\$75,453.00	\$75,453.00

If not, where will the money come from?

N/A

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

Yes, upon approval of the budget amendment.

RECOMMENDATION:

Staff recommends City Council approve the change order with Chastang Enterprises, Inc. in the amount of \$75,453.

DEPARTMENTAL CLEARANCES:

Public Works
Purchasing
Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Quotes
Change Order Form
Certificate of Interested Parties