



City of Killeen

Legislation Text

File #: RS-23-091, **Version:** 1

Consider a memorandum/resolution authorizing the procurement of fleet parts from Heil of Texas in an amount not to exceed \$132,000.

DATE: June 6, 2023
TO: Kent Cagle, City Manager
FROM: Judith Tangalin, Executive Director of Finance
SUBJECT: Procurement of Fleet Parts from Heil of Texas

BACKGROUND AND FINDINGS:

The City of Killeen Fleet Services Division provides the maintenance and repair required to keep the City's Solid Waste fleet of 98 units functioning properly. To accomplish this feat, there are numerous parts procured daily. The costs of those items are then charged back to the department as they are used. The regularly used parts are stocked at Fleet Services to facilitate timely repairs. The items not stocked within the 2,922 distinct parts at Fleet Services are purchased as needed and normally delivered to Fleet Services by the vendor.

Fleet Services purchases refuse body parts primarily from four vendors that offer cooperative pricing. These vendors haven't exceeded the \$50,000 annual threshold in the past. Due to several reasons, one of these vendors, Heil of Texas, has begun to exceed that threshold and now therefore requires City Council approval.

Over the past three years, the average spent with Heil has been \$38,360.00 per year. Based upon the previous six months of this fiscal year, the total estimated amount could approach \$132,000.00 in FY 2023.

The primary reason contributing to this increase in costs is the delay in receiving the new replacement vehicles which is a result of the COVID epidemic. The delay causes the aged equipment to remain in front-line service longer than it should, instead of being disposed of or used in a reserve capacity. Four of the units that would have normally been replaced by now have already incurred \$45,000 of this fiscal year's parts cost with Heil. Of the 16 Solid Waste units ordered since October 2021, only four have arrived. The remaining 12 are scheduled to be delivered between July 2023 and August 2024.

Heil of Texas offers significant savings to the City through their TASB BuyBoard cooperative contract which provides pricing pursuant to contract #686-22, effective through November 30, 2025, with savings of 2% to 15% off list price.

THE ALTERNATIVES CONSIDERED:

1.) Disapprove the purchase of parts through Heil of Texas.

2.) Approve the purchase of parts through Heil of Texas.

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 required by the City.

CONFORMITY TO CITY POLICY:

Fleet Services is seeking approval to purchase parts from Heil of Texas through their cooperative contract. 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 2023 for fleet parts with Heil of Texas is \$132,000.

Is this a one-time or recurring expenditure?

Recurring

Is this expenditure budgeted?

Yes, funds are available in the department and 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 from Heil of Texas in an amount not to exceed \$132,000.

DEPARTMENTAL CLEARANCES:

Purchasing
Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Contract
Certificate of Interested Parties
Presentation