



MEMORANDUM

TO: Mayor and Council Members

FROM: Jeff Knodel, Deputy Chief Financial Officer

DATE: August 1, 2008

SUBJECT: Ratification of Amendment #5 to Contract C040198 with Longhorn International Trucks, Ltd, - and Amendment #7 to Contract C040197 with Freightliner of Austin, August 7, 2008 Council Agenda

On June 10, 2004 Council approved a 12-month supply agreement with Longhorn International Trucks and Freightliner of Austin for the purchase of original equipment manufacturer (OEM) parts and services for medium and heavy duty diesel engines and transmissions. Each supply agreement contained three 12-month extension options. The Longhorn supply agreement was approved for an amount not-to-exceed \$200,000 per year and \$800,000 total. An administrative increase was made for the last extension option year increasing the total contract amount to \$850,000. Council also approved a 12-month supply agreement with three 12-month extension options with Freightliner of Austin in an amount not-to-exceed \$185,000 per year and \$740,000 total. Administrative increases were made for each of the extension option years increasing the total contract amount to \$897,220.02. The parts and services were used for the repair of emergency services vehicles and other vehicles used for public health and safety (including ambulances, fire trucks, refuse trucks, and street and sewer cleaning equipment).

The last extension option of the supply agreements expired on May 16, 2008; however prior to the end of the contract terms, the contract authorization was exceeded by \$69,228.69 and \$39,720.02 respectively. This was due to an increase of in-house repairs that was greater than anticipated.

Fleet Management has taken steps to tighten controls to help prevent future contract issues. The Fleet Contract Compliance team has been assigned specific contracts to monitor spending patterns on a weekly basis and to brief management when there is a disparity between the amount spent and the time remaining. Inventory procurement personnel have also received mandatory buyer training.

This item is on the Council agenda for August 7, 2008. The item submitted will be to request ratification approval in the amount of \$69,228.69 for Longhorn International Trucks, Ltd., and approval in the amount of \$39,720.02 for Freightliner of Austin. Please feel free to contact me if you need additional information.

xc: Marc A. Ott, City Manager
Leslie Browder, Chief Financial Officer