

AGENDA



Thursday, August 7, 2008

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 40**

Subject: Approve ratification of Amendment No. 5 to increase the contract amount with Longhorn International Trucks, LTD, Austin, TX, in an amount of \$69,228.89 for a revised total contract amount not to exceed \$919,228.89; and Amendment No. 7 to increase the contract amount with Freightliner of Austin, Austin, TX, in an amount of \$39,720.02 for a revised total contract amount not to exceed \$897,220.02, for the purchase of original equipment manufacturer parts and services for medium and heavy duty diesel engines and transmissions.

Amount and Source of Funding: Funding is available in the Fiscal Year 2007-2008 Operating Budget of the Financial and Administrative Services Department, Fleet Services.

Purchasing Language: June 10, 2004, approved original 12 month contract with three extension options.

MBE/WBE: This contract was awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

On June 10, 2004, Council approved a 12-month supply agreement with Longhorn International Trucks, LTD., for the purchase of original equipment manufacturer parts and services for medium and heavy duty diesel engines and transmissions in an amount not to exceed \$200,000, with three 12-month extension options in an amount not to exceed \$200,000, for a total contract amount not to exceed \$800,000; and Freightliner in an amount not to exceed \$185,000, with three 12-month extension options in an amount not to exceed \$185,000, for a total contract amount not to exceed \$740,000.

The additional contract extension options were executed, in addition to administrative increases processed for both contracts for additional parts.

During the term of the contract, parts were ordered that exceeded the contact authority of both contracts. This action is to approve ratification of Amendment No. 5 for Longhorn and Amendment No. 7 for Freightliner for the purchase of additional parts in the amount of \$69,228.89 and \$39,720.02, respectively. These parts and services were necessary 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 contracts expired in May 2008; however prior to the end of the contract terms, the contract authorization was exhausted. During this time, more parts were needed due to more in-house repairs being performed than initially anticipated. In-house repairs result in less out-of-service time and is essential for emergency and public health and safety vehicles.

After the expiration of the contracts, spot bids were taken to purchase needed parts until a solicitation could be issued for new contracts. The purchase of the additional parts resulted in overspending the contracts by \$69,228.89 and \$39,720.02 respectively.

Fleet management has taken steps to tighten controls to ensure that this does not happen again. 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. In addition, management is exploring options for partially releasing contract authorization throughout the year to better control contract spending. Inventory procurement personnel have also received mandatory buyer training and the Fleet Contract Compliance team will be monitoring contract purchases and spot checking non-contract purchases on a regular basis to ensure compliance with applicable purchasing policies, procedures, and regulations.