



AGENDA MEMORANDUM

Action Item for the City Council Meeting September 3, 2024

DATE: September 3, 2024

TO: Peter Zanoni, City Manager

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**Supply Agreement for Heavy Equipment Repair Parts for Asset Management – Fleet
Maintenance Division**

CAPTION:

Motion authorizing the execution of a one-year supply agreement, with two one-year option periods, with Rush Truck Centers of Texas, dba Rush Truck Center, of Corpus Christi, Texas, through the BuyBoard Cooperative for heavy equipment automotive repair parts for the Asset Management Department in an amount up to \$290,000.00, and a potential total amount up to \$870,000.00 if both one-year option periods are exercised, with FY 2024 funding of \$48,333.33 from the Fleet Maintenance Fund.

SUMMARY:

This motion authorizes a one-year supply agreement with Rush Truck Centers of Texas, dba Rush Truck Center, for heavy equipment automotive repairs parts. The heavy equipment automotive repair parts are needed by the Asset Management Department so that the Fleet Maintenance Division can make repairs to City equipment.

BACKGROUND AND FINDINGS:

Asset Management performs the majority of vehicle and equipment repairs in-house, and it is essential that automotive repair parts are readily available to perform timely repairs. Having a multi-year supply agreement in place with pre-negotiated parts pricing will allow Asset Management to streamline the parts acquisition process for efficient and effective repairs of heavy equipment. Furthermore, a readily available supply of these parts will ensure a continued high operational readiness of City equipment.

The heavy equipment automotive repair parts provided through this supply agreement will include filters, brakes, engine parts, body parts, supplies, and other Class 8 truck parts. To qualify as a Class

8 truck, the gross vehicle weight rating must exceed 33,000 pounds. Examples of Class 8 trucks include tractor trailers and single-unit dump trucks as well as non-commercial chassis fire trucks (three or more axles) and five-axle tractor-trailer combinations ("semis" or "18-wheelers").

The heavy equipment automotive repair parts will be used for equipment owned by the Corpus Christi Water Department, Public Works Department, Parks & Recreation Department, Gas Department, and the Asset Management Department.

The most recent agreement between the City and Rush Truck Center was a three-year agreement from February 2021 to February 2024. Rush Truck Center is a local vendor that has or can acquire all necessary Class 8 truck parts for the City fleet. The three-year agreement totaled \$1,330,000. Since the expiration of the agreement in February of this year, Asset Management has been using direct pay to various vendors to obtain the heavy equipment automotive parts. This process requires Asset Management to contact vendors, request quotes, receive management approval for the quotes, and process the administrative paperwork required to order, receive, and pay for the individual parts. This process is inefficient and is more costly than establishing an agreement with discounted rates.

PROCUREMENT DETAIL:

This procurement is through the BuyBoard Cooperative. Contracts awarded through the BuyBoard Cooperative have been competitively procured in compliance with Texas Local and State procurement requirements.

Procurement staff compared the savings on the BuyBoard contract to other cooperative offerings including the TIPS Cooperative, PACE Cooperative, Choice Partners Cooperative and others. However, many of the cooperatives do not carry specific parts needed by Asset Management including Freightliner/Peterbilt parts.

The two most competitive sources were the Rush Truck Center through the Buyboard and the Sourcewell Cooperative. Rush Truck Center through the BuyBoard provides the most cost-effective option for the City. Rush Truck Center provides a percentage of savings through the BuyBoard ranging between 0% & to 76.79% off list prices for filters, brakes, engine parts, body parts, supplies, and other Class 8 truck parts. Also, Rush Trucks Center is a local company, which is beneficial for the ordering and delivery of these parts.

The most recent agreement between the City and Rush Truck Center was a three-year agreement from February 2021 to February 2024 which totaled \$1,330,000. Of that total, the City actually spent \$874,659, which is 65% of the valuation. Having been in business for over 50 years, Rush Truck Centers is the nation's largest provider of premium products for the commercial vehicle market. With over \$325 million in on-hand parts inventory, Rush Truck Center can fill City Fleet part's requests, accurately and timely. Rush Truck Center satisfactorily fulfilled obligations under the previous service agreement. Asset Management recommends a continuation of service with Rush Truck Center under the new agreement.

Below is a table showing a comparison for the total cost of a one-year supply agreement with two one-year option periods between Rush Truck Center through the BuyBoard and the Sourcewell Cooperative. The table below also shows the discount range comparison between the BuyBoard and Sourcewell Cooperative.

	BuyBoard	Sourcewell Cooperative
Cost of Agreement	\$870,000	\$874,000
Discount Range	From 0% to 76.79%*	From 2% to 42.66%*

*Discount range is dependent upon the part being ordered. Not all parts receive the same percentage discount.

ALTERNATIVES:

The alternative is not to approve the one-year supply agreement with two one-year option periods and instead continue to procure heavy equipment repair parts on an as-needed basis. However, purchasing the repairs parts on an as-needed basis would decrease productivity and potentially increase costs. The proposed agreement will lock in the cost throughout the term, including the two one-year option periods.

FISCAL IMPACT:

The fiscal impact in FY 2024 is an amount of \$48,333.33 from the Fleet Maintenance Fund. The remaining costs will be budgeted in future years through the annual budget process.

FUNDING DETAIL:

Fund: 5110 – Fleet Maintenance
Organization/Activity: 40180 – Parts Room Operation
Department: 13
Project # (CIP Only): N/A
Account: 520210 – Cost of Goods Sold

RECOMMENDATION:

Staff recommends the approval of this motion authorizing a one-year supply agreement, with two one-year option periods, with Rush Truck Center, as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet
Supply Agreement