



## AGENDA MEMORANDUM

Action Item for the City Council Meeting of May 9, 2023

**DATE:** May 9, 2023

**TO:** Peter Zaroni, City Manager

**FROM:** Charles Mendoza, Director of Asset Management  
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### Supply Agreement for OEM John Deere Parts

#### **CAPTION:**

Motion authorizing execution of one-year supply agreement with two one-year option periods, with Tellus Equipment Solutions, LLC, of Katy, Texas, in an amount not to exceed \$230,000.00, and a potential amount of \$690,000.00 if options are exercised, for OEM John Deere parts, for Asset Management-Fleet, with FY 2023 funding of \$95,833.34 from the Fleet Maintenance Service Fund.

#### **SUMMARY:**

This is a supply agreement for OEM John Deere Parts for approximately 120 units of John Deere equipment.

#### **BACKGROUND AND FINDINGS:**

The City's Asset Management department - Fleet Maintenance division is responsible for keeping 120 units of John Deere equipment operating by performing in-house repairs. The Department uses and stocks John Deere parts for in-house repairs on various types of equipment such as zero-turn mowers, slope mowers, tractors, and smaller compact tractors.

This contract allows the City to purchase any item in the manufacturer's catalog at the established discount for parts that range across the spectrum of operational requirements, including filters, glass doors, cylinders, pumps, and radiators.

**PROCUREMENT DETAIL:**

Finance & Procurement conducted a competitive Request for Bid (RFB) process to obtain bids for a new contract. The City received one qualifying bid from the incumbent, Tellus Equipment Solutions, LLC, for OEM John Deere Parts. There are only two vendors that carry OEM parts in the area. Procurement reached out to both vendors, yet only one submitted a bid. The discount for this agreement is 5% less than the current discount secured in 2020.

**ALTERNATIVES:**

The alternative is to purchase parts on an as-needed basis. This in turn increases the administrative cost.

**FISCAL IMPACT:**

The fiscal impact to the Asset Management Department is an amount not to exceed \$230,000.00 for this one-year supply agreement for the purchase of John Deere parts. Approximately \$95,833.34 is required for FY2023, and the remaining cost will be budgeted in future years through the annual budget process.

**FUNDING DETAIL:**

Fund:	5110 Fleet Maint Svc
Organization/Activity	40180 Parts Room Operation
Mission Element	202 Maintain the Fleet
Project # (CIP only)	N/A
Account:	520210 Cost of goods sold

**RECOMMENDATION:**

Staff recommends approval of this motion authorizing the execution of a one-year supply agreement with Tellus Equipment Solutions, LLC as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Bid Tabulation  
Service Agreements