



AGENDA MEMORANDUM

Action Item for the City Council Meeting December 10, 2019

DATE: December 10, 2019

TO: Peter Zaroni, City Manager

FROM: Jim Davis, Director of Asset Management
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Parts for John Deere Construction Equipment

CAPTION:

Resolution authorizing a five-year supply agreement with Doggett Heavy Machinery Services, LLC of Corpus Christi, Texas in an amount not to exceed \$937,500.00 for the purchase of John Deere construction equipment parts for Asset Management, effective upon issuance of notice to proceed, with FY 2020 funding in an estimated amount of \$156,250.00 available through the Fleet Maintenance Service Fund.

SUMMARY:

This Resolution authorizes a five-year supply agreement with Doggett Heavy Machinery Services, LLC of Corpus Christi, Texas to provide John Deere construction equipment parts stocked by the Asset Management Department for repairs of heavy equipment by Fleet Maintenance on John Deere construction equipment as a sole-source purchase. Use of these parts is essential to effect necessary and timely repairs.

BACKGROUND AND FINDINGS:

The Asset Management Department utilizes John Deere construction equipment parts for the repair and maintenance of associated equipment. Asset Management performs the majority of vehicle and equipment repairs in-house. Acquisition of these parts is essential to ensure the prosecution of a successful and timely maintenance effort of this equipment. Furthermore, a ready supply of these parts will ensure a continued high operational readiness of John Deere construction equipment.

This is a sole source purchase as these parts are unique to John Deere construction equipment. Doggett Heavy Machinery Services, LLC is the fully authorized provider for these parts; therefore, this is a sole source purchase.

ALTERNATIVES:

An alternative would be to not secure a long-term supply agreement. However, the Asset Management Department would have to purchase on individual purchase orders the construction equipment parts on an as needed basis, which would not be as productive. In addition, a long-term agreement allows for a better economy of scale.

FISCAL IMPACT:

The fiscal impact for Asset Management in FY 2020 is estimated at \$156,250.00 for this five-year supply agreement. The remaining \$781,250.00 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 a five-year supply agreement, in an amount \$937,500.00 with Doggett Heavy Machinery Services, LLC for the purchase of John Deere construction equipment parts as presented.

LIST OF SUPPORTING DOCUMENTS:

Resolution
Price Sheet
Supply Agreement