



Legislation Details (With Text)

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**Type:** Procurement Award      **Status:** Agenda Ready

**File created:** 8/5/2021      **In control:** City Manager Procurement Awards

**On agenda:** 9/1/2021      **Final action:**

**Title:** Approve the award of Change Order #1 to Cooperative Contract 21-078, 21-111 and 21-120B, Unit 239, Unit 274 and Unit 296 Equipment Replacement, to JX Peterbilt for an amount not to exceed \$6,000 and a total award of \$653,276.13

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
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**CITY MANAGER AUTHORITY PROCUREMENT AWARDS**

**ACTION REQUESTED:**

Approve the award of Change Order #1 to Cooperative Contract 21-078, 21-111 and 21-120B, Unit 239, Unit 274 and Unit 296 Equipment Replacement, to JX Peterbilt for an amount not to exceed \$6,000 and a total award of \$653,276.13

**DEPARTMENT:** Department of Public Works

**SUBMITTED BY:** Richard Dublinski, Director

**BACKGROUND:**

The Fleet Economic Committee and Fleet Services Manager reviewed and approved Unit 239, 274, and 296 for replacement in the 2021 fiscal year.

The Council awarded Contract 21-078 in February 2021, and Contracts 21-111 and 21-120B in March 2021 to JX Peterbilt.

During 2021 the truck industry has been severely impacted with unprecedented supply chain disruptions and component shortages such as raw material including: petroleum, rubber, aluminum, steel, and microchips. These shortages have led to cost increases that manufacturers can no longer absorb.

Due to these cost increases, Peterbilt Motors Company has instituted a \$2,000 surcharge on all orders, effective immediately. This impacts the City's order for units 239, 274, and 296.

**DISCUSSION:**

The Department of Public Works is requesting a change order in the amount of \$2,000 per vehicle for

the replacement of Unit 239, 274, and 296, for a total change order to JX Peterbilt in the amount of \$6,000.

JX Peterbilt has provided customers two options: 1) to accept the surcharge and proceed with orders, or 2) to decline the surcharge with the understanding that all contractual purchase obligations are released, and the orders will be canceled.

Staff recommends accepting the surcharges and proceeding with the orders. Canceling the orders would only lead to additional capital and operating costs to the City.

**FISCAL IMPACT:**

CIP #: VEH002

Vehicles and equipment for the Department of Public Works are funded from the account below. The total amount budgeted for replacement of Units 239, 274, and 296 was \$702,500. The requested award of \$653,276.13 is within the amount budgeted for this expense.

<b>Account Number</b>	<b>Fund Description</b>	<b>Total Budget Amount</b>
31102200-551505	Capital Projects Fund	\$1,667,300