



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Procurement

DCM: David Gaines

DATE: June 28, 2022

SUBJECT

Consider adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the City Manager to execute contracts for vehicle purchases for Fleet Services for a period of three (3) years; providing for the expenditure of funds therefor; and providing an effective date.

INFORMATION/BACKGROUND

The acquisition of new vehicles and equipment is accomplished through the coordinated efforts of Fleet Services Department, Procurement, operating department staff, and Original Equipment Manufacturer (OEM) suppliers to ensure vehicles and equipment are acquired and placed into service in a timely manner. Efficient replacement enhances the response capability of all public safety, emergency, and utility operating departments.

Fleet Services currently has contracts in place with several OEMs for the supply of vehicles and equipment. Beginning in late 2019, the supply chain became severely constrained, with many vendors experiencing lengthy delays in the ability to manufacture and deliver products. These delays can affect departments in their ability to respond effectively.

At times, vehicles and equipment become available through other avenues such as dealer inventory, lease-to-own opportunities, and unclaimed allocations from non-contract OEMs. Current market conditions have necessitated the ability for the City to move quickly when these opportunities present themselves to procure vehicles or equipment outside of the organization's normal acquisition process. The City of Denton is competing with many other North Texas cities for these assets and time can be a critical success factor.

This ordinance recognizes specific delegations of authority that Fleet Services seeks from City Council as set forth below:

1. City Manager, or their designee, will be allowed to sign contracts or other required documentation with OEM suppliers to purchase a vehicle for a city utility or public safety department (which cost that has been approved through the budget process) through the following means:
 - a. Fleet Services will review any available procured contracts (i.e. City of Denton contracts, co-operative contracts, other City contracts with piggyback options). Fleet Services will use such a contract if available. Once such contract is located, City Manager, or their designee, will be able to execute the appropriate documentation to purchase under the contract.

- b. In the event there is not a procured contract that can be used for the purchase, and the purchase is required to protect the health and safety of City of Denton residents, Fleet Services will work with the relevant utility or public safety department to prepare a declaration of emergency that will detail why the purchase had to go outside of the normal process and how health and safety are at issue to be reviewed and approved by Purchasing and Legal.
 - c. This process deviates from our current process because these purchases would usually have to come to City Council for spend approval if over \$50,000. Under this delegated authority, as long as the vehicle cost is part of a budgeted item, City Council would not approve of these contracts.
 - d. Fleet Services will provide a report to City Council in the Friday Report, or other appropriate method, regarding any vehicles purchased with this authority, the cost, any markup or discounts received, and a running total of each departments vehicle budget as the funds are used.
2. This delegation of authority is time limited to the earlier of three years or when market conditions return to normal.

Upon approval of this delegated authority, Fleet Services, City Secretary, Purchasing, City Manager, and the City Attorney's Office will prepare a delegation letter that details the required process for any purchases using this delegated authority.

Approval of the requested procurement authority will allow Fleet Services to obtain budgeted vehicles and equipment, when available, from sources outside normal channels in a timely manner.

RECOMMENDATION

Staff recommends adoption of the ordinance affirming authorization of the City Manager, or designee, to execute contracts for vehicle purchases for the Fleet Services for a period of three (3) years.

ESTIMATED SCHEDULE OF PROJECT

This delegation of authority is time limited to the earlier of three years or when market conditions return to normal.

FISCAL INFORMATION

These products and services will be funded through the using department's budget on an as-needed basis. The City will only pay for services rendered and is not obligated to pay the full contract amount unless needed.

EXHIBITS

Exhibit 1: Agenda Information Sheet

Exhibit 2: Presentation

Exhibit 3: Ordinance

Respectfully submitted:
Lori Hewell, 940-349-7100
Purchasing Manager

For information concerning this acquisition, contact: Ethan Cox, 940-349-7421.

Legal point of contact: Marcella Lunn at 940-349-8333.