



OPERATIONS COMMITTEE

Agenda Report

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File #: 2024-3814

Agenda Date: 9/25/2024

Agenda Item No: 11.

FROM: Robert Thompson, General Manager
Originator: Riaz Moinuddin, Director of Operations & Maintenance

SUBJECT:

FLEET VEHICLE REPLACEMENT PURCHASES

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

- A. Approve the purchase of new and replacement vehicles for Orange County Sanitation District's fleet as initially approved in the adopted Fiscal Year 2024-25 Budget in the amount of \$859,827; and
- B. Delegate to the General Manager and Purchasing Manager the authority to purchase new and replacement vehicles through cooperative contracts during the fiscal year in the not to exceed amount listed above, during the fiscal year.

BACKGROUND

Orange County Sanitation District (OC San) maintains a fleet of vehicles necessary to meet business needs. The fleet comprises 10 heavy-duty equipment trucks, one bus, 28 medium-duty trucks, 77 light-duty trucks, 20 sedans, 15 SUVs, and 19 vans, totaling 170 vehicles.

OC San's Fleet Services Division replaces vehicles as part of a fleet right-sizing and modernization strategy. The replacement is based on the current vehicle's ability to meet the assigned departmental needs, vehicle age, maintenance cost, condition, and mileage. All new and replacement proposed vehicles were identified as required for business needs during the fiscal year 2024-25 budget preparation process.

The new and replacement vehicles are proposed annually during budget preparation. The Board subsequently approves vehicle procurements under the capital equipment section of the budget in June of each year. OC San enters into a purchase order agreement with entities (cooperatives) that work directly with vehicle manufacturers to capitalize on the most cost-effective means to purchase the vehicles. OC San benefits from eliminating unnecessary options in the retail market through dealer shopping and ensures adherence to internal vehicle specifications.

All vehicle purchases are evaluated for "Green" (electric, hybrid, CNG) technology applications to ensure adherence to the appropriate regulations.

RELEVANT STANDARDS

- Participate in local, state, and national cooperative purchasing programs
- Ensure the public's money is wisely spent
- Maintain a proactive asset management program

PROBLEM

Some models identified for replacement have been affected by premature Original Equipment Manufacturer (OEM) order cutoffs due to industry demand exceeding the available fleet allocation. OC San's Board approval timelines do not align with OEM order cut-off dates. This has resulted in OC San losing the ability to replace vehicles within its fleet. The disruption to the supply chain continues into this fiscal year and jeopardizes OC San's ability to procure vehicles.

PROPOSED SOLUTION

Enter into purchase order agreements with cooperative providers to adapt to unpredictable order deadlines from factory-built systems. Authorize the General Manager and Purchasing Manager to execute purchase orders using cooperative agreements. This will allow staff to meet the manufacturer deadlines when they prematurely close order books for necessary vehicles.

TIMING CONCERNS

Due to supply chain variability, vehicle manufacturers have been prematurely closing ordering windows due to part shortages and demand which is exceeding supply. Manufacturer order periods for the coming model year are late to open and expected to remain open for 45-90 days, instead of six months. OC San's internal process requires additional committee and board action time, jeopardizing the ability to replace vehicles with external deadlines beyond OC San's control.

RAMIFICATIONS OF NOT TAKING ACTION

The vehicles selected for replacement are costly, unreliable, and lack modern safety features currently required for fleet vehicles. Unscheduled maintenance costs are increasing, and vehicle reliability will compromise staff mobility needs.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

OC San used the same approach to purchase Board-approved replacement vehicles in the fiscal year 2023-24 and successfully secured vehicles in short supply due to its agility in executing the process. This allowed staff to meet the manufacturer deadlines when they prematurely closed and sustained the fleet's reliability. The requested vehicle type composition is shown in the table below:
(next page)

Purchase Type	Vehicle Type	Quantity	Est. Cost
Replacement	PHEV SUV(s)	8	\$414,827
New	PHEV SUV(s)	1	\$45,000
New	Service Body Truck(s)	4	\$260,000
New	Light Duty Pickup Truck	1	\$50,000
New	Cargo Van(s)	2	\$90,000
		Total	\$859,827

CEQA

N/A

FINANCIAL CONSIDERATIONS

This request complies with authority levels of OC San's Purchasing Ordinance. This item has been budgeted (Budget FY 2024-25 and 2025-26, Section 8, Page 92, Capital Equipment Program) and the budget is sufficient for the recommended action.

<u>Date of Approval</u>	<u>Contract Amount</u>	<u>Contingency</u>
09/25/2024	\$859,827	0%

ATTACHMENT

The following attachment(s) may be viewed online at the OC San website (www.ocsan.gov) with the complete agenda package:

N/A

DS:sr