



OPERATIONS COMMITTEE

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Agenda Report

File #: 2023-3150

Agenda Date: 9/6/2023

Agenda Item No: 10.

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

SUBJECT:

PURCHASE OF FLEET VEHICLES

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Authorize the General Manager to approve the purchase of replacement medium and light duty vehicles (trucks, SUVs, vans, sedans) for OC San's fleet as originally approved in the adopted fiscal year 2023-24 budget in an amount not to exceed \$374,400 based on market availability.

BACKGROUND

Orange County Sanitation District (OC San) maintains a fleet of vehicles necessary to meet business needs. The fleet is comprised of 10 heavy-duty equipment trucks, 25 medium-duty trucks, 77 light-duty trucks, 20 sedans, 15 SUVs, one bus, and 19 vans, for a total of 167 vehicles.

OC San's Fleet Services Division systematically replaces vehicles as part of an overall fleet right-sizing and modernization strategy. The replacement is based on the current vehicle's ability to meet the assigned group's needs, vehicle age, maintenance cost, condition, and mileage. All vehicles were identified as required for business needs through a baselining effort during the fiscal year 2023/24 budget preparation process.

Each year, vehicles are identified for replacement and proposed during the budget preparation process. The Board of Directors 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 added options in the retail market through dealer shopping and ensures adherence to internal vehicle specifications.

All replacement vehicles are evaluated for Clean (electric, hybrid, CNG) technology application to ensure adherence with 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

The vehicle manufacturing process has been disrupted due to global events affecting raw materials and supply chains. 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 needs to replace vehicles that are aging and are no longer economical to maintain. For fiscal year 2023-24, staff intended to purchase 11 new SUVs which are needed for the increased mobility needs of construction oversight staff and three replacement light-duty trucks which are needed to support current operations. Vehicles identified are needed for staff mobility throughout the organization.

PROPOSED SOLUTION

Enter into purchase order agreements with providers to allow for adaptability to unpredictable order deadlines from factory-build systems. This will allow staff to meet manufacturer deadlines, purchase applicable vehicles based on need and availability, and sustain the reliability of the fleet.

TIMING CONCERNS

Vehicle manufacturers are reducing ordering window times due to global events affecting materials availability. Manufacturer order periods for the coming model year are late to open and expected to remain open for 45-90 days, or less, generally, 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 unreliable, deteriorating, no longer economical to maintain, and lack modern safety features currently required for fleet vehicles. Unscheduled maintenance costs are increasing, and vehicle reliability will compromise the mobility needs of staff.

PRIOR COMMITTEE/BOARD ACTIONS

N/A

ADDITIONAL INFORMATION

The OC San Adopted budget for Fiscal Year 2023-24 includes the following vehicle requirements:

- 11 New Mid-Size SUVs
- 2 Light Duty Trucks
- Truck, Light Duty, Utility Body

OC San intends to purchase the specified vehicles but may need to substitute vehicles based on availability and OC San needs, with General Manager approval. OC San proceeded to purchase Board approved replacement vehicles in fiscal year 2022-23 under this same approach and has been successful in securing vehicles in short supply due to the agility to execute this process. The identified vehicles are in the light-duty category and are currently not subject to alternative fuel regulations.

CEQA

N/A

FINANCIAL CONSIDERATIONS

This request complies with the authority levels of OC San's Purchasing Ordinance. This item has been budgeted in Fiscal year 2023-24 Budget Update, Page A-16, Section A (Appendix), Line item: 4.

ATTACHMENT

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

N/A

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