

OPERATIONS COMMITTEE

Agenda Report

File #: 2022-2520

Agenda Date: 9/28/2022

Agenda Item No: 10.

FROM: James D. Herberg, General Manager
Originator: Riaz Moinuddin, Director of Operations & Maintenance

SUBJECT:

FLEET VEHICLE REPLACEMENT PURCHASE

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

- A. Approve the purchase of replacement vehicles for OC San's fleet as originally approved in the adopted fiscal year 2022/23 budget in the amounts of:
- Three light-duty trucks - \$133,500
 - One step van - \$136,900
 - Two medium-duty utility trucks - \$225,000
- B. Approve the re-purchase of the remaining replacement vehicles for OC San's fleet as originally approved in the adopted fiscal year 2021/22 budget in the remaining amounts of:
- One medium-duty truck - \$67,500
 - One heavy-duty truck - \$260,000
 - Ten Hybrid SUVs (AWD) - \$357,400
 - Four light-duty trucks - \$150,000
- C. Delegate to the General Manager and Purchasing Manager the authority to purchase the above listed replacement vehicles, through cooperative contracts, at the not to exceed prices listed above, during the fiscal year.

BACKGROUND

Orange County Sanitation District (OC San) maintains a fleet of vehicles necessary to meet its business needs. The fleet is comprised of 10 heavy-duty equipment trucks, 25 medium-duty trucks, 77 light-duty trucks, 20 sedans, 15 SUVs, 1 bus, and 19 vans, for a total of 167 vehicles.

The 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 budget preparation process for the fiscal year 2022/23.

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

Approximately 25% of OC San's vehicles are "Green" or Flex-fuel vehicles. All replacement vehicles are evaluated for "Green" (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

Vehicle manufacturing has been disrupted due to global events affecting raw materials and supply chains. Models identified by OC San for replacement have been affected by tight vehicle supplies with quickly changing order cutoff deadlines due to industry demand. This has resulted in OC San losing the ability to replace vehicles within its fleet and cost effectively procure vehicles.

PROPOSED SOLUTION

Enter into purchase order agreements with cooperative providers to allow the ability to quickly adapt to unpredictable order deadline windows for factory build systems. Authorize the General Manager and Purchasing Manager to execute purchase orders with cooperative agreements for vehicle purchases. This will enable staff to meet flexible and changing manufacturer order deadlines for the purchase of vehicles.

TIMING CONCERNS

Due to supply chain issues, vehicle manufacturers are prematurely closing ordering windows. Manufacturer order periods for the coming model year are late to open and expected to remain open for only a short number of days, instead of six months.

RAMIFICATIONS OF NOT TAKING ACTION

The vehicles selected for replacement are unreliable, deteriorating, costly, 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

OC San proceeded to purchase Board approved replacement vehicles in the fiscal year 2021/22 and was not successful due to the unpredictability of the manufacturer ordering time frames.

CEQA

N/A

FINANCIAL CONSIDERATIONS

This request complies with authority levels of OC San's Purchasing Ordinance. This item is budgeted. Section 08, page 94 of FY2022-23 and Section A, page 16 of FY2021-22 Update.

ATTACHMENT

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

N/A