



Agenda Report

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FROM: Robert Thompson, General Manager
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SUBJECT:

FLEET VEHICLE REPLACEMENT PURCHASE RATIFICATION

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Ratify the authorization given to the General Manager and Purchasing Manager to allow flexibility in the vehicle type/class quantity and funding while not exceeding the approved budgeted total amount of \$1,330,300. This will ensure the available replacement vehicles needed to sustain the fleet can be procured through the issued purchase orders with the following breakdown:

- A. Replacement vehicles for OC San's fleet as originally approved in the adopted fiscal year 2022/23 budget in the amounts of:
 - Two light-duty trucks - \$78,760
 - Two medium-duty utility trucks - \$200,518

- B. 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 - \$60,095
 - One heavy-duty truck - \$162,113
 - Eight Hybrid SUV's (AWD) - \$357,818
 - Two light-duty trucks - \$137,161

BACKGROUND

In September 2022, the Orange County Sanitation District (OC San) Board of Directors approved the purchase of several vehicles with pricing constraints on individual vehicle types/classes as summarized in the Prior Board Actions below.

Vehicle pricing and availability continues to fluctuate unpredictably. Additionally, the volatility in manufacturer order windows requires OC San to make quick decisions to procure vehicles. OC San successfully ordered some vehicle types and not others. Not all vehicle types that were available for ordering fit into the narrow classifications approved by the Board.

Staff is seeking flexibility in the vehicle type/class quantity while not exceeding the approved prior authority amount of \$1,330,300.

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, supply chains, and overall change in the marketplace. Some models identified for purchase have been affected by changes in the original equipment manufacturer order cutoff dates and pricing fluctuations. This has resulted in greater competition for procuring fleet vehicles as well as shorter order windows impacting the ability of OC San to procure vehicles.

PROPOSED SOLUTION

Ratify the authorization given to the General Manager and Purchasing Manager to allow flexibility in the vehicle type/class quantity and funding while not exceeding the approved budgeted total amount of \$1,330,300. Although there is a budgeted amount of \$333,835 remaining, if additional vehicles become available for procurement, staff will bring back a list of those purchases for Board approval.

Fiscal Year Budget	Vehicle Type	Board Approved September 2022		Ordered		Remaining
		Quantity	Total Cos	Quantity	Total Cost	
2022/23	Light-Duty Trucks	3	\$133,500	2	\$78,760	
	Step Van	1	\$136,900	0	\$0	
	Medium-Duty Utility Trucks	2	\$225,000	2	\$200,518	
2021/22	Medium-Duty Utility Trucks	1	\$67,500	1	\$60,095	
	Heavy-Duty Truck	1	\$260,000	1	\$162,113	
	Hybrid SUV's (AWD)	10	\$357,400	8	\$357,818	
	Light-Duty Trucks	4	\$150,000	2	\$137,161	
Total Not-to-Exceed		22	\$1,330,300	16	\$996,465	\$333,835

TIMING CONCERNS

Due to supply chain reliability, vehicle manufacturers are prematurely closing ordering windows due to raw materials shortages. Manufacturer order periods for the coming model year are late to open and expected to remain open for 45-90 days generally instead of six months. OC San's internal process requires additional Committee and Board action approval 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, 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. OC San would also not be able to procure replacement vehicles, as noted above.

PRIOR COMMITTEE/BOARD ACTIONS

September 2022:

- A. Approved 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. Approved the re-purchase of 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 SUV's (AWD) - \$357,400
 - Four light-duty trucks - \$150,000
- C. Delegated to the General Manager and Purchasing Manager the authority to purchase replacement vehicles through cooperative contracts during the fiscal year and not to exceed the amounts above.

ADDITIONAL INFORMATION

OC San has placed orders for available vehicles in an amount that has not exceeded the prior aggregate board approval.

CEQA

N/A

FINANCIAL CONSIDERATIONS

This request complies with the authority levels of OC San's Purchasing Ordinance. This item has been budgeted. Section 8, page 94 of FY22-23, and Section A, page 16 of FY21-22 Update.

ATTACHMENT

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

N/A