



**SAN RAFAEL CITY COUNCIL AGENDA REPORT**

**Department: Public Works**

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Maintenance Manager**

**City Manager Approval:**  \_\_\_\_\_

**TOPIC: FLEET VEHICLE PURCHASES**

**SUBJECT: AUTHORIZE THE CITY MANAGER TO INCREASE THE APPROVED PURCHASE PRICE FOR ELEVEN CITY VEHICLES**

**RECOMMENDATION:**

Authorize the City Manager to increase the approved purchase price by \$144,221 for eleven City vehicles:

- o Four of six unmarked police vehicles for a total increase of \$45,113 plus an additional \$30,000 for equipment and installation costs for all six vehicles with a not to exceed amount of \$357,113
- o Five patrol vehicles and two parking vehicles for a total increase of \$69,108 and a not to exceed amount of \$545,913.

**BACKGROUND:**

Due to supply chain issues, many previously approved vehicle replacements have yet to be received. Vehicle manufacturers are moving orders into the next model year and not honoring the previous model year's quoted prices. Manufacturers have also not accepted some of the City's orders, resulting in staff searching for stock vehicles at local dealerships with a higher costs.

**ANALYSIS:**

After City Council approved the purchase of six 2021 Toyota Highlander Hybrids at the September 12th, 2021 City Council meeting, purchase orders were created and provided to the State-contracted dealership for \$44,789 per vehicle. With a City Council approval amount equivalent to \$47,000 per vehicle, it was intended to use the remaining funds for the purchase and installation of specific equipment required by the vehicle users such as emergency lighting and radio equipment. The dealer placed the order with the manufacturer but after multiple follow-up conversations with the dealer, it was apparent that receiving the vehicles would be delayed due to the supply chain issues. Considering other options, City staff determined that the Ford Utility Interceptor Hybrid may have shorter lead times and with management approval, canceled the Toyota orders and issued purchase orders for six Ford Utility Hybrids to the State-contracted dealership. Initially, the Ford vehicle had an increased price of \$44,847.72. Unfortunately, due to similar supply chain issues, four of the six Ford orders were moved to the next model year, with an increased price of \$58,278.33. This added cost exceeds the original Council-

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**FOR CITY CLERK ONLY**

**Council Meeting:** \_\_\_\_\_

**Disposition:** \_\_\_\_\_

approved amount per vehicle by \$11,278.33. At this time, the City has only received three of the six vehicles ordered.

Similar to the above, after City Council approved the purchase of five 2021 Ford Utility Interceptor Hybrids at the February 7<sup>th</sup>, 2022, City Council meeting, purchase orders were created and provided to the State-contracted dealership for an amount of \$47,320.05 per vehicle. Upon submittal, the State-contracted dealership informed staff that the ordering window had closed and it could not place the City's vehicle order. Searching for other options, staff located pre-ordered vehicles from a dealership that holds the Sourcewell cooperative purchasing contract. The original quote received for these vehicles was \$50,715.32. Similar to the vehicles from the September 12<sup>th</sup>, 2021, Council meeting, the orders for all five vehicles were moved to the next model year, with pricing increased to \$59,275.03. This added cost exceeds the original Council-approved amount per vehicle by \$11,954.98. None of these vehicles have been received by the City.

The City Council also approved the purchase of two 2021 GO4 EV Parking Buggies on the February 7<sup>th</sup>, 2022, Council meeting. Purchase orders were created for \$47,471.21 per vehicle and provided to the vehicle dealer. Approximately 3 months after submitting the purchase order, the dealer notified the City of a price increase to \$52,138.53 due to supply chain issues and fuel surcharges. These added costs exceed the original Council-approved amount per vehicle by \$4,667.32. Both these vehicles have been received by the City. Since the other vehicles from this Council approval have not been received, the approved not to exceed amount has not been reached.

Staff recommends increasing the approved purchase price for all vehicles, including additional equipment and installation costs, in order to ensure the City Fleet remains in optimal condition. In recent vehicle replacement approvals, staff have added contingency amounts for unexpected price changes and will continue to do so going forward.

**FISCAL IMPACT:**

There are sufficient funds available in the Vehicle Replacement Fund (#600) for the additional \$144,221 in cos to purchase the remaining vehicles.

**OPTIONS:**

1. Authorize the City Manager to increase the approved purchase price for:
  - o Four of six unmarked police vehicles for a total increase of \$45,113 plus an additional \$30,000 for equipment and installation costs for all six vehicles with a not to exceed amount of \$357,113.
  - o Five patrol vehicles and two parking vehicles for a total increase of \$69,108 and a not to exceed amount of \$545,913.
2. Direct the Department of Public Works to modify the proposed purchases.
3. Direct the Department of Public Works not to make the remaining fleet purchases. This option may have additional costs associated with vehicle/equipment rentals in the event that the current vehicles or equipment experience mechanical failure.

**RECOMMENDED ACTION:**

Authorize the City Manager to increase the approved purchase price by \$144,221 for eleven City vehicles.