

Fleet Vehicle and Equipment Purchasing Process

Background:

Prior to 2003, individual departments were responsible for determining their vehicle and equipment needs and submitting their requests to the Purchasing Office for acquisition. While the Fleet Department was responsible for the repair and maintenance of these units, they had little or no say in the acquisition process. The result was a rapidly expanding fleet that was poorly planned (i.e. over engineered, costly/hard to get parts, excessive downtime), vehicles and equipment being replaced that had not met its economic life (i.e. vehicles showing up at auction with 30,000 miles on them). Consequently, the City Manager directed the Fleet Department to manage all vehicle and equipment acquisitions. This directive allowed decisions about vehicle/equipment purchases to no longer be made in isolation, but in the context of the fleet as a whole.

Current Process:

Identification: As it enters the fleet each unit is given an estimated useful life (life cycle) based on age, miles, fuel use, or in some cases regulatory requirements; this criteria is entered into our M5 Fleet Management System, and is tracked throughout the life of the unit. When a vehicle reaches this life cycle milestone, an automated notification goes out to the using department to bring the unit into a Fleet Service Center for a replacement inspection.

Determination: When the unit is brought into the assigned service center for its replacement inspection, it is given a physical inspection for overall condition. Additionally, the Service Center Manager will review the maintenance history including overall costs, downtime and any issues brought forward by the customer department. Upon completion of the inspection, the manager makes a determination as to whether the unit should be replaced, or the life extended.

Notification: As the units meet these milestones and are determined through this inspection process to be in need of replacement, they are marked in the M5 Fleet Management System. In April of each year the accumulated list along with estimated replacement cost is presented to the affected customer departments so that they can incorporate this data into their proposed budget.

Specifications: During the month of May, Fleet Service Department staff meets with the customer departments to go over the list to determine if the customer department still needs a replacement unit, and if so, any specifications or special needs they may have to meet their operational missions. It is also at this time that the customer departments bring forward any additional vehicles or equipment they will need (i.e. new employees, special projects, Council directives, etc.). Once this has been determined, Fleet along with the Sustainability Office work together to ensure that new purchases are in line with Council Resolution 20070215-023. With this resolution, the goal of new vehicle purchasing is “right size” the unit, and to maximize the purchase of alternative fuel, hybrid, and electric vehicles, maximize the diversity of the fleet, maximize vehicle efficiency, and minimize lifecycle costs. The strategy is implemented through a two-step review process; first a determination of operational need (qualitative) and second a cost benefit analysis (quantitative). The operational need or qualitative assessment ensures that the vehicle or equipment is needed, that the vehicle being purchased is optimized to meet the operational needs of the customer department, and that the vehicle purchased is the right size/class of vehicle to purchase, and if an alternative fuel/hybrid/electric is available for

purchase. Next, the cost benefit or quantitative analysis compares potential vehicles in terms of initial cost, lifetime fuel cost, environmental impact, maintenance cost, depreciation, and resale value. The Office of Sustainability completes an Annual Cost Benefits Analysis report that takes a snapshot of existing technology for differing vehicle classes that can be applied to each purchasing decision.

Finalized list: Once specifications are determined, individual forms containing the specific unit and all required options are sent to the customer department. All replacement units require the signature of the Fleet Officer as well as the requesting customer Department Director. Customer departments that require additional units (i.e. annexation, new employees, etc.) must get the signature of the Fleet Officer, the customer Department Director and the ACM of the impacted department. Only requests that have all required signatures will be processed.

Concurrently, Fleet Services Department is working closely with the Budget Department to continue to refine and finalize the acquisition list, and ensure that appropriate funding is included in the final budget presented to Council for approval.

Solicitation Process: After Council approves the budget and all signed forms are returned to Fleet the process of buying vehicles and equipment begins on October 1st. The majority of unit purchases are through cooperative purchase agreements in compliance with the Texas Local Government Code Chapter 271, Subchapter F, Cooperative Purchasing Program. Use of this program satisfies the competitive bidding requirements of state law, significantly reduces internal administrative costs, and allows the City to take advantage of volume discount pricing and expedited placement of orders. The acquisition team along with the Purchasing Office conducts a cost and best value analysis to identify the best price and best value among the available alternatives for the City. In addition, each purchase is reviewed for subcontracting opportunities to determine if goals will be established in accordance with City Code Chapter 2-9D Minority Owned and Women Owned Business Enterprise Procurement Program.

Recommendation for Council Action (RCA): Vehicles and equipment are usually sorted into four major RCA packages (Public Safety, Medium/Heavy duty, Light duty, and Special Equipment) that begin in October and run through April or May. The City purchases an average of 400 units per year. If purchased individually, this would severely impact the Council agenda on most Council dates and would result in delays in getting the needed units into service (i.e. some units may take a year or more to build and deliver after the Purchase Order is placed with the vendor). Placing them together in packages of like units, also allows for more transparency since stakeholders can see at a glance what is being purchased. Additionally, the ability to buy like units in bulk allows the City to comply with manufacturer's build date cut offs and in most cases avoid the additional cost associated with having to purchase the next model year. Special circumstances may require deviation from the plan due to the Boards and Commissions process or other delays in obtaining final Council approval of RCAs. Upon approval of RCA's by the Council, final purchase orders are placed with vendors and delivery dates planned.