



City of Arts & Innovation

City Council Memorandum

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TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JUNE 6, 2023

FROM: GENERAL SERVICES DEPARTMENT WARDS: ALL

SUBJECT: WAIVE THE FORMAL PROCUREMENT PROCESS FOR THE PURCHASE OF NEW AND USED NON-SAFETY LIGHT AND MEDIUM DUTY REPLACEMENT VEHICLES FROM VARIOUS VENDORS FOR THE CITY OF RIVERSIDE FLEET IN AN AMOUNT ESTIMATED AT \$50,000 PER VEHICLE FOR A TOTAL NOT TO EXCEED AMOUNT OF \$500,000 FOR A SIX-MONTH TERM ENDING NOVEMBER 30, 2023 – SUPPLEMENTAL APPROPRIATION.

ISSUE:

Waive the formal procurement process and authorize the purchase of new and used non-safety light and medium duty replacement vehicles from various vendors for the City of Riverside Fleet in an amount estimated at \$50,000 per vehicle for a total not to exceed amount of \$500,000 for a six-month term ending November 30, 2023.

RECOMMENDATIONS:

That the City Council:

1. With at least five affirmative votes, waive the formal procurement process per section 602(p) of Purchasing Resolution No. 23914 and authorize the purchase of new and used non-safety light and medium duty replacement vehicles from various vendors for the City of Riverside Fleet in an amount estimated at \$50,000 per vehicle for a total not to exceed amount of \$500,000 for a six-month term ending November 30, 2023;
2. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation in the amount of \$500,000 for FY 2022/23 in the Central Garage Fund, Motor Pool Account from available working capital;
3. Authorize the City Manager, or designee, to execute the individual purchase orders and all necessary documents as needed for these individual purchases with all authority for such; and
4. Direct staff to return to City Council in six months with an update on non-safety vehicle procurement.

BACKGROUND:

The City of Riverside Fleet Management Division oversees the replacement and maintenance of city owned vehicles and equipment that are utilized by various departments. The City of Riverside Fleet (City Fleet) is composed of approximately 1,500 units ranging from small sedans to heavy duty utility trucks as well as specialty equipment such as refuse trucks, street sweepers, backhoes, forklifts, line trucks, and various types of trailers. Over 800 of these vehicles are classified as light and medium duty and approximately 20% of these vehicles are in need of immediate replacement as they have either exceeded their expected service life, have excessive maintenance costs, or have already been taken out of service due to expired Compressed Natural Gas (CNG) fuel tanks or accident damage. Many City of Riverside (City) departments are currently functioning with a shortage of vehicles which has a direct negative impact on daily operations.

DISCUSSION:

Normally, the replacement vehicles would be purchased through the formal or informal procurement process whereby vehicle specifications would be sent to a minimum of three vendors and quotes would be requested in an effort to obtain the best and lowest price for the City. Any single purchase or total purchase with a single vendor exceeding \$50,000 would be brought before City Council for approval.

However, over the past two years, it has become exceedingly difficult to purchase new or used vehicles of any kind for all City Departments. Due to global microchip shortages and other production delays, the supply of vehicles has drastically decreased but the demand continues to remain the same or has increased. Many dealerships are selling their vehicles on a first come, first serve basis and are unwilling to hold vehicles in order to facilitate conventional City procurement processes.

Additionally, the cost of vehicles has increased due to the decrease in supply. The Consumer Price Index (CPI) for new urban vehicles reflects an increase of 1.4% in January 2021, an increase of 12.2% in January 2022, and an increase of 5.8% in January 2023 as shown in Attachment 1 of this report.

Due to continued vehicle shortages in the automotive market, the City Council is asked to waive the formal procurement process and authorize the purchase of new and used replacement vehicles, including but not limited to, small sedans, light duty trucks, and medium duty utility trucks that may include specialty equipment for the Fleet Management Division from various vendors in an amount estimated at \$50,000 per vehicle for a total not to exceed amount of \$500,000 for a six-month term ending November 30, 2023.

The proposed total purchase amount of \$500,000 will allow the Fleet Management Division to purchase a minimum of 10 vehicles at the estimated purchase price of \$50,000 per vehicle. Being able to procure vehicles in a timelier manner will provide City departments with vehicles needed to accomplish their operational responsibilities. Staff will return to City Council after November 30, 2023 with an update on non-safety vehicle procurement.

This action is pursuant to Purchasing Resolution No. 23914, Section 602(p) which states, "Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances: ... (p) When approved by the Manager,

the City requires Goods not subject to the bidding requirements of Section 1109 of the City Charter, which are of such a nature that suitable technical or performance specifications describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms and conditions deemed by the Manger to be in the best interest of the City and in doing so may utilize Informal Procurement or Negotiated Procurement process”.

The Purchasing Manager concurs that the recommendation to authorize the purchases is in compliance with Purchasing Resolution 23914.

STRATEGIC PLAN ALIGNMENT:

This item contributes to the City’s Strategic Priority No. 4 *Environmental Stewardship* and Goal 4.6 – Implement the requisite measures to achieve citywide carbon neutrality no later than 2040.

This item aligns with EACH of the five Cross-Cutting Threads as follows:

1. **Community Trust** – This action builds community trust by ensuring the city is replacing an aging fleet with more efficient, sustainable, and reliable vehicles.
2. **Equity** – Replacing the older vehicles with safer and more reliable vehicles will help ensure equitable services for the community.
3. **Fiscal Responsibility** – The General Services Department, Fleet Division is proposing this purchase in accordance with Purchasing Resolution 23914, Section 602(p) and will do its best to ensure the best price, terms and conditions are negotiated such as requesting vendors honor fleet pricing when applicable. In multiple cases, bids have been conducted with no results as no vehicles of the requested type were available at that time which has resulted in additional staff time spent trying to re-bid until pricing is provided if at all.
4. **Innovation** – The proposed purchase authorization provides an innovative solution to allow the Fleet Management Division to acquire the necessary vehicles in a timelier fashion during a global vehicle shortage.
5. **Sustainability & Resiliency** – This action will result in replacement vehicles for various city departments which meet all South Coast Air Quality Management District requirements and will reduce the carbon footprint.

FISCAL IMPACT:

The total fiscal impact of the action is \$500,000. Upon Council approval, a supplemental appropriation in the amount of \$500,000 will be recorded in the Central Garage Fund, Motor Pool Account No. 2215200-462100. Funds are available in working capital in order to cover the supplemental appropriation.

Prepared by: Carl Carey, General Services Director
Certified as to
availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial

Approved by: Officer/Treasurer
 Edward Enriquez, Interim Assistant City Manager/Chief Financial
 Officer/Treasurer
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. CPI for New Urban Vehicles