



CITY OF CORONADO

CITY COUNCIL STAFF REPORT

April 4, 2023

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REQUEST FOR APPROPRIATION OF FUNDS AND AUTHORIZATION FOR THE CITY MANAGER TO PURCHASE VEHICLES AND EQUIPMENT AS APPROVED IN THE FISCAL YEAR 2021-22 AND FISCAL YEAR 2022-23 BUDGETS

RECOMMENDATION:

Appropriate and transfer \$78,000 from the General Fund to the Vehicle and Equipment Replacement Fund to account for increased costs, and authorize the City Manager to purchase vehicles and equipment (including outfitting and installation) as approved in Fiscal Year 2021-22 and Fiscal Year 2022-23 budgets.

BACKGROUND:

Each fall, the Public Services and Engineering Fleet Services Division, in collaboration with departmental staff, reviews the condition of all vehicles scheduled for replacement in the subsequent year. Any vehicle identified as needing replacement or approved to be added to the City's fleet is then programmed into the following year's budget. Fleet staff works diligently to optimize the life cycle of each vehicle. It is standard practice for serviceable vehicles which no longer meet a department's operational needs to be auctioned off or rotated for use in another division or department.

As part of the annual budget process, the City Council approved the purchase of ten vehicles and equipment for Fiscal Year 2021-22 and seventeen vehicles and equipment in Fiscal Year 2022-23. For those two budgets, fourteen have been purchased, with thirteen vehicles and equipment still awaiting purchase. One vehicle will be deleted from the list, leaving twelve to be purchased. The list of outstanding equipment and vehicle purchases is shown in Attachment 1.

Over the past few years, the vehicle purchasing environment has become extremely challenging. Stemming from the COVID-19 health pandemic, global supply chains in the auto industry remain under tremendous pressure due to limited supplies of semiconductor chips, rare metals, and other commodities needed to build vehicles. These issues have caused record-low commercial fleet inventories and lengthy lead times, which make it difficult to procure vehicles with any certainty of pricing or delivery dates.

ANALYSIS:

Pursuant to Coronado Municipal Code, all supply purchases over \$30,000 require the approval of City Council before a purchase order or agreement is issued or executed. Currently, six options are available for the procurement of vehicles and equipment under Coronado Municipal Code:

- Section 8.04.060:
 - 1) major purchase procedure (formal bid), is used to solicit bids from at least three qualified vendors,
- Section 8.04.070:
 - 2) sole source purchase,
 - 3) cooperative/piggyback purchase,
 - 4) declared emergency,

- 5) reverse auction or
- 6) sufficient, satisfactory bids not received.

Under normal circumstances, there have been intermittent challenges in acquiring vehicles in compliance with the City's procurement process. However, during the current fiscal year, due to the length of our procurement processes compounded by global supply chain limitations, it has become extremely difficult to procure vehicles and equipment. For example, the current window to order Police Ford Explorers is only three months long from June to September, which gives staff a tight ordering window as the month of July is the beginning of the fiscal year. Before a vehicle, associated equipment, and outfitting services can be ordered, staff must conduct a formal solicitation or public bid or find the vehicle or equipment via an allowable exemption (i.e., cooperative purchasing program). This process can take anywhere between two to three months. Subsequently, staff must submit an agenda item for an individual purchase to City Council for award, prepare a requestion and obtain a purchase order from Finance.

Unfortunately, due to current market conditions, by the time the City can issue a purchase order, vehicles are no longer available. On multiple occasions, auto vendors have depleted their commercial vehicle inventory and cannot fulfill entire orders. When this occurs, staff must wait until next year's models are available, or on occasion, start the process over if the vehicle build changes or if guaranteed pricing has expired. This can result in additional challenges such as price increases, longer lead times, and staff operating vehicles that no longer meet a department's operational needs.

To resolve these challenges, staff recommends the City Manager be authorized to purchase the vehicles and equipment, including outfitting and installation as listed in Attachment 1 in accordance with Coronado Municipal Code 8.04, and execute purchase agreements consistent with the list approved previously by the City Council. The approval of this request would better position the City to be able to acquire the outstanding vehicles and equipment and replenish its fleet in a timely manner while still complying with the Municipal Code.

FISCAL IMPACT:

To date, \$865,000 has been expended of the \$965,000 that was approved for FY 2021-22 leaving a balance of \$100,000.

To date, \$228,000 has been expended of the \$1,000,000 that was approved for FY 2022-23 leaving a balance of \$772,000. No funds have been expended for the Wastewater equipment purchase.

Staff requests a transfer of \$78,000 from the General Fund and appropriation to the Vehicle and Equipment Replacement Fund account 13500000-90080 to fulfill the outstanding vehicle purchases.

ALTERNATIVE:

The City Council could choose not to authorize the City Manager to purchase the remaining vehicles and equipment and require staff to request City Council approval for each purchase. City Council could also choose not to appropriate additional funds at this time.

CALIFORNIA ENVIRONMENTAL QUALITY ACT:

Not Applicable.

PUBLIC NOTICE:

No notice required.

ATTACHMENTS:

1. FY 2021-22 and FY 2022-23 Vehicle and Equipment Outstanding Purchases List

Submitted By: Public Services and Engineering Department / Jermell James, Leon Firsht