

COUNCIL COMMUNICATION

TO: THE CITY COUNCIL
FROM: THE CITY MANAGER'S OFFICE

DATE:
June 3, 1987

NO.

SUBJECT: INTRODUCTION OF ORDINANCE AMENDING LODI MUNICIPAL CODE REGARDING BIDDING REQUIREMENTS
PERTAINING TO THE PURCHASE OF USED VEHICLES FROM RENTAL AGENCIES OR FLEET DEALERS

RECOMMENDED ACTION: That the City Council amend Lodi Municipal Code Chapter 3.20, Section 3.20.070 relating to bidding for purchase of supplies, services or equipment which would allow the purchase of used vehicles from rental agencies or fleet dealers. (See draft Ord. attached marked Exhibit A)

BACKGROUND INFORMATION: The attached memorandum from Joel Harris, Purchasing Officer, describes the advantages of purchasing City of Lodi vehicles from rental agencies or fleet dealers. I heartily agree with this procedure and would recommend adopting the attached Ordinance which would formalize a procedure to accomplish this.



Robert H. Holm
Finance Director

RHH/ss

Attachments

CCAUTO/TXTF.06S

M E M O R A N D U M

TO: Robert Holm, Finance Director

FROM: Joel Harris, Purchasing Officer

DATE: May 21, 1987

SUBJECT: Proposal to Exempt from Lodi Municipal Code Section
3.20.100 (Formal Bid Procedures) Certain City Purchases

SELECTED CITY VEHICLES

I. Intent:

To provide greater assurance of obtaining the best value in certain vehicles purchased for the City of Lodi.

II. Background:

In 1980, in an attempt to obtain quality vehicles at a lower cost, the City began purchasing one-year-old automobiles from car rental agencies Hertz and Avis and fleet dealers. The advantages were as follows:

- . Lower initial cost;
- . Short lead times, typically under a week;
- . Fewer "bugs" in the cars, a result of formal and proper maintenance of the rental fleet;
- . 12-month/12,000 mile warranty, written by the agency;
- . Higher resale value, due to the greater number of options specified by the rental agency on the available cars.

Prior to 1980, all vehicles purchased went through formal bid. After bids were opened and contracts were awarded, the successful dealer would factory-order the vehicle(s). Long delivery times were not uncommon, so that chances of receiving a vehicle near the end of a model year were very high. If used cars were purchased, there were no assurances of performance reliability. Low bids often resulted in "getting what we paid for" in automobiles.

Since 1980, the practice of purchasing used sedans, pickups and vans from Hertz, Avis and fleet dealers continued with users and maintenance personnel expressing satisfaction with the program.

In fact, a number of cities currently purchase through rental agencies: Alameda, Pleasanton and San Leandro purchase from Hertz in Hayward; the Cities of Visalia, Tulare and Gustine, as well as the County of Fresno, purchase from Hertz in Fresno; the Cities of Oakland, San Jose, Modesto, Mountain View and San Rafael and the Counties of Santa Clara and Sacramento buy from Avis; the City of Stockton purchases vehicles from National in Oakland.

III. Discussion:

It is not the intent of this proposal to exclude certain dealers who may not carry a certain make or model of automobile. Rather, the intent is to tighten specifications so that the City has greater assurance of obtaining a vehicle:

- . of superior condition and quality;
- . from a reputable dealer;
- . that will not require extensive additions to our repair tool and replacement parts inventory;
- . at the lowest reasonable price.

In other words, we will require assurance that the automobile we buy will serve the City's needs for the greatest period of time at the lowest total cost.

To achieve this objective, we must write specifications that by nature will exclude lower quality, higher mileage or older cars of a make or model inconsistent with our Maintenance Department's ability to maintain them. The specifications will also by nature exclude any dealer who will not stand behind his sale to the City. Any dealer may participate in the bidding for these vehicles as long as he can meet the minimum standards we set. If he cannot meet the specified standards, we do not want to do business with him.

It is the belief of the Purchasing Officer that the best values in standard transportation can be found in one to two-year-old, low mileage automobiles. Therefore, the proposed specifications will reflect these starting parameters.

IV. Proposed General Specifications:

- A. Age: No more than two-years-old.
- B. Mileage: No more than 25,000 miles.
- C. Maintenance Program: Must be documented, showing intent to properly maintain the vehicle.
- D. Repair Record: Must be documented and reflect no major deficiencies or damage. Factory recalls must be completed and documented.
- E. Warranty: Seller must provide at least a 12 month/12,000 mile power train warranty at no additional cost to the City.
- F. Leased Vehicles Only: Not owned by the public.

V. Proposed Method of Purchase:

Budgeted purchases of non-specialty vehicles can best be accomplished by personally visiting three agencies known to meet the general specifications outlined above (i.e., Hertz, Avis and National) comparing vehicles (prices, mileages, conditions and warranties) and making a selection therefrom. Following this procedure will assure compliance with Lodi Municipal Code (LMC) Section 3.20.110 (Open Market Procedure), except that the purchase will exceed \$5,000.00.

The buyer can enter into the purchase with either of two objectives in mind:

- A. To get the most vehicle for the budgeted amount; or
- B. To get a specific vehicle which meets the specifications in Part IV. for the lowest prices.

Either way, the City is assured of getting the best value for the dollars spent.

VI. Summary:

The number of city and county governments that purchase cars from Avis, Hertz and National indicates that those governments believe buying from the rental agencies is the best way to get the best value for the budgeted vehicle dollars.

Buyers I talked with cited the importance of documented condition reports, warranties and the selection and availability of vehicles (e.g., immediate replacement of a car used for undercover work). Most of all, however, the maintenance programs followed by the agencies virtually assured that the vehicle purchased would be well maintained and reliable. Few other dealerships can provide such assurances of satisfaction and reliability.

I, therefore, strongly urge that the City of Lodi adopt a purchasing procedure for certain City vehicles which would be exempt from LMC Section 3.20.100, allowing for informal but closely controlled value comparisons at Hertz, Avis and/or National Sales either in Sacramento or the Bay Area. Benefits to the City, in terms of overall cost and value, would, I believe, definitely justify it.

ORDINANCE NO. 1399

AN ORDINANCE OF THE LODI CITY COUNCIL
AMENDING CHAPTER 3.20 - PURCHASING SYSTEM
SECTION 3.20.070 - BIDDING, OF THE LODI MUNICIPAL CODE
RELATING TO THE BIDDING PROCEDURE

BE IT ORDAINED BY THE LODI CITY COUNCIL.

SECTION 1. Lodi Municipal Code Title 3, Chapter 3.20, Section 3.20.070 relating to bidding, is hereby amended to read as follows:

"3.20.070 Bidding.

"Purchases of supplies, services, equipment and the sale of personal property shall be by bid procedures pursuant to Sections 3.20.100 and 3.20.110. Bidding shall be dispensed with only when an emergency requires that an order be placed with the nearest available source of supply, when the amount involved is less than one hundred dollars, when the commodity can be obtained from only one vendor, or when the City Council determines that the purchase or method of purchase would be in the best interests of the City."

SECTION 2. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

SECTION 3. This ordinance shall be published one time in the "Lodi News Sentinel", a daily newspaper of general circulation printed and published in the City of Lodi and shall be in force and take effect thirty days from and after its passage and approval.

Approved this 17th day of June, 1987



EVELYN M. OLSON
Mayor

Attest:

Alice M. Reimche
ALICE M. REIMCHE
City Clerk

State of California
County of San Joaquin, ss.

I, Alice M. Reimche, City Clerk of the City of Lodi, do hereby certify that Ordinance No. 1399 was introduced at a regular meeting of the City Council of the City of Lodi held June 3, 1987 and was thereafter passed, adopted and ordered to print at a regular meeting of said Council held June 17, 1987 by the following vote:

Ayes: Council Members - Hinchman, Pinkerton, Reid,
Snider, and Olson (Mayor)

Noes: Council Members - None

Absent: Council Members - None

Abstain: Council Members - None

I further certify that Ordinance No. 1399 was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.

Alice M. Reimche
ALICE M. REIMCHE
City Clerk

Approved as to Form

Ronald M. Stein
RONALD M. STEIN
City Attorney