


COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	23-338	Meeting:	July 17, 2023
	Agenda Item:	55	Roll Call:	23-1023
	Submitted by:	Nickolas Schaul, Finance Director		

AGENDA HEADING:

Authorizing the City Manager to approve the purchase of up to 50 vehicles for use in various City departments.

SYNOPSIS:

Recommend authorizing the City Manager to approve the purchase of up to 50 vehicles for use in various City departments for fiscal year (FY) 2023-2024 utilizing various State of Iowa Department of Administrative Services and other approved procurement contracts from identified contract holders at such time vehicle model year 2024 pricing and ordering is available.

FISCAL IMPACT:

Amount: Not to exceed \$2,000,000

Funding Source: 2023-2024 Operating Budget, Page 79, I201 Equipment Replacement

ADDITIONAL INFORMATION:

Typically, individual vehicle purchase recommendations are made for award to specific individual contract holders after current model year pricing and ordering is available. Due to multiple factors including: ongoing market conditions of vehicle manufacturing resulting in production delays, and unknown current model year pricing, procurement contract status, and order bank availability, current model year contract pricing is not available. It is not known when government order banks may be opened by the major manufacturers, or the duration order banks will remain open to accept and confirm government contract purchases.

For example, the order bank for one mid-sized sedan class vehicle offered on contract last year was only open to government purchases for six (6) days. Further, major manufacturers evaluated government vehicle orders and reduced some orders by making allocations to local dealers holding government contracts. An order for 16 medium duty pickup trucks was reduced to an allocated order of five (5) vehicles.

The authority for the City Manager to approve issuance of purchase orders in a timely manner proved essential and effective in placing orders while order banks were open and filling cancelled orders from vehicle inventories last year.

It is not known when order banks for the new 2024 model year will be available for government fleet purchasing. The order times will be severely condensed and may not coincide with future schedule City Council meetings to recommend awards in a timely manner prior to the close of order banks for contract holders. Based on industry information, it is anticipated most manufacturers will not offer government fleet incentives or prioritize government fleet orders. Therefore, it is staff's recommendation to authorize the City Manager to approve purchases of vehicles at the time pricing and ordering becomes available. The total estimated fiscal impact is calculated by assessing an inflationary factor and loss of government incentives for each class of replacement vehicles.

The annual replacements and approved additions to the City's fleet of vehicles has been identified and approved for purchase by the Fleet Oversight Committee for vehicle model year 2024. The various classes of 50 vehicles intended for purchase include: One (1)-ton cab and chassis; three-quarter ($\frac{3}{4}$)-ton, half ($\frac{1}{2}$)-ton, and one-quarter ($\frac{1}{4}$)-ton compact pickup trucks; compact cargo vans; mid-sized and compact SUVs; and mid-sized sedans for all operating departments in the city.

None of the identified and recommended vehicle class replacement purchases are anticipated to be hybrid or EV technology for fiscal year 2024. Sedans and half ton pickup classes have been previously identified for potential electrification; however, these classes reside in general funded divisions. Given the uncertainty of availability, lack of government fleet incentives, unknown costs and static year to year replacement funding allocation for general funded vehicles, it is not possible to fund the incremental increased cost of hybrids or EVs. The production models of the half ton EV pickups on the market are again anticipated to be limited to dealer allocation of special consumer orders with enhanced options and not acceptable for commercial fleet operations.

Although operating division staff are accepting of proven EV applications in their respective divisions, allocated replacement funding must be maximized to replace the greatest number of vehicles to maintain operating effectiveness especially with expected supply challenges in the near future. Targeted vehicle classes were evaluated by staff for all potential downsizing, changing from $\frac{1}{2}$ -ton to $\frac{1}{4}$ -ton compact pickup truck, for example. Also, mid-sized SUVs have been downsized to compact SUVs where acceptable.

PREVIOUS COUNCIL ACTION(S):

Date: July 18, 2022

Roll Call Number: [22-1164](#)

Action: [Purchases](#) from the following: Authorizing the City Manager to approve the purchase of up to 40 vehicles for use in various City departments not to exceed \$1,700,000. ([Council Communication No. 22-324](#)) Moved by Gatto to adopt. Seconded by Boesen. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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