

AGENDA ITEM NO. 1L

COUNCIL MEETING 6/5/14

APPROVED BY _____

DEPARTMENT DIRECTOR _____

CITY MANAGER _____

June 5, 2014

FROM: Jim Schaad, Assistant Director
Transportation Department

BY: Joseph Ayerza, Manager
Fleet Management Division

SUBJECT: Award a purchase contract in the amount of \$373,501.41 to Lehr Automotive for the purchase of police car hardware – Bid File 3334

RECOMMENDATION

Staff recommends that the City Council award a purchase contract in the amount of \$373,501.41 for the purchase of police car hardware.

EXECUTIVE SUMMARY

The Police Department is in need of 50 replacement patrol cars. Several patrol cars have reached the end of their economic lifecycle. Replacement of these vehicles is critical for the Police Department to effectively and efficiently provide public safety services within the City of Fresno. The vehicles have been ordered and the hardware is required to upfit the base vehicle into a fully functional patrol car.

BACKGROUND

The Police Department is in need of 50 replacement patrol cars. Over the last few years poor economic conditions and tight budgets have required the life span of a patrol car to be extended from 5 years up to 7 years. Though improvements in vehicle technology and reliability have made this possible, several vehicles in the fleet are still old technology Ford Crown Victorias that are 8 years or older. Additionally, several Dodge Chargers are 7 years old and have accrued well over 100,000 miles. These vehicles have reached the end of their economic life.

In early FY2014, the City Council approved the 5-year Lease Finance Agreement with Kansas State Bank in the amount of \$2,350,000.00 to fund the purchase of 50 replacement Patrol Cars. This amount is for the purchase of the base vehicle, hardware, radio programming, and small fabricated items. The funding for one lease payment in FY2014, in the amount of \$257,453 has been planned and approved in this year's current budget. The vehicles will be built in the City of Fresno Fleet Upfit shop utilizing City personnel.

A competitive bid was prepared and distributed to prospective proposers. Two responses were received in a public opening on March 25, 2014. Of the two sealed proposals, one was from Lehr Automotive in Sacramento, California, and one from Adamson Police Products in Hayward, California. The proposal from Lehr Automotive was selected as the proposal that best met the City's needs. Their proposal was deemed both responsive and responsible and they were the low bidder.

Council may award a purchase contract to Lehr Automotive located in Sacramento, California, for the amount of \$373,501.41, or the Council may reject the proposal. If the proposal is rejected, the project will be re-bid resulting in a delay of approximately 60 days.

Staff recommends that the City Council award a purchase contract in the amount of \$373,501.41 to Lehr Automotive located in Sacramento, California, for the purchase of police car hardware.

ENVIRONMENTAL FINDINGS

N/A

LOCAL PREFERENCE

N/A

FISCAL IMPACT

The funding to cover the purchase cost of the police car hardware has been included in the City's current approved Lease Financing Agreement with Kansas State Bank. The City has made an initial lease payment in FY2014 and has planned allocated funds to cover required payments in FY2015. Beginning in FY2015 lease payments will be made twice per year at \$257,453 each, or \$514,906 annually. The interest rate for this financing is 3.389%. Total interest paid over the term of the financing will be \$224,530. Assets will be owned by the City at the end of the 5-year term.

Attachments: Fiscal Impact Statement

FISCAL IMPACT STATEMENT

ORGANIZATION: POLICE DEPARTMENT THROUGH PAYMENT TO FLEET
MANAGEMENT

Fund: 10101 Org. 152010

<u>RECOMMENDATION</u>	<u>TOTAL OR CURRENT FY</u>	<u>ANNUALIZED COST</u>
Direct Cost	<u>\$373,501.41</u>	<u>\$373,501.41</u>
Indirect Cost	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL COST	<u>\$373,501.41</u>	<u>\$373,501.41</u>
Additional Revenue or Savings Generated	<u>\$ 0</u>	<u>\$ 0</u>
Net City Cost	<u>\$ 0</u>	<u>\$ 0</u>
Amount Budgeted (If none budgeted, identify source)	<u>\$500,000.00</u>	<u>\$500,000.00</u>

The \$373,501.41 figure above represents the total purchase cost of the hardware for the Patrol cars. This purchase cost will be covered under the lease financing agreement that is currently in place with Kansas State Bank. We will make semiannual lease payments of \$257,453.17 to Kansas State Bank until a total of ten payments have been made to complete the lease agreement.

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