



CITY OF PORT ST. LUCIE

Procurement Management Division



TO: Jesus Merejo, City Manager

VIA: Kristina Ciuperger, Deputy City Manager ^{KC}
KC (May 18, 2023 10:14 EDT)

Teresa Lamar-Sarno, Deputy City Manager ^{TS}
Teresa Lamar-Sarno (May 18, 2023 07:23 EDT)

Caroline Sturgis, OMB Director ^{CS}

Roger Jacob, Facilities Director ^{RJ}
Roger Jacob

FROM: Nathaniel Rubel, Procurement Assistant Director ^{NR}

Roberto Mann, Fleet Manager ^{RM}
Roberto Mann (May 17, 2023 09:37 EDT)

Date: May 16, 2023

Subject: Vehicle Purchase Plan for Fiscal Years 2023 & 2024

Background

Vehicle ordering, production and delivery are continuing at an unprecedented slow pace for the industry. Continued supply chain issues, production delays and high demands have created an unproductive environment for staff and operations. This memorandum provides an overview of the challenge the organization is experiencing with purchasing new vehicles and a recommendation that would allow greater purchasing flexibility to support the increasing demands of our growing City.

The order window for some new vehicles is extremely short. Prior to the industry's turbulent times, production windows were up to 10 months. This allowed one to order a vehicle anytime within that 10-month window and one would expect delivery in 2-3 months. Currently, the order windows for vehicles such as pick-up trucks are now down to a week or in some instances (2023 Ford Super Duty Line) 48 hours. When the windows close, orders cannot be placed for those types of vehicles. These extremely short order windows are across the board with all the manufacturers and the lead times for delivery for these vehicles have increased to 12 months.

Occasionally, inventory is made available at dealerships throughout the state. Due to our purchasing policies, any purchase greater than one vehicle is required to comply with a formal procurement process that may be extensive in time. Dealerships will not reserve inventory while we adhere to the City's formal procurement process. The Procurement Management Division (PMD), in collaboration with the Facilities Department and other City departments have developed a proposed purchasing path that allows for some flexibility and agility to consider vehicle stock at local and statewide dealerships.

Current Status:

Most of the vehicles budgeted for the 22/23 FY have been ordered. Some have been canceled or not scheduled for production. We expect to see continued cancelations in the upcoming months. Some orders are still awaiting to be scheduled for production 6-9 months after the order was placed.

Current Stats:

- 21 – Delivery in Progress
- 1 – In Production
- 7 – Enroute to Dealership
- 20 – Cancelled or not scheduled for production

As we get later into the calendar year, the probability of unscheduled units converting to the cancelation status increases.

Recommendation

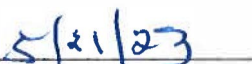
Based on the research conducted by Facilities and PMD, the following recommended plan will provide City staff flexibility to acquire the vehicles budgeted for purchase and/or replacement in the remainder of this fiscal year 2023 and next fiscal year 2024. Staff recommends a plan that enables vehicle stock at local and statewide dealerships to be considered and compared to the pricing of similarly outfitted vehicles that are usually ordered through the dealerships via the Florida Sheriff's and State of Florida contracts. Staff is requesting a waiver of the formal bidding process and approval to purchase available vehicles on the lots of local (first priority) and statewide dealerships as long as they are within 10% of the cooperative contract pricing. Although the cost may be above the published cooperative contract pricing, cancelled orders requiring re-order in the subsequent order window for next year's models have been averaging a price increase of 10%-15%. Therefore, this proposed plan to provide the flexibility to acquire the budgeted vehicles in this fiscal year will cost less to acquire than in the subsequent order window. In addition, this will enable the City to acquire the vehicles up to 12 months earlier.

City Manager Decision:

Approved

Denied


Jesus Merejo, City Manager


Date