

# STAFF REPORT

## City of Lancaster

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Date: September 12, 2023

To: Mayor Parris and City Council Members

From: Marissa Diaz, Director – Public Works  
Michael Harne, Assistant Director – PW Maintenance Services

Subject: Fleet Program Single Vendor Expenditure Authority Increase

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### Recommendations:

1. Increase the single vendor expenditure authority for the City Manager, or his designee, to an amount not to exceed the budgeted amount for the fleet fund capital asset new and replacement accounts (Account Nos. 111-44000-6201, 101-44000-6201, and 111-44000-8200), as the same may be amended by the Council from time to time, through the end of Fiscal Year 2023-2024, and require the City Manager to report purchases in excess of purchasing authority to the City Council in writing within thirty (30) days of the expenditure.
2. Authorize the City Manager, or his designee, to sign all documents.

### Fiscal Impact:

Sufficient funds are available in the City Council appropriated amount for the Fiscal Year 2023-2024 Maintenance Services Operating Budget account numbers 111-44000-6201, 101-44000-6201, and 111-44000-8200.

### Background:

U.S. vehicle and equipment inventory are at their lowest since the global financial crisis of the late 2000s. The shortage of microchips and the constantly changing price of materials means the final sales price of a vehicle could adjust daily. Supply chain disruptions and increased demand have significantly reduced dealer inventory over the past year. Pre-pandemic dealer inventory levels exceeded 3 Million vehicles, and current inventory levels are 1.43 Million. Due to ongoing supply challenges, some manufacturers cannot accommodate requested production dates, commonly known as "need by" dates. Manufacturers have also stopped publishing order lead times. As a result, vehicles will be produced when all the necessary parts have arrived.

All of these factors contribute to fleet shortages and difficulty obtaining vehicles and equipment for City operational needs. Maintenance Services staff often compete with other buyers to secure

a vehicle. Repeating this process 10-20 times yearly significantly impacts the Finance and Maintenance Services staff. Further, due to the limitations on the City Manager's expenditure authority, Maintenance Services staff is limited in how many vehicles can be purchased from a specific dealership. For example, one dealership may have an excellent deal on a vehicle type needed, but the expenditure authority with that specific dealership has been exhausted. In the current vehicle market, dealerships will not hold a vehicle for the time required to obtain the City Council's approval.

The Maintenance Services Division is proposing to increase the City Manager's expenditure authority with single vendors regarding vehicle and equipment purchases. The new expenditure authority will match the approved fleet funds capital asset budget. This would streamline the vehicle purchasing process, and stay compliant with procurement guidelines outlined in the City's purchasing policy. Maintenance Services staff will continue to use the purchasing-approved procurement methods of quotes, cooperative agreements, or solicitations to select the vendor providing the best value for each purchase. Maintenance Services would then work with the successful vendor to finalize the purchase. In the event the City Manager authorizes one or more purchases from a single vendor in excess of his expenditure authority as established from time to time by ordinance, which is currently \$125,000.00, the City Manager will notify the City Council in writing of each such purchase pursuant to the authority provided by this Council action.

Therefore, we respectfully request that Council approve this single vendor expenditure authority increase.

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