Agenda Section: Other Business
Agenda Item # 11
Report # 12-105

STAFF REPORT
COUNCIL MEETING DATE:
August 27, 2012

ITEM FOR COUNCIL CONSIDERATION:

1. Adoption of Resolution No.5402 appropriating $50,000 for the purchase of two automobiles.
2. Authorize staff to procure two new or used sedans for the City Motor Pool to replace the existing 1997 sedans.

Report prepared by:
Matthew Roberts, Parks and Recreation Director

Signature

Reviewed by:
Dave Durflinger, City Manager

Signature

STAFF RECOMMENDATION:

Action Item: √ Non action item: __

1. Adopt Resolution No.5402 appropriating $50,000 from the Major Asset Replacement and Repair Reserve Fund.

2. Authorize staff to procure two new or late model used sedans for the City Motor Pool to replace the existing 1997 sedans.

Sample Motion: I move to adopt Resolution No.5402 as read by title only and to authorize City Staff to purchase two new or late model used sedans in an amount not to exceed $50,000.

I. BACKGROUND:

The City of Carpinteria maintains a general motor pool of two sedans for use by City Staff and Council Members when on City business. These are now 15 years old and ready to be replaced because of their age, not odometer mileage. Concerns about exterior wear and tear, 15 year old passenger safety technology and age related mechanical dependability are factors in the proposed decision to replace the cars.

The purchase of a car can be very subjective choice. Today's automotive market is very competitive and overall product reliability among all brands is very good. Safety, styling, overall cost of ownership, MPG ratings, driving experience and quality can all influence a buying decision. The purchase of domestic brands, given that they are widely considered equal or better in quality to imports may be a preferred choice as some members of the public may object to the expenditure of tax dollars on foreign products not perceived to be made in the United States. Many foreign auto manufacturers design and assemble their products in the U.S. just as domestic manufacturers do throughout the world.

The City motor pool cars are driven far below the average car. The average total mileage of the two motor pool cars is about 80 thousand miles or about 6,000 miles per year. The average family car is driven about 15,000 miles annually.

Due to the relatively low mileage the City puts on its motor pool cars, a conventional drive train is recommended over the higher cost hybrid drive train. After some analysis, this recommendation is made for the following reasons;

Hybrid drive trains are more expensive to buy and may not pay for themselves unless driven for more annual miles than has been the City practice. The extra cost of the hybrid option is not recaptured with gas savings over a reasonable period of time of ownership when the car is driven so little. See the attached comparison; Ford Fusion hybrid and conventional comparison by US EPA.

Conventional drive trains are achieving very efficient MPG results reducing the appeal of hybrids. This is due to newer high output four cylinder engines and high efficiency transmissions.

Hybrid drive trains are more complex and more expensive to repair and dealer servicing is more often required. Conventional drivetrains are more serviceable by local mechanics saving time and money.

The City is not eligible to receive tax credits from the federal or State governments that help buy down the purchase price of hybrids.

Conversely, Hybrid vehicles use less gasoline, have fewer emissions and are considered greener by many environmental groups such as Green Cars, GreenerCars and Green Car Reports.

In the retail marketplace, a major industry automotive research firm concluded. "The lineup of alternate drive vehicles (hybrids) and their premium price points just aren't appealing enough to consumers to give the segment the momentum it once anticipated, especially given the growing strength of fuel economy among compact and midsize competitors".

Staff is recommending Ford Fusion sedans for purchase. City has operated a Ford fleet in the past. The City has a Ford fleet membership and receives very competitive pricing when ordering within the fleet program, saving the City money. In addition, having a

single brand has advantages with in-house servicing, driver familiarity and dealer loyalty. The two 1997 Taurus vehicles (18 city/26 hwy) have been reliable and almost trouble free over the fifteen years of City ownership.

As a highly rated midsize sedan, the Ford Fusion. (23 city/33 hwy mpg), also available as a hybrid (41 city/36 hwy/39 combined) is also a top safety pick by the Insurance Institute for Highway Safety. The 2013 model is expected to better these numbers as newer engine designs are available.

The Ford Fusion has been awarded the following accolades;

- US News and World Report : 2012 Best Affordable Midsize Car for the Money, 2012 Best Affordable Midsize Car for Families.
- Edmunds Auto Reviews: Top Pick for midsize sedan.
- An Insurance Institute for Highway Safety 2012 Top Safety Pick
- Motor Trend Ultimate Guide calls Fusion the best American midsize sedan
- Named a 2011 Consumer Guide Best Buy
- Nominated to the Car And Driver 10 Best List for 2010
- Named Motor Trend Car of the Year 2010
- A 2010 Consumer Digest Best Buy Award winner
- Named a 2010 Consumer Guide Best Buy
- AutoPacific 2010 Ideal Vehicle Award Winner
- AutoPacific 2010 Ideal Popular Brand & Top Brand Overall Award Winner.

II. POLICY:

The City has an administrative policy regarding the replacement of vehicles. The proposed purchase is in conformance with this policy (see attached.)

The proposed vehicle replacement can also be found consistent with the goals of SB 375[1] and the City's interest with reducing energy use.

III. FINANCIAL CONSIDERATIONS:

The City has a Major Asset Replacement and Repair Reserve Fund that was established in 2011 for the purpose of replacing vehicles and other capital equipment. This fund currently has a balance $882,000 but has a target balance of $1,000,000.

City staff will propose to surplus the existing sedans once new ones are in service. The expected cash value of the sedans is estimated to be about $1,000 each.

[1] SB 375 (Steinberg) is California state law that became effective January 1, 2009. This new law requires California's Air Resources Board (CARB) to develop regional reduction targets for greenhouse gas emissions (GHG), and prompts the creation of regional plans to reduce emissions from vehicle use throughout the state. SBCAG, as the regional transportation agency, has adopted a Sustainable Communities Strategy (SCS) that demonstrates how the region can meet GHG emission targets set by CARB. The Santa Barbara County GHG emissions target is for no per capita increase in GHG emissions. Reducing vehicle emissions through replacement of fleet vehicles contributes to the implementation of the regional SCS.

The requested spending limit of $50,000 will allow staff to purchase new cars for up to $23,000 each plus sales tax. If the City Council prefers hybrid vehicles, an additional $10,000 will be needed for a total of $60,000. If late model used cars are selected, the total expenditure is expected to be closer to $40,000. Upon direction, Staff will prepare a vehicle purchase specification and seek best competitive prices.

IV. LEGAL ISSUES:

The City must comply with Chapter 3.32 of its Municipal Code.

3.32.070 - Purchases—Bidding required—Exception.

> Except as otherwise provided in this chapter purchases of supplies and equipment shall be by bid procedures pursuant to Sections 3.32.070 through 3.32.180. Bidding may be dispensed with when an emergency requires that an order be placed with the nearest available source of supply, or when the unit value of the goods involved is less than five thousand dollars, or when the commodity can be obtained from only one vendor.

V. ALTERNATIVES:

One option is the purchase of two hybrid five passenger sedans. The Fusion is avalable as a hybrid vehicle that has significantly improved MPG ratings, emits less air pollution but still has five passenger capabilities. This option requires an additional appropriation of about $10,000 for a total of $60,000.

VI. ATTACHMENTS:

1. Resolution No. 5402
2. Administrative Policy, Vehicle/ Truck Replacement Procedure.
3. Ford Fusion hybrid and conventional comparison by US EPA.

Resolution No. 5402

A RESOLUTION OF THE CARPINTERIA CITY COUNCIL APPROPRIATING $50,000 FROM THE CITY'S MAJOR ASSET REPLACEMENT AND REPAIR RESERVE FUND TO BE USED FOR T HE PURCHASE OF TWO SEDANS.

WHEREAS, The City of Carpinteria requires automobiles to conduct official City business that must be safe, reliable and efficient, and

WHEREAS, The two existing sedans are over fifteen years old and are eligible to be replaced based upon the criteria established in the City's Vehicle Replacement Administrative Policy, and

WHEREAS, The City has established a Major Asset Replacement and Repair Reserve Fund by Resolution No. 5343 on September 26, 2011, and

WHEREAS, This fund has a balance adequate to accomplish the vehicle replacement,

Now therefore The City Council of the City of Carpinteria hereby resolves:

TO AUTHORIZE AN APPROPRIATION FROM THE MAJOR ASSET REPLACEMENT AND REPAIR FUND IN THE AMOUNT OF $50,000 TO FUND THE PURCHASE OF TWO AUTOMOBILES.

PASSED, APPROVED AND ADOPTED this 27th day of August 2012, by the following called vote:

AYES: COUNCILMEMBER:

NOES: COUNCILMEMBER:

ABSENT: COUNCILMEMBER:

_____
Mayor, City of Carpinteria

Attest:

_____
City Clerk, City of Carpinteria

I hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of the City of Carpinteria held the 27th day of August 2012.

_____
City Clerk

Approved as to form:

_____
City Attorney

Vehicle Replacement Administrative Policy

The proposed vehicle replacement policy applies to passenger vehicles and light trucks. Specialty vehicles such as a boom truck or tractors should only be considered for replacement when safety or repair frequency issues are the motivation. Mileage and/or age are not proposed to be used for replacement for specialty vehicles.

1. Replace passenger vehicles and light trucks when the standard replacement cycle conditions are met. This is a minimum mileage of 120,000 miles and/or an age of twelve years.

2. Replace instead of repair when any of the following conditions have been met.

   A. Consider replacing a vehicle when the cost of a repair is estimated at 51% or greater of the vehicle's "Blue Book" fair market value.

   B. Consider replacing a vehicle that has a history of excessive repairs but has not reached either the mileage or time component of the standard replacement cycle.

   C. For a vehicle involved in an accident the total cost of repair shall be no greater than 80% of the vehicle's fair market value.

   D. Do not repair a vehicle if its fair market value is less than $1,000.00.

3. In selecting new or replacement vehicles, those that possess the greatest economy of ownership and operation in their class should be chosen. Alternative fuel, hybrid and or electric vehicles may be preferred provided the reliability and purchase cost are competitive.

Hybrids Can Save You Money

Based on MSRP and fuel costs alone, hybrid vehicles can save you money versus a comparably equipped conventional vehicle. Select a hybrid model below and adjust the sliders to see the fuel cost savings and payback period based on your fuel prices, annual miles, and percent city/highway driving mix.

Step 1: Show me a hybrid.

2012 Ford Fusion Hybrid

Show as table

Step 2: Customize my estimates.

Annual Miles (thousands)

6,000

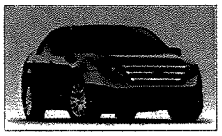
Percent of Miles City Driving

% City 50 Hwy 50

Fuel Price ($/gallon) Regular

$ $5.00

Comparison

	Hybrid 2012 Ford Fusion Hybrid	Non-hybrid 2012 Ford Fusion SEL
		
	2.5L 4cyl CVT	2.5L 4cyl A6
MSRP	$27,570	$21,515
Combined MPG	38.7	26.9

The Bottom Line

The hybrid vehicle's MSRP is $6,055 more.

Estimated Fuel Savings with Hybrid

Weekly	Monthly	Yearly
$6.58	$28.50	$342

Years to Payback: 17.7

Note: This tool compares hybrids to their non-hybrid counterparts in very simple terms—only fuel costs and MSRP are considered. Other factors, such as insurance, maintenance, or resale value, are not considered since they can vary widely. more...