



**AGENDA MEMORANDUM**  
Action Item for the City Council Meeting October 10, 2023

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**DATE:** October 10, 2023

**TO:** Peter Zaroni, City Manager

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<b>Authorization to Purchase 15 vehicles for Construction Inspectors</b>
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**CAPTION:**

Resolution authorizing the use of the public health and safety statutory exemption to purchase up to 15 trucks from various unidentified regional dealerships in an amount not to exceed \$686,488.44 with funding from the Fleet Equipment Replacement Fund.

**SUMMARY:**

A resolution authorizing the purchase of 15 trucks from various regional dealerships to support the construction inspection division of the Engineering department.

**BACKGROUND AND FINDINGS:**

The 2023 Budget included funding for 15 new vehicles for the new Construction Inspectors added to the Engineering Department. The positions were added to support the growing number of capital projects the City has under construction. These positions ensure our contractors are building these capital projects to the designed specifications, and ensure precautionary measures are taken to keep the public safe.

On January 16, 2023, Council Approved the acquisition of these 15 vehicles from Silsbee Ford through the TIPS Cooperative. To date, only 6 of the 15 vehicles have been assigned a vehicle identification number and none of the 15 vehicles have entered production.

With the 2022 bond program moving into the construction phase there is a growing need for construction inspections requiring the City to seek alternate means to acquire these vehicles.

The auto industry continues to be plagued by global supply chain issues. Auto manufacturers are continuing to cut their production estimates due to labor and material shortages. Many of the vehicles we had secured for the 2022 and 2023 production runs have been canceled or placed on hold. Manufacturers are still providing limited allocations to regional areas, but dealerships are unsure of exact specifications until delivery and cannot respond to solicitations due to these circumstances. Dealerships are also unwilling to hold vehicles they receive for an extended period due to the current market demand.

Additionally, on September 15, 2023, the United Automobile Workers union began a strike at the Ford Michigan Assembly Plant. Friday September 29, 2023, the strike expanded to Ford's Chicago Assembly plant and GM's Lansing Delta Township assembly plant. While vehicle production is not currently impacted, if the strike continues to grow, it could potentially jeopardize vehicle productions for the current and future cycles.

The Contracts and Procurement Division of Finance requests authorization to approve these purchases through this item. To this end, this request authorizes the procurement of up to 15 vehicles through the public health and safety statutory exemption from regional automotive dealerships.

#### **PROCUREMENT DETAIL:**

Up to 15 Vehicles will be sourced from various local dealerships. Finance & Procurement will coordinate with both Asset Management and the Engineering department to ensure the vehicles meet the needs of both operations and fleet management.

#### **ALTERNATIVES:**

The alternative would be to continue to wait in the production queue for the vehicles to be produced. This would negatively impact the ability for the new inspectors to perform their job duties and could delay our capital improvement program.

#### **FISCAL IMPACT:**

The fiscal impact of these purchases totals \$686,488.44 funded by the Amended 2024 Fleet Equipment Replacement Fund budget. Funding was included in the FY 2023 adopted fleet budget and rolled forward to the FY 2024 amended budget. Contingent funding of 10% has been included in the amounts and is authorized to be accessed and expended only on an as-needed basis and per individual item acquired, due to the ongoing volatility of market conditions and continuing supply chain issues being experienced.

#### **FUNDING DETAIL:**

Fund: 5111  
Organization/Activity: 11190  
Mission Element: 13  
Project # **(CIP Only)**:  
Account: 550020

#### **RECOMMENDATION:**

Staff recommends approval of this resolution authorizing City staff to purchase up to 15 trucks from various regional dealerships.

**LIST OF SUPPORTING DOCUMENTS:**

Resolution