



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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Third District

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Fourth District

JIM DESMOND
Fifth District

DATE: January 28, 2025

06

TO: Board of Supervisors

SUBJECT

AUTHORIZE APPROVAL OF BRAND NAME VEHICLES IN PROCUREMENT OF COUNTY FLEET VEHICLES AND EXPANDED USE OF SIMPLIFIED PROCUREMENT PROCESS TO ALLOW SOLICITING LOCAL BUSINESSES FOR NEW VEHICLE PURCHASES, OUTFITTING, AND REPAIR SERVICES (DISTRICTS: ALL)

OVERVIEW

Over the past 25 years, the County of San Diego (County) has standardized its fleet to Ford Motor Company (Ford) products. On December 7, 1999 (6), the Board of Supervisors (Board) initially approved the County to standardize the makes, models, and types of vehicles acquired for use by various County departments. Subsequently, 78% of the Fleet are Ford brand vehicles. Similarly, the Board approved specifying vehicle manufacturers in support of covert, undercover operations since March 22, 2005 (8). The remaining portion of the fleet consists of various brands to meet department orders, such as off-highway construction equipment, forklifts, and buses. As a result of automotive industry shortages or cancellations, as well as State and County sustainability regulations and goals, the Department of General Services (DGS) Fleet Services Division (Fleet) and the Department of Purchasing and Contracting (DPC) need the flexibility to specify makes, models, and outfitting for the portion of the Fleet (22%) that cannot standardize to Ford or qualify as covert in order to fulfill departments' orders and successfully achieve sustainability goals.

Historically, Fleet and DPC have managed vehicle purchases through competitive procurement, with a significant portion of awarded contracts coming through cooperative agreements outside of the County (e.g. Sourcewell). Since the pandemic, Fleet has moved away from cooperative agreement contracts in favor of maximizing business with local dealers through simplified procurement methods. This strategy circumvents industry shortages and cancellations and promotes the local economy. Further, Fleet needs replacement vehicle parts pricing schedules to match automotive parts industry standards to simplify bidding for local vendors.

Today's request is for the Board to approve and authorize the Director, DPC, to (i) approve the use of procurement methods in which DPC specifies the brand-name vehicle makes, models, and outfitting, including for Ford products and other vehicle brands; (ii) waive Board Policy A-87(4), Competitive Procurement's public notice of procurement requirement exclusively for undercover vehicle purchases; (iii) approve the use of simplified procurement methods up to \$1,000,000 when

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procuring vehicles, outfitting, and repair services from local dealers; and (iv) approve the utilization of replacement vehicle parts pricing structures that correspond with industry standards exclusively when parts procurement is ancillary to repair services.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. In accordance with Board Policy A-87, Competitive Procurement, approve and authorize the Director, Department of Purchasing and Contracting to specify brand-name vehicle makes, models, and outfitting in procurements for up to five years, as required to support County department operations.
2. Waive Board Policy A-87(4), Competitive Procurement's public notice of procurement requirement when soliciting new vehicles, outfitting, and/or vehicle repair services for up to five years in support of covert operations.
3. Approve and authorize the Director, Department of Purchasing and Contracting to utilize Board Policy A-87's Simplified Procurement Procedure for procurements up to \$1,000,000 when soliciting new vehicles, outfitting, and/or vehicle repair services for up to five years, where eligibility to compete for award is reserved exclusively for local businesses.
4. Waive Board Policy A-81(C)(1)'s prohibition on Cost-Plus-a-Percentage-of-Cost contracts and, in line with industry standards, authorize the Director, Department of Purchasing and Contracting to procure vehicle parts using a pricing structure of cost-plus-percentage markup for up to five years, when contracting with local businesses for vehicle repair services where vehicle parts and replacement parts are ancillary to the services.
5. Find that the proposed actions are categorically exempt from environmental review in accordance with Section 15060(c)(3) of the California Environmental Quality Act Guidelines because they are not projects as defined by Section 15378.

EQUITY IMPACT STATEMENT

Approval of today's request helps achieve County department operational and environmental goals; promotes alignment with industry standard pricing models when purchasing vehicle replacement parts; and simplifies contracting methods to better support economic opportunity for local businesses.

SUSTAINABILITY IMPACT STATEMENT

Board approval to specify brand-name vehicle makes and models and expand use of Board Policy A-87's Simplified Procurement Procedure contribute to the County Electric Vehicle Roadmap and Green Fleet Action Plan strategies, which align with California Air Resources Board's mandates related to zero-emission vehicle conversion. These actions will also contribute to the County's annual greenhouse gas reduction goals as described in the Climate Action Plan (2024) of 236,498 metric tons of carbon dioxide equivalent (MTCO₂e) by 2030 and 396, 815 MTCO₂e by 2045.

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FISCAL IMPACT

Funds for these requests are included in the Fiscal Year 2024-25 Operational Plan for the General Services Fleet Internal Service Fund (ISF). If approved, this request will result in current year cost and revenue of an estimated amount of \$18,500,000. The funding sources will be ISF charges to client departments for services. There will be no change in net General Fund costs and no additional staff years.

BUSINESS IMPACT STATEMENT

Expenditures from this action may create private sector jobs and economic opportunities in San Diego County for local employees, independent shops, and local dealerships.

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

The County fleet has been standardized to Ford for the last 25 years through Board approval since December 7, 1999 (6). As a result, 78% of the County fleet are Ford brand vehicles. Similarly, the Board has allowed the Department of Purchasing and Contracting (DPC) and Fleet Services Division (Fleet) to specify vehicle manufacturers for covert, undercover vehicles exclusively since March 22, 2005 (8). The remaining portion of the fleet (22%), which includes off-highway construction equipment, forklifts, and buses, are unspecified brand procurements which are competitively bid among various dealers, both local and non-local.

In the last three fiscal years, Fleet has engaged in a proactive client meeting schedule to learn more about fleet-related issues among client departments. In this arena, Fleet learned about challenges among the non-Ford, non-covert portion of the fleet. Specifically, the inability to call out specific brands, makes, models, and outfitting in contracts leading to operational constraints. For example, Public Works has a significant need for construction equipment, which is produced by several different manufacturers. Having the ability to standardize these vehicles is critical for training equipment operators and operational consistency.

Additionally, Board Policy H-2, *Fleet Vehicle and Mobile Equipment Acquisition Policy*, requires departments to transition their conventional (gas) vehicles to Electric Vehicles (EV) based on the County's EV Roadmap and the Green Fleet Action Plan (GFAP) strategies. The EV Roadmap's two primary goals are to achieve 250 EVs in the County fleet by 2025, and 501 by 2027. The GFAP is a multi-decade strategy to convert the entire County Fleet to Zero-Emission Vehicles – a term that encompasses EV vehicles and other zero-emission vehicle types, such as hydrogen fuel vehicles – by 2045. While some EVs are made by Ford, in order to receive the most reliable product available on the market, departments need the flexibility to specify another brand. In summary, this Board letter requests DPC and Fleet to be able to specify brand for four (4) distinct reasons: (i) continued Ford standardization; (ii) procuring undercover vehicles in support of covert operations; (iii) department operational needs; and (iv) to achieve County sustainability goals.

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For vehicle procurements, Fleet and DPC have traditionally relied upon non-local cooperative agreements (e.g. Sourcewell) to procure vehicles for the County, including for Ford standardization, covert vehicles, and the remaining portion of the fleet that is largely specialized as described above. In fact, 52% of vehicle procurements in the last three fiscal years have come from cooperative agreements. During this three-year period, the market has become challenging and volatile. These cooperative agreement-based contract challenges have resulted in a significant number of vendor-directed cancellations of department orders. In the last two fiscal years, the County cancelled approximately 124 vehicle procurements out of 1,079 (11.5%) due to vendor inventory shortages. Additionally, order cancellations created a cascading effect on departmental fleets, 1) maintaining vehicles beyond their stated service life and 2) increasing costs by approximately 10% when a vehicle is moved to the next fiscal year for delivery. To mitigate these challenges, DPC and Fleet have utilized local vendors and the Simplified Procurement Procedure. As defined in Board Policy A-87, these simplified methods are for the procurement of goods and/or services with a total contract value not to exceed \$250,000 or \$100,000 annually and for a term not to exceed five (5) years, where the procurements are made through the use of quotations and award is based on terms, price, and other appropriate factors, including procedures set forth by the Director of DPC.

DPC and Fleet have traditionally utilized the full range of procurement methods available to solicit vehicles and outfitting/repair services on behalf of clients, in accordance with Board Policy A-87. These methods include the use of formal bidding, competitively negotiated procurements (request for proposals), contracts competitively awarded by other governmental agencies or cooperatives that include other governmental agencies, and the Simplified Procurement Procedure referenced above for vehicle purchases under \$250,000. DPC and Fleet have sought and obtained approval to specify brand name when using these procurement methods, specifically to standardize on Ford products and to procure undercover vehicles for covert teams in the County.

To support the County's current operational needs, this letter requests Board approval to utilize the Simplified Procurement Procedure for purchases in excess of \$250,000 but not to exceed \$1,000,000, when purchasing vehicles, outfitting goods and services, and repair services from local business(s). A "Local Business" shall have the meaning of "Local Business" set forth in section 405 of Article XXIII of the San Diego County Code of Administrative Ordinances, titled "Local Business Preference Program." "Local Business" as defined by this ordinance, "shall mean a partnership, corporation, joint venture, or any other association formed to conduct business, or an individual, that: (i) Maintains its international or domestic headquarters within the geographic boundaries of San Diego County; or (ii) At the time the County issues the solicitation, provides or sells from a location within the geographic boundaries of San Diego County the same or similar goods or services to be purchased by the County. For the purposes of this definition, the same or similar goods or services may be only a part of the goods or services being purchased". The expanded use of the Simplified Procurement Procedure will provide the County with an agile and streamlined approach to accessing local inventory. This approach also provides local dealers/contractors with a simpler and more efficient procurement process when providing quotes and contracting for vehicle orders, outfitting goods and services, and repair services.

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Fleet further seeks Board authorization to approve the utilization of replacement vehicle parts pricing structures that correspond with industry standards exclusively when parts procurement is ancillary to repair services, when contracting with local parts vendors. The primary pricing structure used in the automotive parts industry is “cost plus” pricing, which simply adds a fixed percentage, or markup, to the part’s unit cost. Modeling replacement parts pricing structures in this manner will simplify bidding with local vendors.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today’s proposed actions support the Strategic Initiatives of Sustainability (Climate/Environment), Equity (Economic Opportunity), Empower (Innovation), and Community (Safety) in the County of San Diego’s 2025-2030 Strategic Plan by supporting green jobs, cultivating a natural environment for residents and visitors to enjoy, advancing opportunities for economic growth, implementation of best practices to achieve organizational excellence and community preparedness and regional readiness to respond to a disaster.

Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

N/A