



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Scott P. Johnson

**SUBJECT: REPORT ON BIDS FOR  
UNMARKED PUBLIC SAFETY  
VEHICLES**

**DATE:** February 7, 2007

Approved

*Ray Wines*

Date

*2/13/07*

**COUNCIL DISTRICT:** City-Wide

## RECOMMENDATION

Report on bids and award the purchase of 25 unmarked Public Safety vehicles to the low bid, Maita Chevrolet (Elk Grove, CA), for a total amount not to exceed \$499,547 including taxes and fees and authorize the Director of Finance to:

- a. Execute the purchase order;
- b. Amend the initial purchase order to purchase additional quantities of unmarked Public Safety vehicles on an as-required basis at the same unit pricing without further Council action other than the appropriation of funding; and
- c. Execute purchase orders to acquire additional quantities for two additional years without further Council action other than the appropriation of funds.

## OUTCOME

With the purchase of these vehicles, the Police Department will be able to maintain existing service levels, while enhancing operational capabilities using the new technology available with this acquisition.

## BACKGROUND

The General Services Department/Fleet Management Division has requested the purchase of twenty five (25) unmarked Public Safety vehicles for the fiscal year 2006-07.

February 7, 2007

**Subject: Report on Bids for Unmarked Public Safety Vehicles**

Page 2

The San Jose Police Department utilizes the vehicles in investigations and the follow-up of all reported crimes. The procurement of these vehicles is contingent upon the 5-year unmarked Public Safety vehicle semi-annual forecast. The replacement guideline is 10 years and 100,000 miles. The vehicles requested are intended to replace vehicles that have achieved this replacement guideline. The continuous availability and timely procurement of these vehicles is essential in delivering quality public safety services to the residents of San Jose. As existing vehicles are replaced through the utilization of this contract, requests for vehicle replacements will be approved by General Services and the City Manager's Budget Office in accordance with the vehicle replacement process as recommended by the City Auditor's Office.

### ANALYSIS

The bid was structured to allow the City to purchase unmarked Public Safety vehicles for the next three years. Based on historical purchase patterns, it is anticipated that the City will acquire approximately 25 vehicles during the first contract period at a fixed price. In addition, the resolution allows the City to purchase additional quantities in the initial year, if needed. General Services anticipates that the City will order 26 unmarked Public Safety vehicles in Fiscal Year 2007/2008 and 29 unmarked Public Safety vehicles in Fiscal Year 2008/2009 based on the expected useful service life of the fleet.

The quantities for the replacement of vehicles are estimated five years in advance for budgetary purposes based on expected years of service. At the beginning of every fiscal year additional analysis is performed using years in service and mileage to identify the actual need and any wrecked vehicles that did not achieve the recommended replacement criteria.

To ensure the most competitive pricing over the three year period, the bid stipulated that pricing is tied to the Manufacturer's Suggested Retail Price (MSRP). Once a year, the supplier of these vehicles may request an adjustment of the selling price based on increases in the MSRP. Additionally, the bid requires that at any time, throughout the purchase order period, the supplier shall make available to the City any dealer incentives, manufacturer's discounts, or any other price adjustments offered to the supplier by the manufacturer and adjust the price of the vehicles at the time of ordering accordingly.

A notice inviting bids was published on November 8, 2006. In addition, bid packages were e-mailed to fifteen (15) vendors, including 6 local dealerships. A non-mandatory pre-bid conference was held on November 14, 2006, to answer questions from prospective vendors regarding the vehicle specifications. As outlined on the following page, two (2) bids were publicly opened on November 28, 2006. Courtesy Chevrolet, a local dealership, submitted one of the bids.

Vendor	Unit Cost	Local Business Preference	Small Business Preference	Bid Price (Including Tax/Fee)
Maita Chevrolet GEO (Elk Grove, CA)	\$19,981.87	N/A	N/A	\$499,547
Courtesy Chevrolet (Morgan Hill, CA)	\$21,056.79	N/A	N/A	\$526,420

The Local and Small Business Preference had no effect on the award of contract. A business is considered local, if the business has a valid San José Business Tax certificate and the contractor's principal business office or regional, branch, or satellite office with at least one full-time employee is located in the County of Santa Clara. Courtesy Chevrolet did not request that the City adjust its bid for the local business preference. The bid analysis above is based on the 2007 model, with a bid quantity of twenty-five (25) vehicles.

Staff recommends the award to Maita Chevrolet GEO, the low bidder in accordance with the formal bidding procedures of the San Jose Municipal Code, Section 4.12.030.

**POLICY ALTERNATIVES**

Not applicable.

**PUBLIC OUTREACH**

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item does meet Criteria 1. Therefore, the memorandum will be posted on the City's website, since the cumulative value of three annual Purchase Orders is expected to exceed \$1 million. To outreach to potential contractors, this bid was advertised on the City's internet Bid-Line and the Demand Star bid notification system. In addition, bid packages were e-mailed to fifteen (15) vendors, including 6 local dealerships.

**COORDINATION**

This memorandum has been coordinated with Police and General Services Departments, the City Attorney's Office, and the City Manager's Budget Office.

**FISCAL POLICY ALIGNMENT**

This Council item is consistent with Council approved Budget Strategy Memo, General Principle #2, "We must focus on protecting our vital core city services".

**BUDGET REFERENCE**

Fund #	Appn. #	Appn. Name	RC #	Total Appn.	Amount for Contract	2006-2007 Adopted Operating Budget	Last Budget Action (Date, Ord. No.)
552	0084	Vehicle Replacement	001104	\$4,696,534	N/A	Pg. XI-80	10/17/2006 Ord. No. 2788

**CEQA**

Not a project.

  
SCOTT P. JOHNSON  
Director, Finance

For questions, please contact Walter C. Rossmann, Chief Purchasing Officer, at 408 535-7051.