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MEMORANDUM **Management Services Memo No. 07-126**

DATE: MARCH 21, 2007

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER
RICH DLUGAS, ASSISTANT CITY MANAGER RD

FROM: O.D. BURR, ACTING MANAGEMENT SERVICES DIRECTOR

SUBJECT: POOL VEHICLES

On Monday, March 19, 2007, Council asked how many fleet vehicles do we have. Currently, our Fleet Division has 7 pool vehicles available for City personnel use. The mix of vehicles consists of (1) 15 passenger van, (2) full size four-door sedans, (3) full size pick-up trucks and (1) compact pick-up truck.

It is our intention to research the option of increasing the number and mix of vehicles available in our pool. We will advise the Council of our findings within 30 days.

cc: Pat McDermott, Assistant City Manager

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MEMORANDUM **Purchasing and Materials Management Division**

DATE: **MARCH 21, 2007**

TO: **MAYOR AND CITY COUNCILMEMBERS**

THRU: W.MARK PENTZ, CITY MANAGER RD

RICH DLUGAS, ASSISTANT CITY MANAGER RD

FROM: ROBERT COMBS, PURCHASING DIVISION

SUBJECT: QUESTION AT MARCH 19 STUDY SESSION

At the Study Session of March 19, 2007, Councilmember Caccamo asked why no Chandler automobile dealerships responded to the State's Invitation for Bid for Vehicles.

The Purchasing Division contacted the vendors below and received the following information:

Earnhardt Ford: The Fleet Sales Manager stated that many of the dealers that were awarded portions of the State contract had a team of commercial sales persons who were dedicated to the task of preparing public bid responses. Earnhardt Ford has only one person available to respond to public bid invitations, but that was not their primary responsibility. It was also noted that profit margins per unit are very minimal.

Freeway Chevrolet: Freeway's Fleet Sales Manager stated his dealership was not large enough to compete with much higher volume dealerships that receive greater fleet sales incentives from the factory. The manager also noted that if the City were to issue its own bid, he would probably not participate, again citing large dealership fleet incentives, making Freeway Chevrolet non-competitive.

Thorobred Chevrolet: The Thorobred manager was more succinct stating that a small mistake on a State bid could "wipe out a year's profit", and for that reason, was reluctant to bid. He further stated Thorobred has no plans to bid on future State solicitations.

In summary, we infer from dealer comments that profit margins are extremely low, and all feel non-competitive with larger dealerships. Further, all were aware of the annual State bid and are registered with the State vendor system.

CC: O.D. Burr, Acting Management Services Director
Rob Coryea, Fleet Manager
Mike Mandt, Procurement Officer

Chandler · Arizona Where values Make The Difference	**PURCHASING ITEM FOR COUNCIL AGENDA**	**1. Agenda Item Number:** 43 **2. Council Meeting Date:** March 22, 2007
TO:	**MAYOR & COUNCIL**	**3. Date Prepared:** March 1, 2007
THROUGH:	**CITY MANAGER**	**4. Requesting Department:** Management Services

5. SUBJECT: Approval to utilize the State of Arizona contract for the purchase of vehicles in an amount not to exceed $108,468.96.

6. RECOMMENDATION: Recommend approval to utilize the State of Arizona contract for the purchase of vehicles in an amount not to exceed $108,468.96.

7. HISTORICAL BACKGROUND/DISCUSSION: In December of 2006, council approved use of the State of Arizona contract for vehicles. Since that approval the attached list of additional vehicles has been requested.

8. EVALUATION PROCESS: The requested vehicles have been bid by the State of Arizona. By utilizing the state contract, the City of Chandler will save the costs associated with the bid process. Additionally, by using the state contract, the City will share in the fleet incentives offered on the state contract.

9. FINANCIAL IMPLICATIONS: Funds for the requested purchases are available and have been approved in the accounts listed on the attached spreadsheet.

10. PROPOSED MOTION: Move to approve use of the State of Arizona contract for the purchase of vehicles for an amount not to exceed $108,468.96.

APPROVALS

11. Requesting Department Robert Combs, CPPB, Purchasing and Materials Manager Robert Combs	**12. Department Head** O. D. Burr, Acting Management Services Director O D Burr 3/13/07
13. Buyer/Contract Admin Mike Mandt	**14. City Manager** W. Mark Pentz

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2007 Vehicles

Department	Fund	Cost Center	Addition Replacement	Description	Estimated Cost	Qty	Ext Cost	Dealer
Community Services	712	4550	addition	4 door SUV	$ 19,818.95	1	$ 19,818.95	Five Star Ford
Municipal Utilities	615	3960	addition	Mid Size reg cab PU	$ 11,402.00	2	$ 22,804.00	Five Star Ford
Police	712	2040	replacement	Sedan (Fusion)	$ 14,722.00	3	$ 44,166.00	Sanderson Ford
Fire	712	2210	addition	1/2 Ton Crew Cab SWB PU	$ 21,680.01	1	$ 21,680.01	Five Star Ford
							$ 108,468.96	