



## Takoma Park City Council Meeting – January 20, 2018 Agenda Item 5

### **Work Session**

Police Department Purchases: Vehicles, Equipment, and Radios

### **Recommended Council Action**

Discuss process for capital and other major purchases in Police Department

### **Context with Key Issues**

The Police Department purchases capital items and other major equipment annually based on replacement cycles and other factors. These items include, but are not limited to, vehicles, associated equipment/upfits, and radios. Typically, items that are purchased on an annual basis and are already approved by Council in the annual budget would be submitted to Council for approval as voting items without a work session. However, because this is a new Council, we wanted to provide information in advance of the January 17 voting session regarding the process for these types of purchases.

#### Vehicles and Equipment

Beginning last year, decisions about vehicle replacement are made by the City's Fleet Review Committee based on the Vehicle Replacement, Addition, and Transfer Policy. The new Committee and policy clarify and formalize previous practices, and allow for participation by City Manager's Office and Finance Office staff throughout the decision-making process. In general, when vehicles in the City fleet are replaced, they are replaced with vehicles of a similar make and model. We strive for all replacements to be more energy efficient than the vehicles they are replacing. In addition to energy efficiency, cost and operational needs are considered when determining which replacement vehicles to purchase.

Vehicles purchased by the Police Department are subject to the same review and approval process as all other fleet vehicles. In response to prior Council discussions, the Police Department has taken steps to make vehicles more approachable/less intimidating looking, including replacing darker decals with lighter ones, and moving away from tinted windows unless necessary (like for K-9 vehicles). A majority of the Police SUVs now have the newer decals.

For this year, the Fleet Review Committee proposes the replacement of five current Police vehicles. These are all replacement vehicles and no new vehicles are being added. Four of the vehicles to be purchased are non-patrol vehicles proposed to be replaced with newer Ford Fusion Hybrid vehicles. The other vehicle is a replacement of a patrol K-9 vehicle, for which the department is proposing the purchase of a Ford Interceptor. The total cost for the vehicles is about \$130,200 and the cost for equipment is about \$51,600.

Information on the City's Vehicle Replacement, Addition, and Transfer Policy, along with a copy of the Fleet Review Committee Charter is attached.

## Police Radios

It is the City's practice to replace used and worn equipment on an as needed basis. Funds are included each year in the City's Capital Improvement Program (CIP) for cyclical replacement of capital equipment, including Police Department portable radios and accessories. This year, the Police Department proposes to purchase four portable radios, four vehicle radios, and related accessories. Funds for these replacements are in the FY18 Speed Camera fund of the CIP. We expect the purchases to total about \$47,000.

### **Council Priority**

A Livable Community for All

### **Environmental Impact of Action**

Hybrid vehicles burn less fuel and produce fewer harmful emissions than conventional gas or diesel vehicles.

### **Fiscal Impact of Action**

The total cost for Police vehicles and associated equipment is \$181,880. The total cost for radio equipment is about \$47,000.

### **Racial Equity Impact Statement**

Replacement of the Police Department vehicles, equipment, and radios will not disproportionately impact any particular group.

### **Attachments and Links**

1. Vehicle Replacement, Addition, and Transfer Policy
2. Fleet Review Committee Charter

# Administrative Policy: Vehicle Replacement, Addition, and Transfer

## **1-1: Purpose**

The purpose of this document is to outline the policy and procedures to be followed regarding replacement, acquisition, and transfer of City vehicles.

## **1-2: General Procedures**

The City provides central management of its fleet vehicles and motorized equipment as overseen by the Public Works Director and Vehicle Maintenance Supervisor. The Public Works Director, with the approval of the City Manager, manages and facilitates the procurement, assignment, utilization, maintenance, repair, replacement, and disposal of the City's vehicles. The Public Works Director chairs a Fleet Review Committee (FRC) that reviews all procurement and replacement needs and requests.

The Public Works Director and Vehicle Maintenance Supervisor evaluate vehicle conditions and need for vehicles on an annual basis and recommend to the Fleet Review Committee (FRC) which vehicle(s) to consider for replacement. Requests for any vehicle additions must be proposed by the Department Head wishing to add a vehicle using a "Vehicle Request Form." The FRC reviews and discusses the recommendations for replacement/addition/transfer, determines which vehicles should be replaced/added/transferred, and conveys a final list of recommendations to the City Manager for approval. This process should occur in advance of the development of the City's annual budget, typically wrapping up by early January. The FRC will also meet in advance of the upcoming fiscal year, typically in June, to review the list prior to the procurement process. Any emergency or off-cycle requests for vehicle replacement or addition must be reviewed by the FRC, which will subsequently make a recommendation to the City Manager for approval.

In general, recommendations for replacement are based on information related to a vehicle's classification, average useful life, emissions standards, resale value and any additional factors that may negatively influence a vehicle's utility (e.g., condition, funding, operational need, etc.). Recommendations for the transfer of a vehicle(s) between City departments are based on condition, usage, and operational fit. Recommendations for the addition of new vehicles to the fleet are based on operational needs, availability of transfer vehicles, and total cost of ownership vs. non-ownership (e.g., rental/lease).

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## 1-3: Vehicle Replacement Eligibility Criteria

Asset Classifications	Age in Years (1 point)	Mileage (1-2 points)	Avg. Annual Maintenance (1 point)	Conditional Points (1 point)
Police – Marked/Unmarked	8	100,000 (1 pt) 125,000+ (2 pts)	\$2,000	TBD
Police – K9	Annual Assessment after 5 Years			
Department Admin	10	150,000	\$2,000	TBD
Medium Duty (Pick Up, Sm. Dump, Van)	10	90,000	\$3,500	TBD
Heavy Duty (Recycle Truck/Lg. Dump)	10	N/A	\$10,000	TBD
Refuse Truck	13	N/A	\$10,000	TBD
Special Equipment	Annual Assessment			

The specific criteria for vehicle replacement are: vehicle age, vehicle mileage, and historical maintenance costs. Each criterion is awarded one point for meeting the predetermined thresholds during the FRC annual review process over the life of the vehicle. Conditional points may be applied by the Public Works Director, Vehicle Maintenance Supervisor, or the Fleet Review Committee for factors outside of the normal set of criteria (e.g., traffic accident) that negatively affect the condition of a vehicle. The higher the points, the greater the need is for replacing the vehicle. Once a vehicle receives 3 points, it will be recommended for *consideration* by the Fleet Review Committee for replacement.

The point total is used as a *general method* of determining whether or not a vehicle should be considered for replacement. Other factors considered by the Fleet Review Committee in determining vehicle replacement, include but are not limited to: funding availability, priority, usage, equipment availability, and operational need. Engine hours will also be considered and will eventually be added as a scored criteria (staff will be collecting data to develop baselines for the various vehicle types).

## 1-4: Vehicle Addition and Retention Eligibility Criteria

### 1-4.1: Vehicle Addition

The Fleet Review Committee, during its annual process, will evaluate requests for new vehicles and can recommend adding a new vehicle to the City fleet. In doing so, the following criteria should be considered by the FRC:

- Operational need: the new vehicle\* can be justified on the basis of anticipated annual mileage, need because of a new FTE/position, a specialized function (if any), or lack of alternative transportation options.
- No internal options: there are no existing vehicles within the fleet that can be transferred to meet this operational need without consequence.

# Administrative Policy: Vehicle Replacement, Addition, and Transfer

- Total cost of ownership: including the purchase price of the vehicle and any required upfits; the new vehicle\* will have a lower total cost of ownership as compared to all practicable non-ownership options (e.g., rental/lease) over the life of a vehicle.

*\*a vehicle that does not replace any existing vehicle in service*

## 1-4.2: Vehicle Retention

The Fleet Review Committee can also recommend retaining a vehicle that is being replaced based on the criteria listed above (because retaining a vehicle that has been replaced increases the overall size of the fleet). Justification for retaining a vehicle must be provided to the FRC by the Department Head desiring to retain the vehicle.

## **1-5: Vehicle Selection Process and Criteria**

The process described below pertains to new vehicles that are acquired for the purposes of replacement or addition to the City fleet. A new vehicle (replacement or addition) cannot be selected unless the purchase meets the eligibility criteria established in the vehicle replacement and addition sections above.

### 1-5.1: Vehicle Replacements

Vehicle replacements or additions will be considered during the FRC process in advance of the development of the City's annual budget. The Public Works Director or Vehicle Maintenance Supervisor will meet with departments to determine which vehicles are of the highest priority for replacement and where vehicles may need to be added to the City fleet. The Public Works Director will then present the replacement list to the Fleet Review Committee for a review and recommendation to the City Manager.

All vehicle replacements must be labeled in the CIP with the asset number of the vehicle being replaced. Once this document is approved by the City Manager, and ultimately Council, it becomes the record of assets to be disposed of, as well as purchased. Any deviation from the budget document must be approved by the City Manager.

### 1-5.2: Vehicle Additions

The full purchase cost of additions to the fleet must be reflected in the Equipment Replacement Fund in the year the vehicle is being replaced. All vehicle additions must be reviewed and approved by the Fleet Review Committee.

### 1-5.3: Selection Criteria

- Total Cost of Ownership (purchase price and upfits, fuel, maintenance, resale value/ disposal cost).

*Effective Immediately  
Version 1: February 3, 2017  
Approved by: Suzanne R. Ludlow, City Manager*

# Administrative Policy: Vehicle Replacement, Addition, and Transfer

- Greenhouse Gas Emissions (could a “greener” vehicle be purchased at a reasonably similar price and meet the same operational need?).
- Operational demands/needs (specialized equipment/function).

Vehicle replacements must be a similar make and model to the vehicle being replaced. Exceptions can be made based on a review and recommendation of the FRC in light of the criteria listed above.

All purchases or leases must follow the City’s purchasing guidelines.

## 1-5.4: Vehicle Leases

On occasion, vehicles may be leased for one of the following purposes:

- Short term need: leasing a vehicle meets a short term (1-3 year) operational need.
- Testing: leasing helps determine if the type of vehicle being leased is a viable option for the City to eventually purchase (in which case, lease terms should be no more than 1-3 years).
- Special cases: The case can be made that leasing a vehicle is less expensive than the total cost of ownership over the life of a vehicle.

The FRC must review the circumstances on a case-by-case basis and recommend a lease over other possible arrangements (transfer, etc.). Final approval must be given by the City Manager. Vehicle leases are to be funded through the operating budget of the department leasing the vehicle and lease arrangements are to be facilitated and managed by the department. *Leased vehicles are not considered part of the City’s fleet.* Public Works is not responsible for maintaining or repairing leased vehicles with the exception of minor, routine maintenance not covered under the lease agreement (oil changes, tire replacement, etc.). If a Department Head wishes to replace a leased vehicle by adding a new vehicle to the City fleet, they must follow the process outlined above.

## **1-6: Replacement Payment Model**

For the purposes of vehicle ownership, a “pay-as-you-go” payment model shall be used in order to avoid interest costs and to facilitate annual purchases of replacement vehicles. All vehicles maintained by the Public Works Department will be included in the Equipment Replacement Reserve. This model does not preclude vehicle leases, where appropriate, but leased vehicles will be paid for through a department’s operating budget.

## **1-7: Vehicle and Equipment Asset Management**

The Vehicle Maintenance Division will coordinate all vehicle and equipment purchases that will be maintained by the Public Works Department, with the exception of Police Department vehicles and equipment. This includes providing budget figures, developing or assisting with specifications, bidding, creating purchase orders, receiving vehicles upon delivery, and filing for titles, registrations, and tags.

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# Administrative Policy: Vehicle Replacement, Addition, and Transfer

The Police Department will coordinate vehicle and equipment purchases for Police Department vehicles and equipment, in coordination with the FRC and in accordance with this policy.

Vehicle Maintenance will also coordinate the numbering and marking of vehicles and other up-fits as appropriate.

Leased vehicles must be maintained by the dealer from which the vehicle is being leased.

## **1-8: Vehicle and Equipment Disposal and Transfer**

### 1-8.1: Vehicle Disposal

When a vehicle is determined to be surplus (i.e. not retained in the vehicle fleet), the Vehicle Maintenance Supervisor will provide the "Request to Dispose of City Property" form to the Public Works Director, then City Manager or Deputy City Manager, for approval of the disposal of a vehicle. Disposals are typically facilitated via online auction or marketplace. The vehicle must be turned into the Vehicle Maintenance division clean. Vehicle Maintenance will de-identify the vehicle, remove any City-owned equipment, and put the vehicle up for auction.

Disposition of surplus vehicles must occur using a competitive process where the vehicle is sold to the highest bidder or otherwise for the highest possible return. This can be achieved through auction sale, by establishing a reserve price and soliciting competitive bids or offers, or through competitive negotiation. A minimum of three days public notice must be given prior to a bid award. Posting the vehicle to an online auction or marketplace is an acceptable form of public notice.

The price of the vehicle being sold should initially be set at the fair market value rate, as determined through Kelley Blue Book or another reputable pricing guide, and may be reduced in increments of up to 20% until sold. An additional minimum of three days public notice must be given whenever there is a reduction in the asking price.

City employees are permitted to purchase surplus vehicles if they are the highest bidder. Employees must notify the City Manager before submitting a bid or offer for a vehicle to ensure there are no conflicts of interest or other concerns associated with the process or sale. The City Manager reserves the right to make this determination.

Funds obtained from online sales are received by the Finance Department along with documentation to remove the asset from the books.

In the event that a vehicle to be disposed is not a good candidate for auction or does not receive any bids at auction, the Vehicle Maintenance Supervisor will contact scrap companies to request bids for acquiring the vehicle. In some cases, the bid may be zero dollar and an agreement to tow at no charge can be entered into.

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# **Administrative Policy: Vehicle Replacement, Addition, and Transfer**

## 1-8.2: Vehicle Transfer

Public Works, with guidance from the FRC, oversees the transfer and retention of all assets maintained by the Vehicle Maintenance Division. The Vehicle Maintenance Supervisor will notify and work with the Finance Department to ensure that budgetary adjustments (fuel, maintenance, insurance) are made to reflect interdepartmental transfers.

The initiation of vehicle transfers is based on the following criteria:

- Cost of vehicle retention by assigned department – the transfer is cheaper than any alternative
- Usage – the transfer results in equal or greater vehicle utilization (mileage, hours)
- Operational fit – the transfer meets the operational needs of the recipient without compromising the operational needs of the donor





# City of Takoma Park's Fleet Review Committee Charter

## **Purpose**

- Identify, share, and discuss issues and impacts related to the City's vehicle fleet.
- Implement standards and procedures related to vehicle replacement, addition, retention, transfer, and disposition.
- Evaluate and prioritize vehicle needs and requests.
- Identify budget requirements of any changes related to the City's fleet.
- Develop and cultivate cross departmental relationships.

## **Composition**

- Standing members include: Public Works Director, Vehicle Maintenance Supervisor, Finance Director or Budget Specialist, Police Captain (Administration), and Deputy City Manager. The Public Works Director will serve as the Steering Committee Chair.
- Ad hoc membership: Departmental representatives will be invited to meetings to discuss and share information related to vehicle needs as needed.

## **Meetings**

- The Fleet Review Committee will meet as often as necessary ahead of the annual budget development process to determine what will need to be included in the Equipment Replacement Reserve Fund. The recommended list of vehicles to include in the ERR should be submitted to the City Manager for consideration by mid-January.
- The Committee will also meet in advance of the upcoming fiscal year, typically in June, to review the list prior to the procurement process.
- The Committee may also meet on an as-needed basis when decisions regarding the fleet need to be made off-cycle.
- Meetings will be called by the Public Works Director.

## **Process and Decision Making**

In accordance with the City's Vehicle Replacement, Addition, and Transfer Policy:

- The Public Works Director and Vehicle Maintenance Supervisor evaluate vehicle conditions and need for vehicles on an annual basis and recommend to the Fleet Review Committee (FRC) which vehicle(s) to consider for replacement.
  - Requests for any vehicle additions are proposed by the Department Head wishing to add a vehicle using a "Vehicle Request Form," ahead of the FRC review process.
- The FRC reviews and discusses the recommendations for replacement/addition/transfer/lease, determines which vehicles should be replaced/added/transferred, and conveys a final list of recommendations to the City Manager for approval.
- In general, decisions within the committee will be made through consensus building.
- Decisions made by the committee should be considered recommendations to the City Manager. The City Manager will make final decisions regarding funding allocations and recommendations to the City Council.
- The City Manager reserves the right to bypass the FRC process in order to respond to an emergency or other such special case. The City Manager will make such a determination.

## **Keys to Success**

In order for the Team to be successful, we agree to:

- Communicate. Communicate. Communicate.
- Engage co-workers to share information and to determine technology needs and priorities.
- Respect each other, the process and results.