Polk County Fleet Management

Alternatives to Low Bid Vehicle & Equipment Purchasing

Local Technical Assistance
Purdue University Road School
March 26, 2002

Polk County Profile

- Citizens: 510,000
- Municipalities: 17
- Square Miles: 2,048
- Location: Between Tampa & Orlando
- Industries: Citrus, Mining, Cattle
Polk County Fleet Profile

- Vehicles: 2005
- Technicians: 33
- Gallons Fuel Pumped: 3,425,000
- Fuel Sites: 12
- Heavy Equipment: 362
- Operating Budget: $2,900,000
- Repl. Vehicle Budget: $5,500,000

Fleet Profile (con’t.)

- Funding Method: Enterprise Fund
- Revenue Type: Fixed Rate
- Veh. Ownership: Fleet Mgmt
- Performance Measures:
  - Turnaround Time – Light/Heavy
  - PM Completion %
  - Comeback Rate
  - P & L
Bob Stanton
Director of Fleet Management

- Certified Public Manager
- 27 Years Experience (9 in Government)
- President – Fla. Assoc. of Fleet Administrators
- Published in:
  - “Diesel Equipment Superintendent”
  - “California Fleet News”
  - “Fleet Equipment”
  - “Automotive Fleet”
  - “The Guardrail” (TMC)

Fleet Management Initiatives

- Light Vehicle Motor Pool
- On Site PM Service for Fire Service
- OEM Test Program (Ford, GM)
- Fixed Rate Revenue Generations
- Automated Fueling System
- Life Cycle Cost Vehicle Replacement Syst.
- Incentive Based Performance Contracts
Fleet Initiatives (con’t)

- Technician Incentive/Career Dev. Program
- Underutilized Vehicle Program
- GPS Vehicle/Equipment Productivity Tools
- Battery Recovery Program
- Heavy Equipment Motor Pool
- Meaningful Vehicle Numbering System
- 2nd Generation Automated Fleet System

Management Challenges or
What’s in this for Me??

- Technician Shortage/Technician Retention
- Technological Currency
- Take your Pick:
  - Alternative Fuels, Mgmt. Information
  - ‘02 Diesel Emissions Requirements,
  - Driver Shortage, 42 Volt Charging Sys.
  - and on.. and on.. and on..........
Polk County Fleet Management

HEAVY EQUIPMENT PURCHASE ALTERNATIVE

Prior Purchase Methods

- Low Bid Meeting Specifications Based on Capital Cost
- Total Cost Bid
  - Based on Capital Cost
  - Guaranteed Buy Back
  - Pegged Maintenance Costs
Low Bid Shortcomings

- Promoted Creative Specification Writing
- Forced Unfavorable Purchase Decisions
- Decision Based on 20% of Equip. Cost
- Suppliers/Customers Agree Low Bid isn’t the Best Method

Total Cost Bid Shortcomings

- Limited # of Bidders
- Decision Swayed by Creative Buy Back $$
- Caused Animosity Between Purchaser and Supplier
- Administratively Cumbersome
Alternative Decision Objectives

- Make the Best Decision for the County & the Taxpayers
- Decision Factors Based on **Total Cost of Ownership**
- Decision Weighted on Realistic Factors Mutually Agreed Upon
- Weight the Decision in the Best Interest of the County

Proposal

- Heavy Equipment Purchase will be Made on 5 Criteria
- Three Criteria to be Supplied by Bidders
- Two Criteria Supplied by County
- County Criteria to Use Industry Accepted/Available Information
**Decision Criteria**

- LOW BID • 20%
- WARRANTY • 20%
- STRENGTH
- COST/HOUR • 30%
- 5 YR. BUY BACK GUARANTEE • 20%
- 10 EQUIP. VALUE • 10%

**Low Bid Criterion**

- TO BE CONSIDERED, BIDDER MUST SATISFY ALL SPECIFICATION REQUIREMENTS
- LOWEST COST ($) SCORES HIGHEST POINTS
Warranty Strength

- BIDDER W/BEST WARRANTY IS SCORED HIGHEST
- LONGEST TERM, WITH BROADEST COVERAGE (BUMPER TO BUMPER)
- REDUCED COVERAGE SCORES FEWER POINTS

COST per HOUR

- PURCHASER USES DATAQUEST
- CPH IS BASED ON 980 HOURS/YR.
- BIDDER W/LOWEST CPH SCORES HIGHEST
5 Year Buy Back Guarantee

SELLER’S OPINION OF MACHINE VALUE IN THE SHORT TERM

- AS A FUNCTION OF THE BID, PURCHASER REQUIRES BIDDER TO GUARANTEE TO BUY BACK MACHINE AFTER 5 YEARS, AT PURCHASER’S OPTION
- HIGHEST BUY BACK PRICE SCORES HIGHEST

10 Year Valuation

HOW DOES THE MACHINE HOLD IT’S VALUE??

- USING CONSUMER’S GUIDE FOR CONSTRUCTION EQUIPMENT, PURCHASER WILL ESTABLISH AN AVERAGE PROJECTED VALUE OF THE PROPOSED EQUIPMENT, AFTER 10 YEARS:
BENEFITS

- DECISION NOT BASED ON PRICE ALONE
- VENDORS CONTROL 60% OF PROCESS
- PURCHASER MAKES A MORE INFORMED COST EFFECTIVE DECISION
- BUY BACK PROVIDES A “NO RISK” OPTION TO SELL MACHINE

Polk County Fleet Management

Universal Source Vehicle Purchase Agreement
Vehicle Purchase History

- Low Bid
- Accounts for 20% of Ownership Costs
- Cost of Ownership NOT a Factor
- Few if any services received from current vehicle/equipment sources
- 95% Purchases OUTSIDE Polk County
- Local dealers reluctant to extend services

Project Objectives

- Improve/Enhance Purchase Decision
- Lower Cost of Ownership
- Enhance Technicians’ Working Environment
- Improve Customer Service
- Purchase Vehicles WITHIN Polk County
Project Design

- Commit to one dealer source
- Vendor/Dealer to provide service & technology enhancements

ESTABLISH A COUNTY/DEALER PARTNERSHIP

Design Specifics

- Service Preference at Dealer’s garage
- Preferential Service Pricing
- Preferential Parts Pricing & Delivery
- Warranty/Policy Concessions

TECHNOLOGY ACCESS
Technology Access

- On line Tech. Service Bulletins
- On line Service Information
- On line Oasis or Equiv.
- On line Parts Catalogue & Access
- On line Warranty Access
- Technician Training/No Charge
- Real Time Connection to OEM Satellite Network

How We Got There

- Implement a Vehicle Replacement Program
- Design an Outline of the Project
- Feasibility Meeting w/prospective Dealers
- Recontact Dealers to gauge interest level
- Issue an R.F.I. for public/vendor response
- Analyze and Award
Polk County Benefits

- Lower Vehicle Acquisition Costs, equal or lower than State Contract
- Access to current vehicle service/parts
- Real Time Diagnostic/Technical info.
- Factory Training for our Technicians
- Access to most advantageous pricing methods
- Dealer partnership in vehicle selection & acquisition
- Reduction in Administrative Load

Benefit Summary

- FULL Technology Access
- Standardizes Vehicle Inventory
- Improves Technicians’ Work Environment
- Lower Cost of Vehicle Ownership
- Improves/Adds Value to Fleet’s Services
- BRINGS BUSINESS BACK INTO POLK COUNTY
Results to Date

- Light/Medium Vehicles Rec’d by T’giving
- Tech’s more PC literate
- Order Turnaround Days reduced by 48
- $/Veh. Avg. $127.00 more than State Cont.
- One Hvy. Eq. Low Bidder has won order
- T.C.O. lowered by $280,000/yr.

Thanks for your Interest!!