



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

<input type="checkbox"/> Vehicles	2005
<input type="checkbox"/> Technicians	33
<input type="checkbox"/> Gallons Fuel Pumped	3,425,000
<input type="checkbox"/> Fuel Sites	12
<input type="checkbox"/> Heavy Equipment	362
<input type="checkbox"/> Operating Budget	\$2,900,000
<input type="checkbox"/> 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 STRENGTH ● 20%
- 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!!