

OFFICE OF THE CITY CLERK
2007 JAN 11 PM 12:41

CITY OF OAKLAND

AGENDA REPORT

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Public Works Agency
DATE: January 23, 2007

RE: **Resolution Authorizing The City Administrator To Appropriate Two Million Three Hundred Seventy-Seven Thousand Fifty Dollars (\$2,377,050.00) In Interest Earnings From The 2000 and 2002 Equipment Master Lease-Purchase Agreements To Fund The Purchase Of Sixty-Nine Replacement Marked Police Patrol Vehicles**

SUMMARY

A resolution has been prepared that authorizes the City Administrator to appropriate \$1,601,812.00 in interest earnings from the 2000 Equipment Master Lease-Purchase Agreement and \$775,238.00 from the 2002 Equipment Master Lease-Purchase Agreement to purchase 69 marked 2007-model year Ford Crown Victoria Police Interceptor patrol vehicles scheduled for replacement between Fiscal Years 2002 and 2004 from Broadway Motors Ford. The new patrol vehicles will cost approximately \$2,377,050.00.

FISCAL IMPACTS

Approval of this resolution will authorize the City Administrator to appropriate income accrued from the 2000 and 2002 Equipment Master Lease-Purchase Agreements to continue to fund the replacement of much needed police patrol vehicles. This is a one-time cost. The 69 vehicles to be purchased are replacements, therefore annual operations and maintenance costs have been programmed in the Police Department's budget.

Using the interest income to pay for police patrol vehicles currently overdue for replacement will not incur any debt and will reduce the amount of the 2007-09 equipment lease financing. Funds are to be appropriated to the Equipment Fund, Equipment Administration Organization, Vehicle Replacements Account (4100.30541.57612).

BACKGROUND

In Fiscal Years 1999-2000 and 2001-03 the City Council and the Oakland Joint Powers Financing Authority approved tax-exempt, private-placement leases for \$28.8 and \$14.9 million, respectively, to finance the replacement of overaged City-owned vehicles and equipment. As of November 30, 2006, the City has accrued \$2,382,132.52 in interest income on the lease financing.

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The Equipment Services Division of the Public Works Agency (PWA) is responsible for the maintenance of the City's active fleet, which is comprised of 1,357 vehicles and 319 pieces of equipment. The Equipment Services Division is also responsible for working with City agencies/departments to assess annual vehicle and equipment needs.

The Police Department operates approximately 210 front-line marked police cars that have three-year life cycles and are used primarily for various patrol duties. These units are considered "severe service" units, on average accumulating 40,000 miles in the first year of service by operating 20 out of every 24 hours; 20,000 miles in the second year of service; and 10,000 miles the third year of service. The Equipment Services Division schedules marked police vehicles for replacement after three years of service and after accumulating approximately 80,000 miles. Units retained past these markers generally begin to experience costly repairs in engines and transmissions, resulting in increased maintenance costs and reduced availability.

KEY ISSUES AND IMPACTS

The Equipment Services Division identified 77 patrol vehicles that were scheduled to be replaced between 2003 and 2005. Fleet replacement was placed on hold in 2002 at the direction of the former City Manager as an evaluation of the fleet was performed. The 69 vehicles most in need of replacement at the time of new vehicle delivery will be replaced from the 77 vehicles identified.

On April 6, 2000, Melrose Ford, an Oakland vendor, was awarded a contract to provide marked and unmarked police, fire and ranger vehicles. Historically, Melrose Ford consistently sold the City its police vehicles at a price that is less than the bid price offered through the State of California. The State contract price for 2001 Ford Crown Victoria marked police interceptors, including the 1% contract service fee the State assesses for using its contract, was \$1,125 per vehicle more than the contract price awarded to Melrose Ford. Since 2001, Melrose Ford has continued to beat the State of California bid price.

Melrose Ford ceased operating in 2005 and assigned all its contracts to Broadway Motors Ford, an Oakland vendor. Broadway Motors Ford has agreed to continue to hold the 2000 bid award price for Police Interceptors and sell 2007-model year vehicles at the 2001-model year price. Sixty-nine marked police vehicles and accessories will cost approximately \$2,377,050.00.

Staff recommends that the City use the interest earnings from the 2000 and 2002 Equipment Master Lease-Purchase Agreements to purchase some of the vehicles due for replacement equipment during FY 2003-05. Using interest income for this purchase will not add debt to the equipment financing.

SUSTAINABLE OPPORTUNITIES

Economic:

Purchasing 69 Ford Crown Victoria Police Interceptors for marked police patrol service from a local Oakland vendor will generate sales tax revenue for the City.

Environmental:

Replacement of 69 marked police vehicles will remove 69 vehicles at the end of their life cycles from the City's fleet, and replace them with new vehicles. Newer vehicles will contribute to greater fuel efficiency and fewer vehicle emissions.

Social Equity:

There are no social equity advantages associated with the purchase of these police vehicles.

DISABILITY AND SENIOR CITIZEN ACCESS

There is no impact on the accessibility of residents with disabilities or senior citizens.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council approve the resolution authorizing the use of \$2,377,050 in interest income from the 2000 and 2002 Equipment Master Lease-Purchase Agreements to fund the replacement of 69 overaged police patrol vehicles, and appropriate the interest income to the Equipment Fund, Equipment Administration Organization, Vehicles Replacements Account (4100 30541 57612).

Respectfully submitted,



RAUL GODINEZ II, P.E.
Director, Public Works Agency

Reviewed by:
Bruce Saunders, Assistant Director

Prepared by:
Stephanie McCormick
Fleet Specialist, Equipment Division

Attachment: A – Marked Vehicles Overdue for Replacement

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE


Office of the City Administrator

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Robert Van
Oakland City Attorney's Office

OFFICE OF THE CITY CLERK
CITY OF OAKLAND

OAKLAND CITY COUNCIL

2007 JUN 11 PM 12:41

RESOLUTION No. _____ C.M.S.

INTRODUCED BY COUNCILMEMBER _____

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO APPROPRIATE TWO MILLION THREE HUNDRED SEVENTY-SEVEN THOUSAND FIFTY DOLLARS (\$2,377,050.00) IN INTEREST EARNINGS FROM THE 2000 AND 2002 EQUIPMENT MASTER LEASE-PURCHASE AGREEMENTS TO FUND THE PURCHASE OF SIXTY-NINE REPLACEMENT MARKED POLICE PATROL VEHICLES

WHEREAS, in FYs 1999-2000 and 2001-2003 the City Council and the Oakland Joint Powers Financing Authority approved tax-exempt, private-placement leases for \$28,800,000 and \$14,900,000 to finance the acquisition of vehicles/equipment; and

WHEREAS, the City has accrued \$2,382,132.52 in interest income on the lease financing as of November 30, 2006; and

WHEREAS, Broadway Motors Ford, an Oakland vendor, agreed to sell 69 2007-model year Ford Crown Victoria Police Interceptors at its 2001 bid award price if ordered prior to the model year cut-off date of March 1, 2007; and

WHEREAS, using the interest income to pay for 69 marked police patrol vehicles due for replacement in 2003-05 will reduce the amount of the FY 2007-09 lease financing; now, therefore, be it

RESOLVED: That the City Administrator is hereby authorized to appropriate \$1,601,812.00 in interest income from the 2000 Equipment Master Lease-Purchase Agreement and \$775,238.00 in interest income from the 2002 Equipment Master Lease-Purchase Agreement to cover the cost of replacement vehicles and equipment; and be it

FURTHER RESOLVED: That the interest income is appropriated to the Equipment Fund, Equipment Administration Organization, Vehicle Replacements Account (4100/30541/57612).

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT DE LA FUENTE

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California