

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: June 26, 2025

PREPARED BY: Randy Chavez, Director of Public Works
Bertha A. Escobedo, Business Operations Manager

SUBJECT: ADOPT POLICIES FOR THE FLEET MANAGEMENT AND REPLACEMENT
SCHEDULE AND AUTHORIZE APPROPRIATION AND THE PURCHASE
OF SIX HYBRID VEHICLES

RECOMMENDATION:

1. Adopt a Resolution entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM DESERT, CALIFORNIA, ADOPTING ADMINISTRATIVE POLICY REGARDING FLEET MANAGEMENT."
2. Adopt a Resolution entitled "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM DESERT, CALIFORNIA, ADOPTING FLEET REPLACEMENT SCHEDULE."
3. Reject all bids received under OpenGov for Fleet Vehicles: Six 2025 Plug-In Hybrid 4-Door Vehicles.
4. Authorize the purchase of six 2025 Plug-In Hybrid 4-Door Vehicles through a Cooperative Purchasing Agreement from National Auto Fleet Group, from Watsonville, California, in the amount of \$236,350.44, plus \$10,000 in contingency for unforeseen items.
5. Appropriate \$500,000 from unobligated Equipment Replacement Fund Balance to Account No. 5304310-440300.
6. Appropriate \$2,681,980 from General Fund Balance Committed Equipment Replacement Reserve (\$2,967,611) allocation and transfer out/in to Equipment Replacement Fund Capital Auto/Fleet Vehicles Account No. 5304310-4403000.
7. Authorize the City Manager to reallocate equipment, timing, and annual estimated costs to achieve economies of scale and/or proactively purchase available inventory.
8. Authorize the City Attorney to make necessary non-monetary changes to the agreement(s)
9. Authorize the City Manager to execute the agreement(s) and any other documents necessary to effectuate this action.

BACKGROUND/ANALYSIS:

Existing Fleet Vehicles:

Fleet management refers to the coordinated oversight of a municipality's vehicles to ensure they are available, reliable, and suitable for the tasks required by each department. This includes vehicle procurement, maintenance, assignment, utilization tracking, and eventual replacement. A well-managed fleet supports operational efficiency, cost control, and service delivery across the organization.

The City's active fleet currently consists of 61 vehicles used to support daily municipal operations such as public works, code enforcement, inspections, and administrative duties. Of these, 31 vehicles are leased through Enterprise Fleet Management, and 30 are City-owned assets. The

fleet includes a mix of trucks, sedans, SUVs, and vans assigned to specific departments based on operational needs.

Most of the current fleet was procured in Fiscal Year 2018-19 during a consolidated procurement and leasing transition, which standardized the City's vehicle inventory and shaped its current structure. All 31 leased vehicles were acquired during this period. While the approach streamlined acquisition and improved consistency across departments, reliance on a single procurement year created a compressed replacement window that may pose operational and budgetary challenges over time.

Fleet Management Policy (Attachment 1):

The Study recommended the adoption of a formal Fleet Management Policy (Policy) and replace the 2010 Fleet Management Policy, to ensure a consistent approach to managing the City's vehicle inventory over time. In response, the City has developed a Policy that outlines procedures for vehicle acquisition, assignment, replacement, and retirement. The Policy will establish standard replacement guidelines based on vehicle class, mileage, and service life, supplemented by condition-based assessments and metrics to inform decision-making. It will also clarify departmental responsibilities for tracking vehicle usage, reporting maintenance needs, and participating in replacement planning. Formalizing the Policy improves operational coordination, supports long-range capital planning, enhances budget forecasting, and ensures vehicle decisions align with service needs and regulatory requirements. The Policy is attached to a resolution presented for adoption. If adopted, Policy No. PW-002 will serve as the foundational administrative policy governing fleet operations, with subsequent procedures—such as the Fleet Replacement Schedule—issued in alignment with its provisions.

Fleet Replacement Schedule (Attachment 2):

A Fleet Replacement Schedule (Schedule) is a long-range scheduling tool used by municipalities to systematically plan for the timely replacement of vehicles based on operational needs, lifecycle performance, and cost-effectiveness. A Schedule helps avoid budget spikes by spreading capital costs over multiple years and ensures that aging vehicles are retired before reliability, safety, or maintenance concerns impact service delivery. It also provides a structured framework for aligning vehicle replacements with evolving regulatory requirements.

As part of the Study, the City's consultant recommended implementing a phased Schedule to transition away from the current single-year acquisition model and phase out of the vehicle lease program. In response, the Schedule was developed based on vehicle condition, age, mileage, utilization, and department input. The Schedule includes both leased and City-owned vehicles and allows flexibility to adjust timelines based on operational needs and available funding. The total estimated cost of implementing the Schedule primarily over a five-year period is \$3,326,000, which includes \$246,350.44 for the initial purchase of the six carpool vehicles that under Action 4 of this report.

By adopting the Schedule, the City will improve budget predictability, extend the useful life of its fleet through timely replacements, and reduce overall lifecycle costs. The Schedule also supports ongoing compliance with regulatory requirements and aligns with industry standards/best practices for public fleet management. The Schedule is included in the resolution

presented for adoption and will be formalized as Administrative Procedure No. PW-002A under the City's Fleet Management Policy.

Fleet Vehicle Study (Attachment 3):

To support the long-term sustainability, safety, and efficiency of its fleet operations, in January 2024, the City retained Matrix Consulting Group under Contract No. A47220 to conduct a comprehensive Fleet Vehicle Study (Study) that was completed in November 2024. The Study evaluated all 61 active vehicles, reviewing their condition, utilization, departmental assignment, maintenance history, City procurement practices, and lease-versus-own strategies. It also assessed internal fleet policies to identify opportunities for improvement and alignment with industry standards/best practices.

In December of 2024, Amendment No. 1 to the Matrix contract in the amount of \$81,080 was approved to extend the fleet management support services through December 31, 2025, and include support services for the implementation of the new Electric Vehicle Charging Stations. Monthly support tasks include tracking maintenance, reviewing filings, and managing vehicle specifications. Annual tasks address vehicle replacement planning, utilization reviews, and compliance with California Air Resources Board (CARB) guidelines.

Fleet Vehicle Acquisition (Attachment 4):

As part of the Fiscal Year 2024-25 budget, the City Council allocated funding to begin replacing the carpool fleet with electric vehicles. The directive was established prior to the development of the Study and reflects the City's broader goals of reducing emissions and modernizing its vehicle operations. To implement this directive, the procurement was advertised via the City's bid portal, OpenGov (Project ID No. 2025-IFB-174), and one bid was received electronically by April 17, 2025. ***The bid was from Envision DTE FD Auto LLC, from Duarte, California, in the amount of \$252,110.***

Concurrently, staff obtained pricing through Sourcwell, a cooperative purchasing program and public agency. The Sourcwell quote totaled \$236,350.44, providing lower pricing than the formal bid. Based on this comparison, staff recommends rejecting all bids received through the City's formal bid process. Pursuant to PDMC Section 3.30.160(E), staff recommends proceeding with the acquisition of the six carpool vehicles through Sourcwell at the established amount, and include a \$10,000 contingency for unforeseen items, for a total request of \$246,350.44.

Conclusion:

To strengthen the City of Palm Desert's fleet operations, a comprehensive study analyzed existing practices and recommended long-term strategies. Based on the study's recommendations, staff proposes adopting two interrelated policies: the Fleet Management Policy (Policy No. PW-002), which provides a structured framework for citywide fleet oversight, and the Fleet Replacement Schedule (Policy No. PW-002A), which formalizes a phased approach to vehicle replacement. Staff will return with additional policies as suggested by the Study and to implement best practices. Concurrently, staff evaluated procurement options for carpool vehicles budgeted in Fiscal Year 2024-25. As such, this report recommends rejecting all formal bids for six vehicles and proceeding with the purchase of six plug-in hybrid vehicles through a cooperative purchasing program.

Legal Review:

This report has been reviewed by the City Attorney's Office.

FINANCIAL IMPACT:

The approved Capital Improvements Project (CIP) List for Fiscal Year 2024-25 includes \$250,000 for the acquisition of hybrid carpool vehicles and \$300,000 in the proposed FY 2025-26 CIP List for Fleet Replacement. Implementation of the 5-Year Vehicle Replacement Schedule requires approximately \$3,326,000 in total; however, this includes the purchase of the six carpool vehicles. The Equipment Replacement Fund has unobligated cash in the amount of \$500,000 that can be used toward the fleet plan. The General Fund Committed Equipment Replacement Reserve has a current allocation of \$2,967,611. In order to achieve economy of scales, staff requests an appropriation and transfer of \$2.7 million from the General Fund Equipment Reserve to the Equipment Replacement Fund 5304310-4400300.

A balance of \$267,611 will be left in the reserve for equipment and the required amount will be replenished per the policy, from uncommitted General Fund balance.

The following table illustrates the budget and costs of the fleet replacement schedule for the next five years. By approving the full amount, staff can bundle fleet procurement requests to realize economy of scale savings. It also provides flexibility to purchase vehicles based on availability and potential savings.

<i>Description</i>	<i>Action</i>	<i>Budget</i>	<i>Expenses</i>	<i>Balance</i>
5304310-4403000	FY 2024/25	\$250,000		
5304310-4400300	FY 2025/26	\$300,000		
A47220 Matrix Consulting	03/04/2024		\$64,900.00	
A47220 -Amend #1	12/09/2024		\$81,080.00	
*Six Hybrid Carpools	06/26/2025		\$236,350	
*Contingency	06/26/2025		\$10,000.00	
*5-year Replacement	06/26/2025		\$3,089,650	
*Appropriation from Equip Cash		\$500,000		
*Appropriation from Equip Reserve	06/26/2025	\$2,700,000		
Skid Loader Equipment	Pending		\$250,000	
Totals		\$3,750,000	\$3,731,980	\$18,020

*Current requests

The fund balance and unused contingency amount will be reallocated to other equipment orders, as needed.

ATTACHMENTS:

1. Fleet Vehicle Study
2. Resolution (Fleet Management)
3. Resolution (Fleet Replacement Schedule)
4. Vehicle Purchase Quote