

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

December 7, 2021

FROM

PETE MENDOZA, Interim Director, Purchasing Department

SUBJECT

Contracts with Enterprise Rent-A-Car Company of Los Angeles, LLC, and Fairview Ford Sales, Inc., for Used Vehicles Purchases

RECOMMENDATION(S)

Approve **Contracts** to provide used vehicles for the Sheriff/Coroner/Public Administrator and Fleet Management in an annual aggregate not to exceed amount of \$2,333,000, and a total aggregate not to exceed amount of \$7,000,000 for the three-year contract term of December 7, 2021, to December 6, 2024, with options to extend for two additional one-year terms with the following vendors:

1. Enterprise Rent-A-Car Company of Los Angeles, LLC. **Contract No. 21-927.**
2. Fairview Ford Sales, Inc. **Contract No. 21-928.**

(Presenter: Pete Mendoza, Interim Director, 387-2073)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Improve County Government Operations.

Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The annual aggregate contract amounts not to exceed \$2,333,000 will provide flexibility to purchase additional used vehicles, as needed. The Sheriff/Coroner/Public Administrator's (Sheriff) annual budget for vehicles includes \$2,000,000 for unmarked and staff vehicle purchases, and the Fleet Management Department (Fleet) includes \$4,950,000 for all vehicles and equipment purchases. Sufficient appropriation and revenue are included in the department's 2021-22 budget and will be included in future recommended budgets.

For each used vehicle, the County will pay the vendor the price listed in the Black Book. The Black Book is an automotive industry tool, that provides data and car values primarily to dealerships. The value of a car is based on the following criteria: clean condition, wholesale value, California region, monthly value of the vehicle for the year, make, model, the current odometer, plus the fixed price on the proposed cost sheet, cost of smog and safety inspection, and document processing fee. Fairview Ford Sales, Inc. (Fairview) will charge \$295 over the Black Book price, and Enterprise Rent-A-Car Company of Los Angeles, LLC (Enterprise) will provide a \$500 discount from its retail price if the vehicle is located in their inventory in Southern California. For vehicles not available in their current inventory, Enterprise will charge \$3,000 over the Black Book price, not to exceed a \$500 discount from the retail price as listed on Enterprise's website <https://www.enterprisecarsales.com>.

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BACKGROUND INFORMATION

The Sheriff maintains a fleet of public safety vehicles used for patrol, investigations, undercover work, search and rescue, inmate transportation, and utility vehicles. Patrol and specialty vehicles are purchased new. In order to reduce costs, many of the remaining department vehicles are purchased used. Fleet operates a motor pool division, which has ownership and/or maintenance and replacement responsibility for approximately 2,200 vehicles or equipment assigned to or used by County departments. Fleet currently purchases new vehicles, and this contract will allow for flexibility to purchase used vehicles, when appropriate.

On November 15, 2016 (Item No. 55), the Board of Supervisors (Board) approved agreement No. 16-897 with Fairview to purchase used vehicles for a total amount up to \$6,000,000 from November 15, 2016 to October 31, 2019, with the option to extend the contract by two additional one-year periods or one additional two-year period, in an amount not to exceed \$2,000,000 per year. On September 10, 2019 (Item No. 60), the Board approved Amendment No. 1 increasing the total contract amount to \$10,000,000 and exercising the final option to extend the contract term by two years for a new total contract period of November 11, 2016 through November 30, 2021.

For the past year, departments have encountered difficulty obtaining used vehicles during the crisis caused by the supply chain issues and therefore, Purchasing recommends awarding multiple vendors to better ensure the availability of used vehicles.

Enterprise's contract governing this purchase includes Enterprise's proposed changes to the County's standard indemnification clause and insurance requirements.

1. Indemnification: Enterprise requests mutual indemnification:
 - County Policy requires the Contractor to indemnify the County against all claims arising out of the Contract from any cause whatsoever. The County standard contract does not include any indemnification or defense by the County of a Contractor, and here the County must also indemnify Enterprise for those same types of claims.
 - Potential Impact: By agreeing to indemnify Enterprise, the County could be contractually waiving the protection of sovereign immunity. Claims that may otherwise be barred against the County, time limited, or expense limited could be brought against Enterprise without such limitations and the County would be responsible to defend and reimburse Enterprise for costs, expenses, and damages, which could exceed the total contract amount.

2. Automobile Liability Insurance: Enterprise added "This requirement may be satisfied through self-insurance, bondholder status or depositor status."
 - County Policy requires Automobile Liability Insurance be included as part of the Contractor's insurance policy. The Enterprise Contract allows this requirement to be satisfied through self-insurance, bondholder status or depositor status.
 - Potential Impact: By agreeing, the County will not have the benefit of submitting claims on Enterprise's auto insurance policy but will be limited to the amount of funds available to the Contractor through its self-insurance, or the funds available from its monetary bonds or deposits, which could be less than an insurance limit or claim.

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3. Commercial/General Liability Insurance: Enterprise Contract does not include premises operations and mobile equipment, products and completed operations, broad form property damage, explosion, collapse and underground hazards in the policy coverage.
- County Policy requires that Contractor's General Liability Insurance include premises operations and mobile equipment, products and completed operations, broad form property damage, explosion, collapse and underground hazards.
 - Potential Impact: By agreeing, Enterprise's insurance coverage would simply provide a general provision covering all operations performed by or on behalf of the Contractor providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars (\$1,000,000), per occurrence; and include just the specific categories of personal injury, contractual liability, and a \$2,000,000 general aggregate limit.

Purchasing recommends approval of the contract, including the non-standard terms, because the benefits of allowing County departments to obtain access to the nationwide inventory of used vehicles during the market shortage is greater than the potential risk.

PROCUREMENT

On August 6, 2021, Request for Proposals (RFP) VHS121-FL000-4285 for used vehicle purchases was released and posted to the County's Electronic Procurement Network (ePro). 161 registered vendors were invited to submit a proposal. Two proposers responded to the RFP, Fairview and Enterprise. Both proposers met the minimum requirements and were evaluated based on qualifications and experience, technical review criteria, cost, professional references, and offerings based on County needs.

Analyzing the cost evaluation on both proposals, in most cases, Fairview provides the lowest cost to the County. However, there may be occasions when Enterprise's retail price will be the best value. Additionally, there may be times when Fairview is unable to locate a vehicle for purchase within the time frame provided. As such, the evaluation committee recommends contracting with both proposers.

Vendor	Location	Fixed Price/Discount	Cost of Smog/Safety Inspections	Document Processing Fee
Fairview	No restriction	\$295 over Black Book Value	<ul style="list-style-type: none"> • Safety inspection: Gasoline car - \$158 Diesel car - \$245 • Smog inspection and certification fee (if applicable) - \$88 	N/A
Enterprise	In Enterprise's inventory located in Southern California	Discount \$500 off Enterprise Retail Price	<ul style="list-style-type: none"> • Smog inspection and certification fee (if applicable) - \$58.25 	\$85
	NOT In Enterprise's inventory located in Southern California	Black Book plus \$3,000, not to exceed \$500 off Retail Price		

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The recommended contracts will allow the departments the option to select the best vendor to provide qualified used vehicles at a competitive cost in a reasonable timeframe. Departments will contact both vendors to compare the purchase price and delivery schedule for greatest benefit to the County before issuing a purchase order.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II, Deputy County Counsel, 387-5455) on October 20, 2021; Risk Management (Rafael Viteri, Deputy Director, 387-8730) on November 4, 2021; Fleet Management (Ron Lindsey, Director, 387-7870) on October 18, 2021; Sheriff/Coroner/Public Administrator (Jose Torres, Administrative Manager, 387-3648) on October 26, 2021; Finance (Sofia Almeida, Administrative Analyst, 387-4378) on November 16, 2021; and Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on November 18, 2021.

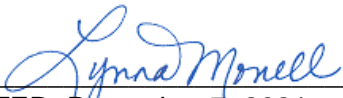
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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Dawn Rowe
Ayes: Col. Paul Cook (Ret.), Janice Rutherford, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY  _____
DATED: December 7, 2021



cc: Purchasing- Chou w/agree
Contractor- C/O Purchasing w/agree
File- w/agree
LA 12/15/2021