



VEHICLE PURCHASES

- Discussion of anticipated industry changes
- Tips to make sure your appropriation goes the distance

Overview- Contracts

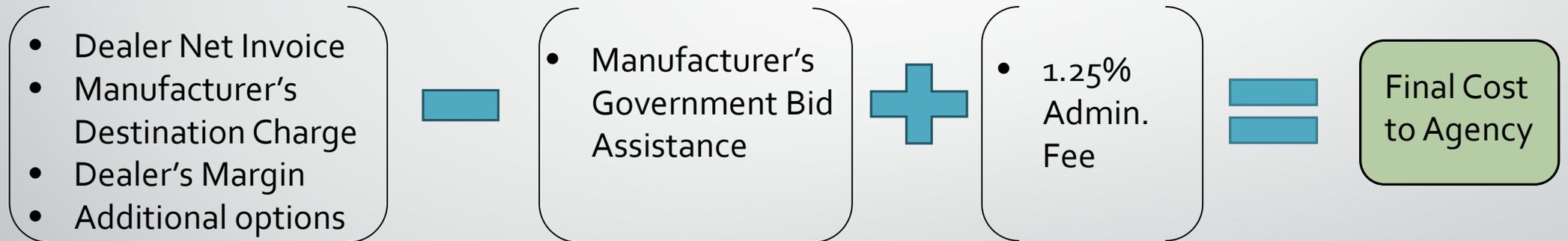


- DOP currently has statewide vehicle contracts with 6 dealers: Mountain Home Auto Ranch, Smith Chevrolet, Goode Motor, Young, Kendall, Corwin, and Ron Sayer
 - Dealers are awarded contracts for various manufacturers, vehicle types, and areas within the state, based on the ITB
- Manufacturers included: Ford, Chevy, Dodge-Ram, GMC
- Vehicle types included: cars, SUVs, pickup trucks, and SSVs



Overview- Contract Pricing

- Contract pricing has several components, and is determined as follows:



- Contract Pricing changes annually– manufacturer's provide updated pricing for each model year, which affects the dealer net invoice, destination charge, and bid assistance amounts.

Anticipated Changes in the Auto Industry

- Expect vehicle costs to increase as a result of new steel tariffs
- Several manufacturer's will decrease or eliminate production of sedans. Here's the latest information we have (not official):
 - Ford will stop making sedans in 2020 (eliminates Fiesta, Focus, Fusion, Taurus)
 - Chevy will only make the Malibu (eliminates Sonic, Cruz, Impala)



Managing Current Appropriations

- If you have a current appropriation to purchase vehicles, DOP and DFM strongly encourage that you make your purchase SOON.
- Manufacturers set aside a specified number of vehicles to be sold as government fleet; once sales approach that number, manufacturers will announce a cutoff date to place orders for the current model year (MY18)
- With MY19 pricing expected to increase, it is important to place your vehicle orders prior to the MY18 cutoff dates to avoid having the vehicle costs exceed your appropriation/available funds.

Managing Budget Requests

- If you are planning to request funds for vehicles in your FY20 budget, be aware of some of these anticipated changes and plan accordingly
 - DOP is working to get MY19 pricing to DFM so that FY20 budget requests reflect the expected pricing increases
 - If your FY20 budget includes appropriation for sedans, you will need to plan to purchase early in FY20, as we expect production of many models to cease (and production cutoffs may come early as other government agencies plan for the change)

PLAN AHEAD

Down the Road...

(pun intended)

- If manufacturers make the anticipated changes to their model offerings, DOP may go out for a supplemental bid to include additional makes/models
- If DOP does not issue a supplemental bid (or if there is a gap in coverage), agencies should be prepared to complete solicitations to purchase vehicle types that are no longer available on the statewide contracts



QUESTIONS?