



## M E M O R A N D U M

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**Date:** January 28, 2021

**To:** California State Lottery Commission

**From:** Alva V. Johnson   
Director

**Prepared By:** Tiffany Donohue, Deputy Director  
Operations Division

**Subject:** Item 8(f) - Fiscal Year 2020/21 Vehicle Procurements

### **ISSUE**

This request seeks approval for vehicle purchases for the current fiscal year. The California State Lottery (Lottery) has existing fleet vehicles that require replacement, either because they have exceeded the replacement mileage criteria or have incurred or will incur mechanical repair costs that exceed the vehicle's value. In addition, the Lottery continues to add positions that are eligible for but do not yet have assigned vehicles.

### **BACKGROUND**

The Lottery currently owns 332 vehicles, which are utilized by the Sales & Marketing Division, Security/Law Enforcement Division (SLED), and headquarters staff in the routine execution of their duties. In order to maintain a properly working fleet, Fleet Management conducts annual replacements of higher mileage vehicles, while also taking into consideration factors such as age, safety, maintenance costs, and reliability. Additionally, vehicles are procured for new approved staff/positions requiring a vehicle to perform duties.

### **DISCUSSION**

At the June 2020 California State Lottery Commission (Commission) meeting, the Commission approved the Lottery budget which included funding for vehicle purchases. During calendar year 2020, statewide stay at home orders relating to COVID 19 and limited field activities resulted in Lottery vehicles being driven significantly less than expected. It is anticipated new stay at home periods in early 2021 will impact full utilization of vehicles and further reduce the number of vehicles that meet replacement

criteria. Additionally, COVID 19 has impacted manufacturer production lines and the number of vehicles the Lottery can receive by June 30, 2021. All of these factors will result in the Lottery spending considerably less on new vehicles than originally envisioned.

The procurement of 57 new vehicles will include cargo vans, sedans, and all-wheel drive utility vehicles. Due to current vehicle delivery timelines, additional upfitting will occur next fiscal year.

The estimated costs to procure these 57 vehicles is shown below. These prices do not reflect tax.

Vehicle Type	Division	Qty	Cost/Unit	Total Cost (excluding tax & fees)
Honda Accord Hybrid	Sales	20	\$25,305.75	\$506,115
Ford Transit T-150	Sales	12	\$26,353.75	\$316,245
Ford Transit T-250 AWD	Sales	3	\$32,763.75	\$98,291
Toyota Camry Hybrid	SLED	20	\$26,098.00	\$521,960
Chevy Traverse	SLED	2	\$27,828.00	\$55,656
<b>Total Costs</b>				<b>\$1,498,267</b>

The table above reflects the cash cost of the vehicles; the Lottery's budget and financial statements will instead reflect the (pre-tax/fees) capitalized cost of \$299,653 for five years based on the anticipated useful life of the vehicles.

**RECOMMENDATION**

Lottery staff recommends that the California State Lottery Commission approve the procurement of 57 vehicles at a cost of \$1,498,267 plus tax.