



## Illinois Heartland Library System

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February 21, 2023

To: IHLS Board of Directors  
From: Leslie Bednar  
RE: Delivery Vehicle Procurement Analysis

**Background:** For FY2023, IHLS identified nine delivery vans scheduled for replacement and has experienced challenges purchasing vehicles as we have not replaced cargo vans since 2020. Procurement rules, supply chain dynamics, and our capital fund budget for FY2023 complicate the matter:

- State of Illinois CMS (Central Management Services) Purchasing Program: Illinois library systems have historically relied on pricing available through the [Joint Purchase Master Contract](#). The Illinois Procurement Code (30 ILCS 525 and IHLS Financial Policy (section 8.3.5) allows IHLS to procure items through a State of Illinois joint purchasing program and bypass the bid process. IHLS staff have met with multiple automotive dealers who have participated in the purchasing program, and they do not believe the type of vehicles we utilize for delivery (Ford Transit Cargo vans) will be available for purchase on the program soon. This is due to Ford production schedules and the unavailability of ordering vehicles directly from Ford.
- Supply chain dynamics impacted by COVID-19 Pandemic: The COVID-19 Pandemic led to an increase in the demand for the Ford Transit Cargo van. In addition, a slowdown in manufacturing over the past four years has created a scarcity of vehicles.
- Market demand vs. supply: High market demand and the scarcity of vehicles means that dealers sell the vehicles for a higher price quickly with little effort. IHLS Operations staff have watched several commercial Ford dealers in the last month and on average less than 10 Ford Transit Cargo vans (new and some with low mileage) are available and they sell fast.
- Illinois Procurement Code (30 ILCS 500) and IHLS Financial Policy: To purchase an item at a value over \$25,000 not through a joint purchasing program, IHLS will need to work through the competitive bidding process including bid opening and board approval. The timing for this process plus rapid dealer inventory turnover is not compatible. Automotive dealers have discussed with IHLS staff that they would not submit a bid under a Request for Proposal process.
- IHLS FY2023 Capital Fund Budget: Our FY2023 Capital Fund Budget includes \$343,000 for vehicle replacements (1 box truck, 8 cargo vans). Replacement of an additional vehicle that was totaled due to an accident removes \$19,114.35 from that amount, leaving \$323,885.65 available to spend. The original budget of \$33,500/van was an estimate based on prior year CMS pricing, the actual purchase costs, and a moderate projected increase. Today's average price for the same type of vehicle is \$49,500/van. Unfortunately, we will not be able to acquire the number of delivery vehicles needed with the remaining available funds.

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1840 Innovation Drive, Carbondale, IL 62903 • 618.985.3711

1704 West Interstate Drive, Champaign, IL 61822 • 217.352.0047

6725 Goshen Road, Edwardsville, IL 62025 • 618.656.3216

www.illinoisheartland.org • 618.656.9401 Fax

**Additional Considerations:** Other factors we are aware of include emergency procurement protocols enacted by some state agencies, repair costs for aging vehicles, a replacement threshold of 200,000 miles and fleet projections for replacement through FY2025, increased fuel costs and evolving technology of e-vehicles:

- Emergency Purchases (30 ILCS 500/20-30): Illinois CMS posted an [Emergency Purchase Statement](#) to acquire vehicles for state agency use citing many of the factors listed above plus good business judgement mandating a quick purchase to take advantage of availability and price.
- Vehicle repair costs and delays due to supply chain dynamics: With the aging fleet, the concern for expensive repairs is imminent. Over the years, we have incurred a small number of repairs due to the age of vehicles by replacing them before these types of repairs occur. Since COVID, when we have needed repairs on vehicles after an accident, in some cases there have been multiple week delays in receiving parts. This is a concern if parts are not readily available, and routes will need to be canceled or condensed in order to operate.
- Replacement threshold: for many years, IHLS has replaced delivery vehicles around 200,000 miles. For FY2021 and FY2022 we had a lease agreement with Enterprise who recommended optimal times to replace a vehicle based on the secondary market.
- Replacement need: Between FY2023 and FY2025, we estimate replacement of 20 total delivery vehicles based on the mileage threshold. We generally retain vehicles for an average of 3 years and have a current delivery fleet of 22 vehicles.
- Fuel economy and e-vehicle technology: IHLS has been investigating the use of e-vehicles as an alternative to our current gas vehicles for delivery. We generally budget for a higher average fuel rate than the actual, and fuel costs are a large component of our delivery services. Delivery e-vehicles have a short battery range, and the charging infrastructure is not yet present in central and southern Illinois to move away from fossil fuels.

**Recommendation:** IHLS administration recommends the purchase of new or slightly used Ford Cargo vans in good condition within the FY2023 remaining budget via the emergency purchase method to take advantage of stock when it is available and minimize disruption of library materials delivery. For FY2024 we will continue to closely monitor the Illinois Joint Purchase Master Contract and remain in contact with commercial dealers who participate in the contract.

We further recommend the IHLS Board adopt a motion to allow the purchase of delivery vehicles up to \$323,885.65 in FY2023 as an Emergency Purchase per Illinois Procurement Code [\[30 ILCS500/20-30 \(d\)\]](#) and the Central Procurement Office - General Services Administrative Rules [\[44 Ill. Adm. Code 1.2030\(c\)\]](#) to acquire vehicles to replenish the fleet. Under the terms of the motion, IHLS administration will not bring individual vehicle purchases to the board for approval for FY2023 (through June 30, 2023).