



Agenda Report

August 15, 2022

TO: Honorable Mayor and City Council
FROM: Department of Public Works
SUBJECT: **AUTHORIZATION TO INCREASE PURCHASE ORDER CONTRACT WITH 72 HOUR LLC (DBA: CHEVROLET OF WATSONVILLE/NATIONAL AUTO FLEET GROUP) BY \$13,493 TO AMEND THE MODEL YEAR PURCHASE OF TWO ELECTRIC FORD E-TRANSIT CARGO VANS FOR A REVISED NOT-TO-EXCEED TOTAL AMOUNT OF \$379,977**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that this action is exempt under the California Environmental Quality Act (CEQA) in accordance with Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment;
2. Authorize the City Manager to increase the purchase order contract with 72 Hour LLC (72 Hour) for an additional \$13,493 to amend the model year purchase of two electric Ford E-Transit cargo vans, thereby increasing the purchase order not-to-exceed total amount from \$366,484 to \$379,977 for the approved purchase of five electric Ford F-150 Lightning trucks and two electric Ford E-Transit cargo vans; and
3. Neither Competitive Bidding nor Competitive Selection are required pursuant to City Charter Section 1002(H) and Pasadena Municipal Code Section 4.08.049(A)(3), contracts with other governmental entities.

BACKGROUND:

On May 9, 2022, the City Council authorized a purchase order contract with 72 Hour in the amount of \$366,484 for the purchase of seven vehicles (five electric Ford F-150 Lightning trucks for the departments of Fire, Housing, and Public Works and two electric Ford E-Transit cargo vans for the departments of Public Works and Transportation).

The Department of Public Works Building Systems and Fleet Management Division (BSFMD) was recently informed by 72 Hour that orders placed for the model year 2022 electric Ford E-Transit cargo vans have been disrupted and cannot be fulfilled, specifically impacting two of the seven units ordered by the City.

Ford has released an official statement to its government and commercial sales partners of the continued global microchip shortage, major supply chain disruptions, lingering impact of COVID and record inflation that are all contributing to their challenges with logistics, plant downtime, and inventory demands. The production of the 2022 electric cargo vans has stalled and no guarantees can be provided on the production, availability or pricing. Ford, however, is currently prioritizing its production of the new 2023 model. As such, the City has the option to purchase these with 72 Hour under the same Sourcewell government contract #091521-NAF.

Therefore, staff recommends switching the vehicle order to the newer and available 2023 Ford E-Transit cargo vans. This will support and address the City's fleet replacement needs without further delay especially during these times of unpredictable market conditions affecting production, inventory, and pricing in the automotive industry. As intended, these two electric E-Transit cargo vans will replace aging gas-powered vehicles (#1608 and #1699) and will be utilized daily for fulfillment of service obligations by the field staff at the departments of Public Works (BSFMD-HVAC) and Transportation (Parking Enforcement).

The proposed increase will cover the difference in pricing between the model years. The approved purchase of the 2022 models totals \$122,090 (unit price of \$60,423 and \$61,667) versus the \$135,583 total price of the new 2023 models (unit price of \$67,335 and \$68,248). This \$13,493 additional cost will result in an increase to the purchase order (#1222027) from \$366,484 to \$379,977.

COUNCIL POLICY CONSIDERATION:

By providing the departments with the proper equipment to perform their function, the proposed purchase furthers the City Council's Strategic Plan goals to ensure public safety, increase conservation and sustainability, and maintain fiscal responsibility and stability.

ENVIRONMENTAL IMPACT:

This purchase complies with all South Coast Air Quality Management District rules and regulations for engine emissions and clean air standards in the South Coast basin.

FISCAL IMPACT:

With the proposed purchase order increase of \$13,493, the total cost of this action is \$379,977. Funding for this action will be addressed by the utilization of existing budgeted appropriations in the Fleet Replacement Fund, budget account 50322060-850500. Indirect and support costs such as maintenance and repair are anticipated to be \$15,000 over the lifecycle of the two vehicles and will be addressed annually by utilization of existing budgeted appropriations in the respective department's operating budget: Public Works Department under 50222052-861600 and Transportation Department under 10124006-861600.

Respectfully submitted,



TONY OLMOS, P.E.
Director of Public Works

Prepared by:


Mark McCullough
Public Works Administrator BSFMD

Approved by:


CYNTHIA J. KURTZ
Interim City Manager