

Agenda Report

May 16, 2022

TO: Honorable Mayor and City Council

FROM: Department of Public Works

SUBJECT: AUTHORIZE PURCHASE ORDER TO BUYOUT TWENTY (20) LEASED VEHICLES IN AN AMOUNT NOT-TO-EXCEED \$483,000 AND AUTHORIZE CITY MANAGER TO EXTEND EIGHTEEN (18) LEASED VEHICLES FOR ONE ADDITIONAL YEAR IN AN AMOUNT NOT- TO- EXCEED \$109,636 FOR A GRAND TOTAL AMOUNT NOT-TO- EXCEED \$592,636

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 enter into a purchase order contract in an amount not-to-exceed \$483,000 for the lease buyout of twenty Chevrolet Bolt electric vehicles (EVs) with Enterprise Fleet Management Inc.;
3. Authorize the City Manager to extend the lease of eighteen Chevrolet Bolt EVs for one year in an amount not-to-exceed \$109,636 with Enterprise Fleet Management Inc.;
4. To the extent the lease buyout purchase and lease extension is considered a separate procurement subject to the Competitive Bidding and Competitive Section process, grant the proposed exemption from Competitive Bidding pursuant to City Charter Section 1002(C), contracts for professional or unique services and the Competitive Section process pursuant to Pasadena Municipal Code (PMC) 4.08.049(B), contracts for which the City's best interests are served.

BACKGROUND:

The Department of Public Works, Building Systems and Fleet Management Division (BSFMD) is tasked with providing vehicle replacement for various City departments based

on a scoring system including factors such as the vehicle's age, mileage, condition, usage, maintenance and repair history. In 2018, BSFMD assessed leasing vehicles as a viable option for its Fleet Replacement Program. With increasing interest in the emerging market for EVs, the City also took this opportunity to concurrently implement leasing EVs by identifying vehicles from all City departments that can be transitioned to fully electrical powered vehicles, specifically for the ones that are utilized on short frequent trips and would not require hauling large tools or equipment. A total of thirty eight vehicles were identified from the departments of Human Resources, Public Works, Fire, Information Technology, Planning, and Transportation.

On January 28, 2019, City Council approved a 36-month lease agreement with Enterprise Fleet Management Inc. (Enterprise) in the amount of \$780,000 for thirty-eight Chevrolet Bolt EVs as a result of the competitive bidding process. All of these vehicles, with the exception of one addition to the City fleet, replaced gas-powered vehicles. Nine of these vehicles were funded through the Fleet Replacement Program Fund. Since then, these EVs have been effectively utilized and incorporated within the departments' operation with minimal to no issues. Parking and charging infrastructures have also been sufficiently addressed by the progressive and continuous efforts of the Department of Water and Power (PWP) to accommodate the overall growth of EVs within the City. As expected, the thirty-eight EVs reduced fleet maintenance and fuel costs and further demonstrated the City's commitment to reduce greenhouse gas emissions.

The current 36-month lease agreement for these thirty-eight EVs with Enterprise will expire at the end of this fiscal year. Each EV has been re-evaluated in collaboration with the participating departments to determine the actual replacement and operational necessity. Twenty vehicles were determined for EV replacement and eighteen EVs still require further assessment due to internal operational change in progress at the Department of Planning. Discussions also ensued with the leasing vendor, Enterprise, to facilitate any feasible and swift replacement options of the existing leased EVs. Enterprise extended three alternatives that include walking away from the lease, buying out the lease, and/or extending the lease month-to-month for an additional year.

In order to mitigate the unpredictable fluctuations in vehicle pricing and the sparse availability of inventory due to current market conditions, BSFMD recommends taking advantage of the buyout option for twenty of the leased EVs (for use by the Departments of Fire, Human Resources, Information Technology and Public Works) and availing of the one-year extension lease option for the eighteen EVs (for use by the Department of Planning) which will allow for operational flexibility and further reassessment of the respective department's vehicle necessity.

The proposed action is cost effective, remains environmentally-friendly, and will have minimal impact to the City department operations especially since no transitional efforts will be needed to swap out vehicles. Moreover, departments will be able to continue with its operations without interruption or any resources diverted; this is critical since the EVs are currently utilized in the field for short but frequent trips tied to safety investigations, site inspections and meetings, code enforcement and compliance, field support, and parking

enforcement. These EVs are currently in good condition and have low mileage with most vehicles below 7,000 miles and three with over 10,000 miles. It is, therefore, in the best interest of the City to avail of the lease buyout and lease extension options.

The proposal with Enterprise will result in two separate actions, a lease buyout of twenty EVs for an amount not-to-exceed \$483,000, and a one-year lease extension of eighteen EVs for an amount not-to-exceed \$109,636.

1. The total lease buyout total of \$483,000 is comprised of fourteen 2019 Chevy EV Bolt LT (thirteen at 23,500 and one at 23,000), six 2020 Chevy EV Bolt LT with DC fast chargers (five at \$24,500 and one at \$24,000) and a total \$8,000 contingency amount for lease-end processing and fee charges.
2. The total one-year lease extension total of \$109,636 comprises of the same lease plan charge per the existing agreement, with sixteen 2019 Chevy EV Bolt LT at \$6,011 each and two 2020 Chevy EV Bolt LT with DC fast chargers at \$6,730 each.

The City has done business with Enterprise since 2018, issuing purchase orders with an aggregate total of \$1,742,153 to date. Enterprise, initially founded in 1957, has established its commercial leasing operations of small to mid-size vehicles since 1992. They have worked with other municipalities in California such as Baldwin Park, Westminster, Santa Ana, San Marcos, Inglewood and Corona.

COUNCIL POLICY CONSIDERATION:

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

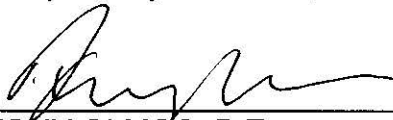
ENVIRONMENTAL IMPACT:

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:

The cost of the proposed actions consist of \$483,000 for the lease buyout and \$109,636 for the one-year lease extension. The total cost of these two actions is \$592,636. Funding for these actions will be addressed by the utilization of existing budgeted appropriations in the following budget accounts: Fleet Replacement Fund 50322060-850500 (not to exceed \$339,100), Fire Department General Fund 101131000-850500 (not to exceed \$95,600), Safety Program Fund 50617008-850500 (not to exceed \$23,900) , Waste Reduction/Recycling Fund 40622086-850500 (not to exceed \$24,400), Permit Center Administration Fund 20421010-821800 (not to exceed \$109,636), Indirect and support costs such as maintenance and repair are anticipated to be minimal over the lifecycle of the vehicles.

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