

Agenda Report

January 9, 2023

TO: Honorable Mayor and City Council

FROM: Department of Public Works

SUBJECT: AUTHORIZE TO INCREASE PURCHASE ORDER CONTRACTS WITH 72 HOUR LLC (DBA: CHEVROLET OF WATSONVILLE/NATIONAL AUTO FLEET GROUP) BY \$57,476 TO AMEND THE MODEL YEAR PURCHASE OF FOUR ELECTRIC FORD F-150 LIGHTNING TRUCKS AND EIGHT FORD EXPLORER POLICE INTERCEPTOR HYBRID SPORT UTILITY VEHICLES FOR A REVISED NOT-TO-EXCEED TOTAL AMOUNT OF \$1,292,759

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 purchase order contracts with 72 Hour LLC (72 Hour) for an additional \$57,476 to amend the model year purchase of four Ford F-150 Lightning electric trucks and eight Ford Explorer Police Interceptor Hybrid Sport Utility Vehicles (SUVs), thereby increasing the combined purchase order not-to-exceed total amount from \$1,235,283 to \$1,292,759; 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:

The City Council previously authorized purchase order contracts with 72 Hour for a combined not-to-exceed amount of \$1,235,238 comprised of:

- \$855,306 per agenda approval on January 10, 2022 to purchase sixteen vehicles for the departments of Police, Fire, Public Works, and Information Technology.
- \$379,977 per agenda approval on May 9, 2022 and amendment on August 15, 2022 to purchase seven vehicles for the departments of Fire, Housing, and Public Works.

The Department of Public Works Building System and Fleet Management Division (BSFMD) was informed by 72 Hour that orders placed by the City for some of these certain model year 2022 vehicles have been disrupted and cannot be fulfilled. Specifically, this impacts twelve vehicles that were previously approved by Council (eight Ford Explorer Police Interceptors Hybrid SUVs approved on January 10, 2022 and four Ford F-150 Lightning electric trucks approved on May 9, 2022).

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 current model Lightnings and Explorers stalled, and no guarantees could 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 models for the Ford F-150 Lightning electric trucks and the Ford Explorer Police Interceptor Hybrid SUVs. 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. Ford has also started implementing an allocation system based on a calculation of their inventory projections and overall demands that further diminishes the City's purchasing power. Each agency, including the City, is now assigned a unique code that informs the maximum number of vehicles allowable to purchase when specific Ford vehicle makes or models are being released. As this maximum count applies per agency regardless of the government cooperative agreement utilized, staff is faced with re-evaluating its future fleet replacement and procurement strategy.

The proposed increase will cover the difference in pricing between the model years with a 15% contingency allowance for any necessary adjustments (such as outfitting and delivery costs).

As intended, these twelve vehicles will replace aging gas-powered vehicles and will be utilized daily for fulfillment of service obligations by the field staff at the departments of Public Works, Fire, Housing, and Police.

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 \$57,476 (\$36,540 and \$20,936), the total cost of this action is \$1,292,759. Funding for this action will be addressed by the utilization of existing budgeted appropriations in the Fleet Replacement Fund, budget account 50322060-85050 and Other Housing Funds budget account 23816024-850500. Indirect and support costs such as maintenance and repair are anticipated to be \$210,000 over the lifecycle of the twelve vehicles and will be addressed annually by utilization of existing budgeted appropriations in the respective department's operating budget: Public Works Department under 50222051-861600; Housing Department under 23816024-861600; Fire Department under 10131015-861600; and Police Department under 10132024-861600. Ongoing annual budget appropriations from the General Fund is required for the Police and Fire Departments for continued maintenance of their replacement vehicles.

Respectfully submitted,



TONY OLMOS, P.E.

Director of Public Works

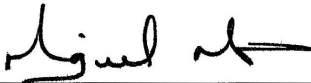
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Approved by:



MIGUEL MÁRQUEZ

City Manager