

Agenda Report

September 18, 2023

TO: Honorable Mayor and City Council
THROUGH: Municipal Services Committee (September 12, 2023)
FROM: Department of Public Works
SUBJECT: **AUTHORIZATION TO INCREASE PURCHASE ORDER CONTRACT WITH 72 HOUR LLC (DBA: CHEVROLET OF WATSONVILLE/NATIONAL AUTO FLEET GROUP) TO AMEND THE MODEL YEAR PURCHASE OF ONE FORD F750 CHIPPER TRUCK BY \$7,610 AND TO ISSUE PURCHASE ORDER CONTRACT WITH 72 HOUR LLC FOR PURCHASE OF EIGHT ELECTRIC TRUCKS FOR \$778,712**

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 "Common Sense" exemption that CEQA only applies to projects that may have an effect on the environment;
2. Authorize the City Manager to increase purchase order contract with 72 Hour LLC (72 Hour) by \$7,610 to amend the model year purchase of one Ford F-750, thereby increasing the purchase order not-to-exceed total amount from \$865,138 to \$872,748;
3. Authorize the issuance of a purchase order contract to 72 Hour for the purchase of eight 2024 electric vehicle (EV) trucks in an amount not-to-exceed \$778,172; and
4. 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 Department of Public Works, Building Systems and Fleet Management Division (BSFMD) is tasked with providing vehicle replacement for various City departments participating in the Fleet Replacement Program. As part of this effort, BSFMD utilizes a government agency purchasing cooperative service, Sourcewell. The contract with 72 Hour through Sourcewell offers pricing discounts from approximately fifteen automobile

manufacturers that can be utilized by member agencies including the City. However, with the automotive manufacturers continuing to face challenges with supply chain issues affecting their operations (including logistics, plant downtime and inventory availability), member agencies are struggling to avail of the expedient procurement of vehicles due to limited availability, shortened ordering windows with restricted allocation per agency, unexpected shift of model year production, and unpredictable overall lead times.

Recent developments from the manufacturers reflect continued intermittent shift in model year production of vehicles. In addition, reservations for upcoming vehicle availability now require a firmer commitment from member agencies with a purchase order as opposed to a letter of intent. These have impacted the City's vehicle orders already in place and have delayed the focused efforts to finalize the vehicle replacement from the City's approved 3-Year Replacement Plan.

On January 10, 2022, the City Council authorized a purchase order contract with 72 Hour LLC, for the purchase of six electric utility vehicles, eight police interceptor hybrid sport utility vehicles (HSUV), one chipper truck and one asphalt patch truck for an amount not-to-exceed \$855,306. Due to the unexpected change in the model year production of the eight police interceptor HSUVs, City Council approved an amendment on January 9, 2023 to purchase the 2023 model year for a revised purchase order total amount not-to-exceed of \$865,138.

Since then, the one chipper truck ordered per the Council approval on January 10, 2022 has also been stalled. Ford announced pivoting their factory production of the Ford F750 truck to the 2024 model year with no guarantees provided on the production, availability or pricing for the 2023 model. There are currently no electric options in the market for this service truck.

Staff, therefore, recommends switching the vehicle order to the newer 2024 Ford F750. This truck is slated to replace the chipper truck in the Department of Public Works and will be used in tandem with a towed woodchipper and a dump container for City crew to perform tree and forestry-related maintenance in the community. The proposed increase will cover the difference in pricing between the model years from \$112,591 for the 2023 model to \$120,201 for the new 2024 models. As a result, the \$7,610 additional cost will increase the total purchase order from \$865,138 to \$872,748.

Simultaneously, the order window has opened for Chevrolet Silverado EV crew cab work trucks (unit price of \$84,584) with an anticipated availability for Ford Lightning EV trucks sometime in October (pricing is expected to be comparable or less). There are eight gasoline-powered trucks in the departments of Public Works and Parks, Recreation, and Community Services that can be replaced with these EV trucks as part of the 3-Year Replacement Plan. These vehicles will be utilized daily for fulfillment of departmental obligations requiring truck beds for staff to perform field work, on-site inspections, transporting crews, towing small trailers, hauling tools and supplies, and other assorted tasks. Transitioning from gasoline-powered to fully electric for these eight vehicles will allow staff to perform the same job functions and work tasks and result in a 100%

reduction in emissions. The City's existing charging infrastructure is also in place to support these EV additions to the fleet.

Sourcewell, a public government agency created specifically by the Minnesota legislature as a local unit of government (under Minnesota Constitution, article XII, section 3), operates as a service cooperative and acts as a national municipal contracting agency. They establish and provide nationally leveraged and competitively solicited purchasing contracts that can be utilized by member agencies such as the City of Pasadena. In July 2021, Sourcewell issued a Request for Proposals for Automobiles, SUVs, Vans, and Light Trucks with Related Equipment and Accessories. Thirteen submissions were received and evaluated by the Sourcewell selection committee. Submissions were scored on a weighted scale of eight different criteria, with pricing being the most heavily weighted. The process undergone by Sourcewell has resulted in competitive pricing. 72 Hour earned the highest score out of the 13 respondents with 878 points out of a possible 1,000 and was awarded a contract through November 2025.

72 Hour is located in Watsonville, CA. The City of Pasadena has done business with 72 Hour including issuance of payment for vehicle purchase orders totaling approximately \$4,062,913 since fiscal year 2016. In order to eliminate the need to solicit for items that are already competitively priced and to expedite the time required to order and take delivery of new vehicle, it is in the best interest of the City to amend and utilize the Sourcewell contract for:

- purchase order increase of \$7,610 with 72 Hour to amend the model year purchase of the F750 chipper truck.
- purchase order issuance for an amount not-to-exceed \$778,172 (includes 15% contingency) with 72 Hour to purchase eight Chevrolet Silverado EV trucks (or Ford Lightning EV trucks contingent on availability).

Approval for these is especially crucial as the supply chain issues in the automotive industry lingers. In the interim, internal meetings between several City departments are ongoing to determine how to best transition to a Zero Emission Fleet within the timelines prescribed by the state. A comprehensive assessment of the City's infrastructure needs for the long term and large-scale approaches will be prepared to include charging of EVs as well as the feasibility of incorporating fueling for other zero emission vehicle alternatives (such as fuel cell vehicles) currently available in the market. A report will be presented to the Municipal Services Committee after completion of the comprehensive assessment.

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:

The total cost of this action is \$785,782 (\$7,610 for revised purchase order and \$778,172 total for eight EV purchase). 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 will be addressed annually by utilization of existing budgeted appropriations in the respective department's operating budget: PRCS Department under 10118070-861600 and Public Works Department under 10122090-861600 and 30122009-861600.

Respectfully submitted,

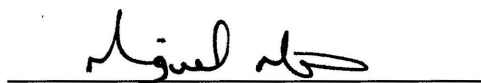

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