Agenda Report

January 27, 2025

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: **AUTHORIZE THE CITY MANAGER TO ENTER INTO CONTRACTS WITH ALTEC INDUSTRIES, INC. AND 72 HOUR, LLC FOR PURCHASING ELEVEN UTILITY STEP VANS, FOUR ELECTRIC PICKUP TRUCKS, AND A DIGGER DERRICK TRUCK FOR A TOTAL AMOUNT NOT-TO-EXCEED $5,355,240 AND AMEND THE FISCAL YEAR 2025 CAPITAL IMPROVEMENT PROGRAM BUDGET FOR THE WATER AND POWER DEPARTMENT**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act ("CEQA") pursuant to Section 21065 of CEQA and Sections 15060(c)(2), 15060(c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required;
2. Authorize the City Manager to enter into a contract with 72 Hour, LLC ("72 Hour") for the purchase of eleven utility step vans for Pasadena Water and Power Department ("PWP"), in an amount not-to-exceed $4,187,700, which includes the base contract amount of $3,806,800 and a contingency of $380,900 to provide for any necessary change orders. Competitive price bidding is not required pursuant to City Charter Section 1002(H) (Contracts with other governmental entities or their contractors for labor, material, supplies or services);
3. Authorize the City Manager to enter into a contract with 72 Hour for the purchase of four half-ton electric pickup trucks for PWP, in an amount not-to-exceed $397,540, which includes the base contract amount of $361,600 and a contingency of $35,940 to provide for any necessary change orders. Competitive price bidding is not required pursuant to City Charter Section 1002(H) (Contracts with other governmental entities or their contractors for labor, material, supplies or services);
4. Authorize the City Manager to enter into a contract with Altec Industries, Inc. ("Altec") for the purchase of a digger derrick truck for PWP, in an amount not-to-exceed $770,000, which includes the base contract amount of $700,000 and a contingency of $70,000 to provide for any necessary change orders. Competitive price bidding is not required pursuant to City Charter Section 1002(H) (Contracts with other governmental entities or their contractors for labor, material, supplies or services);

5. Grant the recommended contracts an exemption from the Competitive Selection process pursuant to Pasadena Municipal Code Section 4.08.049(B) contracts for which the City's best interests are served;
6. Authorize the City Manager to approve no-cost amendments to the subject contract including durational extensions; and,
7. Amend the Fiscal Year ("FY") 2025 Water and Power Capital Improvement Program Budget by appropriating $1,110,000 from the Power Capital Fund 411 to Capital Improvement Program ("CIP") Purchase of Vehicles and Equipment Project – Power Fund (03500) and $755,100 from the Water Capital Fund 412 to CIP Purchase of Vehicles and Equipment Project – Water Fund (01600).

BACKGROUND:

PWP performs maintenance, construction, and emergency operations on the City's electrical transmission and distribution systems, as well as water treatment and water distribution systems. PWP crews require specialized vehicles to transport technical staff, heavy equipment, specialty tools, and construction materials essential to completing activities critical to electric and water system reliability, resilience, and safety.

PWP has identified the need to replace 13 existing vehicles and add three new vehicles to its fleet as follows:

Step Vans:

PWP is recommending the replacement of 11 aging vehicles with new heavy-duty step vans. While the standard replacement schedule for these vehicles is 10 years, these units have been in service for over 18 years. These aging vehicles are increasingly unreliable, costly to maintain, and frequently out of service.

PWP has identified a new electric step van (2024 Freightliner MT50e) as a comparable model to replace its aging gas-powered Freightliner MT45 and Workhorse W42 step vans in its fleet. Even though electric step vans are over 80% more expensive than their gas-powered counterparts (before potential rebates or grant funds are applied), PWP is committed to advancing its transportation electrification goals and is eager to be an early adopter of electric step vans within the utility industry.

PWP staff performed extensive Zero-Emission Vehicle ("ZEV") market research to ensure the City is procuring new electric step vans that meet department needs while also being fiscally responsible. This research included meeting with neighboring utilities such as LADWP, test driving electric step vans, and visiting the 2024 LA auto show. In recent years, more ZEV step vans have come to market and the cost of these vehicles has trended lower. PWP is aware of other ZEV step van manufacturers and models in addition to the Freightliner MT50e. While some of these models cost less than the Freightliner van, they currently do not meet department specification requirements, such as height. Furthermore, the primary use of these other manufacturers' ZEV vans is as

delivery vehicles, which have limited customized upfitting options. The step vans needed by PWP field crews require highly customized upfitting. The vehicle upfitter that PWP is working with has built numerous Freightliner vans, but has not built other manufacturer model ZEV step vans. To ensure these new step vans are reliable and meet PWP's needs and specifications, procuring the Freightliner MT50e is in the city's best interest.

As a utility, PWP is responsible for ensuring continued reliability of its electric and water services. It is therefore crucial to maintain a diverse fleet capable of handling a wide range of tasks – from routine maintenance to emergency repairs. A diverse fleet will enable PWP to operate during sustained power outages or fuel shortages, minimizing operational risks. Furthermore, this diversity enhances PWP's ability to respond quickly and efficiently to emergencies such as power outages or water pipeline breaks, ultimately improving service reliability, customer satisfaction, and mutual assistance to other utilities.

Therefore, PWP recommends replacing six of the identified vehicles with electric step vans (ZEVs) and the remaining five with new Internal Combustion Engine ("ICE") gas-powered step vans. ICE vehicles have a proven track record of reliability in field operations, and the City's fleet department is already familiar with their maintenance. By diversifying its fleet with both ZEV and ICE step vans, PWP can evaluate the performance of ZEV step vans in demanding conditions while ensuring consistent operational reliability.

PWP is planning to install additional charging infrastructure at City Yards, including fast charging stations, to support the operation of the new electric step vans.

To facilitate the purchasing of the new ZEV step vans, PWP intends to apply for the State of California's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Program (HVIP). This program is first come, first served while funding is available and offers rebates of up to $85,000 per electric step van, potentially offsetting the initial costs and promoting sustainable transportation within PWP's fleet. In December 2024, the City of Pasadena also received confirmation that its application to receive grant funds for the purchase of new electric vehicles through the EPA Clean Heavy-Duty Vehicles (CHDV) Program was approved, including $160,000 for each of the six electric step van for a total of $960,000. Receiving funding from one of these programs does not exempt the city from also receiving funding from the other. Application of the HVIP rebate and CHDV grant funds, once they receive final approvals, could bring the actual net cost of a $440,000 electric step van down to $195,000.

Half-ton Pickup Trucks:

PWP recommends purchasing four electric (ZEV) half-ton pickup trucks. This purchase will replace one aging ICE vehicle and provide three additional trucks to support operational needs, including the operation and maintenance of both existing and new water treatment plants. This fleet expansion aligns with the increased demand on water operations staffing.

The job duties of these positions necessitate that staff regularly visit various City sites with various equipment, including monitoring and maintaining local and state health and safety regulations. Staff must have access to efficient and reliable City vehicles for adequate job performance; therefore, three new pickup trucks are needed.

Two of the new vehicles will be assigned to full-time employees recently added to the Water Division's operations team in FY 2025; these employees are responsible for operating and maintaining water treatment plants. The third new vehicle will be used by an existing employee that has recently transitioned to support field operations requiring routine visits to various facilities.

Digger Derrick Truck:

PWP has identified one Digger Derrick Truck in need of replacement. A Digger Derrick is a heavy-duty vehicle used to install power poles, distribution transformers, and other equipment for both overhead and underground distribution systems. Other essential functions of a Digger Derrick, and how PWP will utilize it daily, are to dig deep post holes, set utility poles, and lift a variety of other materials. This equipment typically handles anything from transformers utility pole crossarms, and backfill material such as dirt or rock. Digger Derrick Trucks can dig holes quickly, efficiently, and cost-effectively.

Vehicle # 1060, a 1998 Freightliner FL80, has been an essential but increasingly unreliable asset due to its age and extensive usage. Over its 28-year service life, the vehicle has accumulated over 33,000 miles and 5,131 engine hours, with maintenance costs surpassing $160,000. Additionally, sourcing replacement parts for such an aged vehicle has become challenging, often resulting in prolonged service downtime.

In FY 2023, PWP received the City Council's approval to replace Vehicle #1060. However, supply chain disruptions at that time extended the delivery lead time for this type of heavy-duty vehicle from an estimated two years to approximately six years. Due to this significant delay, PWP opted to procure a more readily available piece of equipment, a Backyard Digger Derrick, to meet immediate field service needs. Unlike a full-size vehicle, the backyard digger derrick is a specialized and compact piece of equipment designed for smaller, confined workspaces, typically used to access areas where a full-sized utility truck cannot operate. Although it fulfilled some operational requirements, it does not offer the full functionality or capacity of the larger vehicle needed to support comprehensive field operations.

PWP has performed extensive research of available ZEV to replace the existing gasoline-powered 1998 Freightliner FL80. At this time, there are no equivalent ZEV models available on the market. The Freightliner FL80 Digger Derrick is a Class 8 Heavy Duty truck with a gross Vehicle Weight Rating of more than 33,000 lbs. There are no electric truck models in this weight class built for utility operations. PWP is aware of a hybrid diesel/electric option, which recently entered the market. However, the hybrid unit does not meet PWP's material handling lifting capacity requirement. The hybrid option lifting capacity is 750 lbs., whereas PWP requires a lifting capacity of at

least 925 lbs. to install large transformers, which is an essential function of the Digger Derrick Truck for PWP field operations.

Replacing seven out of 13 fully gas-powered (ICE) vehicles with ZEV, will allow PWP to assess the comparable ZEV reliability and will increase the number of ZEV in the Department's fleet from 3.46% to 7.2%.

Additionally, PWP's recommendation fully complies with the California Air Resources Board's Advanced Clean Fleet Regulation, which mandates that at least 50% of the department's annual purchases of medium- and heavy-duty on-road vehicles with a gross vehicle weight rating greater than 8,500 pounds be zero-emission starting January 1, 2024.

Table 1 below shows a summary of the new and replacement vehicles total cost. See Attachment A for a detailed table showing each individual vehicle and its cost.

Table 1 – Summary of New and Replacement Vehicles

Vehicle Type	**Amount**
11 Step Vans	$3,806,800
4 Pick-up Trucks	$361,600
1 Digger Derrick Truck	$700,000
Total Base Contract Amount	**$ 4,868,400**

Competitive Bidding Not Required (Sourcewell):

Sourcewell, a local government unit, public corporation, and public agency under the laws of the state of Minnesota (formerly the National Joint Powers Alliance), is a national service cooperative that combines the purchasing power of more than 50,000 member agencies and streamlines the purchasing process. It awards contracts at the manufacturing level, but local area distributors sell the equipment.

Sourcewell operates as a service cooperative and acts as a national municipal contracting agency which establishes and provides nationally leveraged and competitively solicited purchasing contracts that can be utilized by member agencies, such as the City of Pasadena.

In July of 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 criteria such as pricing, warranty coverage, variety of products offered, and bidders' ability to service the contract nationally. The process undergone by Sourcewell has resulted in competitive pricing, which the City can piggyback for the vehicle and all upfitting costs. 72 Hour earned the highest score out of 13 respondents with a total score of 878 points out of a possible 1,000 and was awarded a contract through November 2025.

Additionally, in September of 2021, Sourcewell issued a Request for Proposals for Public Utility Equipment with Related Accessories and Supplies. Ten submissions were received and evaluated by the Sourcewell selection committee. Submissions were scored on criteria such as pricing, warranty coverage, variety of products offered, and bidders' ability to service the contract nationally. Altec was one of the vendors awarded a contract which extends through December 2025.

Staff is requesting concurrence from the City Council that it is in the best interest of the City to purchase the requested vehicles and related equipment and accessories from 72 Hour and Altec utilizing the Sourcewell government contracts # 091521-NAF and 110421-ALT respectively; this eliminates the need to solicit for items that are already competitively priced and expedites the time required to take delivery of new vehicles. This is especially crucial as the supply chain issues continue in the heavy-duty vehicle automotive industry.

A 10% contingency has been added to the requested contract amounts to combat possible supply chain issues and account for final design adjustments. Order placement and delivery delays can extend beyond the current manufacturers' order window. Sourcewell vehicle orders are not final until the vendor receives the purchase order. If the price increases slightly when the order window reopens, PWP must be able to adjust accordingly. In addition, most of the vehicles have highly customized upfitting and a design review phase before final assembly is completed. This process can sometimes have a slight impact on the final price.

The City of Pasadena has awarded more than 90 purchase orders to 72 Hour for a total amount of approximately $16 million since 2016, and more than 50 purchase orders to Altec for a total amount of approximately $8 million since 2016.

Recommended Budget FY 2025 Amendment:

The purchase of the step vans and the digger derrick truck requires a budget amendment for additional funding of $1,110,000 for Power Delivery and $755,100 for Water since the final design specifications for the ZEV step vans are more expensive than previously budgeted. The approved Fiscal Year 2025 Capital Improvement Program budget allocated $380,000 per ZEV step van. However, the revised cost estimate for a ZEV step van is$438,360 before any grant funds or eligible vouchers are used or applied. In addition, three of the vehicles were budgeted for replacement in previous fiscal years; however, due to delays in finalizing design specifications and obtaining quotes, the purchases were not completed in time and the operating budget funds allocated for the purchases were unable to be carried forward.

In alignment with the City's sustainability initiatives and in advance compliance with expanding regulatory mandates or requirements, the City continues to focus procurement of ZEVs when feasible. In FY 2025, the City will solicit an outside consultant to initiate an independent comprehensive assessment to aid the City's transition to ZEV. This will include long-term and large-scale approaches to evaluate

impacts to the City's infrastructure, accommodate integrated vehicle charging, and other alternative fueling solutions.

COUNCIL POLICY CONSIDERATION:

The proposed contracts are consistent with the City Council's goals to maintain fiscal responsibility and stability, and PWP's strategic initiatives to enhance customer satisfaction and confidence, improve efficiency and business continuity, and maintain PWP's fiscal health and stability.

The proposed contracts also support the City's values and goals as laid out in the Pasadena Climate Action Plan (CAP) and demonstrate PWP's commitment to electrify its fleet while promoting the adoption of alternative fuel vehicles citywide.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is not subject to the California Environmental Quality Act ("CEQA") in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The purchase of these vehicles is a continuing administrative and maintenance activity (i.e., purchasing of supplies). This action would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

The total cost of this action including contingency is $5,355,240. Approximately $3,490,140 of funding for this action will be addressed by the utilization of the Purchase of Vehicles and Equipment projects – Power Fund (03500) and Water Fund (01600) CIP budgets. The remaining funding of $1,865,100 will be addressed by amending the FY 2025 Capital Improvement Program Budget as listed in Table 3. The amendment will appropriate new funds in the Power Capital Fund 411 CIP Purchase of Vehicles and Equipment – Power Fund (03500) and Water Capital Fund 412 CIP Vehicles and Equipment – Power Fund (01600). There are sufficient fund balances in the Power Fund and Water Fund to support the proposed increase. It is anticipated that the total cost will be expended in FY 2026 due to expected lead times. There is no impact to the General Fund.

The following table represents a contract summary.

Table 2: Contracts Summary

Base Contracts	$ 4,868,400
Contract Contingencies	$ 486,840
Total Fiscal Impact	**$ 5,355,240**

The following table represents a summary of the requested budget amendment.

Table 3: Budget Amendment Summary

Budget Amendment for Water (01600)	$755,100
Budget Amendment for Power (03500)	$1,110,000
Total Requested Budget Amendment	**$1,865,100**

The following table represents a summary of the fiscal impact.

Table 4: Fiscal Impact Summary

Original Budget	$3,490,140
Proposed Amendment	$1,865,100
Revised Total Budget	**$ 5,355,240**

Respectfully submitted,

DAVID M. REYES
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Attachment A – Table of Recommended New and Replacement Vehicles