



REPORT TO CITY COUNCIL

Approved by: *Michael Lima*
Michael Lima, Director of Financial Services

Council Meeting of: June 5, 2024

Agenda Number: D-2

Arnoldo Rodriguez
Arnoldo Rodriguez, City Manager

SUBJECT:

Piggyback purchase agreement for Fleet Division-related purchase

RECOMMENDATION:

Adopt a Resolution approving Sourcewell piggyback agreement with PB Loader Corporation for the purchase of an all-electric utility truck for \$129,016.41 and approve a Budget Amendment in the amount of \$46,517 to fund the recommended purchase.

SUMMARY:

Appropriations for equipment were included in the Fiscal Year (FY) 2023/24 Adopted Budget for the Fleet Replacement Program (Org Unit 3070-1250), which Council approved on August 24, 2023. Included in those appropriations were funds for a replacement utility truck for the Facilities Division of the Public Works Department. Due to recent amendments to the California Air Resources Board (CARB) Advanced Clean Fleets (ACF) regulations, the City needs to begin the transition of its fleet from internal combustion engines (ICE) to zero emission vehicles by having a minimum of 50 percent of its medium and heavy duty vehicle purchases in 2024 be zero emissions vehicles. As the price for the all-electric zero-emission truck exceeds what was anticipated, a budget amendment is also necessary to fund the requested purchase.

DISCUSSION:

Council approved Ordinance 996 C.S. on December 21, 2022, which amended the City's Municipal Code by adding Title II, Section 4 - Purchasing Procedures. This section allows the City to utilize piggyback purchasing procedures through the Procurement Services Manager to purchase supplies, equipment, or services without completing the City's bidding or proposal process. A piggyback contract can be executed via another entity's agreement when the items or services have already been bid by other governmental agencies or special cooperative agreements, provided such contracts are the result of a competitive bidding process, that the competitive bidding process used and all terms and conditions are substantially the same as those used by

the City, and that the competitive bidding process and terms and conditions contain a clause allowing piggybacking by other public agencies.

The Fleet Division purchases various commodities throughout the year for its daily operations, including vehicles, equipment, miscellaneous goods, and services. Because of Fleet's variety and quantity of procurements, the division is a natural fit to utilize the piggyback procurement process.

Effective January 2024, the California Air Resources Board (CARB) enacted the Advanced Clean Fleets (ACF) regulation affecting vehicles owned by State, local, and Federal government agencies. The regulation aims to accelerate the transition to zero-emission vehicles (ZEV) for medium and heavy-duty trucks. These vehicles have a gross vehicle weight rating (GVWR) greater than 8,500 lbs, typically encompassing any truck commonly referred to as a ¾ ton pickup or larger.

Beginning on January 1, 2024, State and local governments must ensure that 50 percent of their vehicle purchases per calendar year are zero-emissions. This requirement will increase to 100 percent of vehicle purchases being zero-emissions starting January 1, 2027. This regulation necessitates significant planning and adjustments in vehicle procurement strategies to comply with the new ZEV mandates.

This truck was selected as the City's first all-electric vehicle purchase to meet the new regulations. As none of the three major truck manufacturers, Chevrolet, Dodge, or Ford, currently produce a pickup that falls within the regulation, this truck is the least expensive option of the vehicles recommended for purchase in the 2024 calendar year.

A couple of items worth highlighting include:

- The truck is a Workhorse W4 CC.
- The vehicle is an all-electric 14,330 gross vehicle weight (GVWR) truck with a 7,000-pound payload capacity.
- It will be outfitted with a utility bed with various toolboxes and an open storage area.
- It has a range of 150 miles on a full charge with an MPGe (mile per gallon electrical equivalent) of 44.
- Charging with a Level Two (2) charger takes approximately 11 hours and 3-4 hours with a Level Three (3) charger.
- The City's Corporation Yard has 6 Level Two chargers dedicated to City vehicles. These chargers were installed as part of the ENGIE project, including installing solar panels in the yard.
- A representative vehicle is shown below.



FINANCIAL IMPACT:

As medium- and heavy-duty all-electric vehicles and technology are new to the industry, the purchase cost is significantly higher than that of a traditional internal combustion engine (i.e., gasoline or diesel). While the original budget was \$82,500, the quote for an all-electric utility truck is \$189,016.41.

Fortunately, CARB offers a point-of-sale voucher program titled HVIP – Hybrid and Zero-Emission Truck and Bus Voucher Incentive Program. The program aims to support the State’s climate goals and improve air quality by providing vouchers to reduce the purchase cost of hybrid and zero-

emission trucks and buses. Funds are available on a first-come, first-served basis and vary depending on vehicle type and weight class. The rebate funding for this vehicle would be \$60,000, reducing the purchase price to \$129,016.41. This revised price is still higher than the budgeted appropriation for the vehicle. Therefore, a budget amendment will be necessary to cover the additional costs.

The purchase under the recommended cooperative purchase agreement will be made from the Fleet Acquisition Program (Org 3070-1250). Due to the CARB ACF regulation, the purchase price is above what was originally budgeted by \$46,516.41. Additional funds above the original fiscal year budget amount for purchasing come from the Facilities Fund via a Budget Amendment included in this agenda item. Table 1 provides a summary of costs.

Table 1: Summary of Costs and Budget Amendment request	
The purchase price for the all-electric truck	\$189,016.41
CARB Rebate	(\$60,000)
Net purchase price	\$129,016.41
Original budget for a diesel truck (approved as part of the 2023/24 budget)	\$82,500
Difference between Purchase Price vs. Adopted Budget (budget amendment)	\$46,516.41

While operational costs for electric trucks are challenging to quantify due to being the City’s first sizeable electric vehicle, preliminary research indicates potential long-term savings. Electric vehicles offer lower fuel costs and generally lower maintenance expenses than fuel-powered vehicles. However, the higher upfront cost of electric trucks and uncertainties regarding operational expenses, such as tire wear, must be considered. Moreover, the environmental benefits of electric vehicles, such as zero tailpipe emissions, are noteworthy. Regardless, staff will monitor expenses to ensure budgeting for future vehicle acquisitions.

City staff recommends purchasing this vehicle using the Sourcewell piggyback agreement #080521-PBL with PB Loader Corporation, with the attached budget amendment.

ALTERNATIVES:

As an alternative, Council may direct staff to prepare a Request for Proposals (RFP) to solicit quotes from vendors or issue an RFP. Either scenario, while feasible, would require staff resources with no certainty that the prices obtained through this alternative process would be better than those obtained through piggybacking. Council may also reject the Budget Amendment which would result in insufficient funds being available to purchase the vehicle.

ATTACHMENTS:

1. Resolution approving Sourcewell piggyback purchase
2. Budget Amendment Resolution

RESOLUTION NO. _____

**RESOLUTION APPROVING SOURCEWELL PIGGYBACK AGREEMENT WITH
PB LOADER CORPORATION FOR THE PURCHASE OF AN ALL-ELECTRIC
UTILITY TRUCK FOR THE FACILITIES DIVISION IN THE AMOUNT OF
\$129,016,41**

WHEREAS, a piggyback contract can be executed via another entity's agreement when the items or services have already been bid by other governmental agencies or special cooperative agreements, provided such contracts are the result of competitive bidding, and that the competitive bidding process used and all terms and conditions are substantially the same as the City's competitive bidding process and terms and conditions; and

WHEREAS, the City Council ('Council') approved Ordinance 996 C.S. on December 21, 2022, which added Title II Section 4 Purchasing Procedures to City's Municipal Code; and

WHEREAS, Ordinance 996 C.S. allows the City to utilize piggyback purchasing procedures to purchase supplies, equipment, or services without completing the City's bidding or proposal process, from any supplier who offers the goods or services at the same or better price, terms, and/or conditions as the supplier previously offered to another public; and

WHEREAS, staff has conducted a due diligence and determined that a piggyback purchase through Sourcewell best meets the City's interests.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MADERA does hereby resolve, find, and order as follows:

1. The above recitals are true and correct and are incorporated herein by this reference.
2. The Council finds that the use of piggyback purchases per the City's Municipal Code, Title II, Section 4 - Purchasing Procedures is appropriate, and is in the best interest of the City.
3. The Council approves the Sourcewell piggyback agreement for purchase of an all-electric utility truck in the amount of \$129,016.41 from PB Loader.
4. The City Manager is authorized to enter into agreement for the item listed above, consistent with the material terms of the Sourcewell agreement and California law, and subject to approval as to legal form by the City Attorney.
5. This Resolution shall take effect immediately upon its adoption.

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RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MADERA,
CALIFORNIA, AUTHORIZING AND APPROVING AMENDMENTS TO THE
CITY OF MADERA FISCAL YEAR 2023/2024**

WHEREAS, The Fleet Maintenance department is purchasing a new all-electric utility truck for the Facilities department; and

WHEREAS, the cost of the new truck is above what was originally budgeted by \$46,516.41; and

WHEREAS, the amendments to the City of Madera Fiscal Year 2023/2024 Budget, listed in Exhibit A, attached hereto, are necessary to cover the additional cost.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MADERA does hereby resolve, find, and order as follows:

1. The above recitals are true and correct.
2. The appropriations for the items listed in Exhibit A, attached hereto are approved.
3. The City Clerk is authorized and directed to forward a copy of the resolution to the Director of Financial Services, who is authorized to take such action as necessary to implement the terms of this resolution.
4. This Resolution shall take effect immediately upon its adoption.

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EXHIBIT A

**CITY OF MADERA FISCAL YEAR 2023/24 BUDGET APPROPRIATION
FOR ELECTRIC TRUCK PURCHASE**

FUND	ORG CODE	OBJECT CODE	DESCRIPTION	(+)	(-)
<u>FACILITIES FUND</u>					
3071	30710000	4900	Budgetary Carryover		46,517
3071	30710000	8200	Transfer Out	46,517	
<u>EQUIPMENT FUND</u>					
3070	30701250	4355	Transfer In		46,517
3070	30701250	7000	Vehicles & Equipment	46,517	
TOTALS				<u>93,034</u>	<u>93,034</u>