



CITY COUNCIL AGENDA STATEMENT



November 27, 2018

File ID: 18-0436

TITLE

RESOLUTIONS OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING THE PURCHASE OF VEHICLES THROUGH THE SOURCEWELL COMPETITIVE BID PROCESS

- A. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING THE PURCHASE OF ELECTRIC VEHICLES FROM NATIONAL AUTO FLEET GROUP IN ACCORDANCE WITH SOURCEWELL CONTRACT NUMBER 120716-NAF THROUGH THE CLIMATE MAYORS ELECTRIC VEHICLE PURCHASING PROGRAM IN AN AMOUNT NOT-TO-EXCEED TWO MILLION DOLLARS (\$2,000,000) THROUGH THE TERM OF THE CONTRACT (JANUARY 2021)
- B. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING THE PURCHASE OF HEAVY-DUTY AND SPECIALIZED VEHICLES FROM NATIONAL AUTO FLEET GROUP IN ACCORDANCE WITH SOURCEWELL CONTRACT NUMBER 081716-NAF IN AN AMOUNT NOT-TO-EXCEED FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS (\$4,500,000) THROUGH THE TERM OF THE CONTRACT (NOVEMBER 2020)
- C. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING A 2-YEAR LEASE PURCHASE AGREEMENT WITH NATIONAL COOPERATIVE LEASING IN ACCORDANCE WITH SOURCEWELL CONTRACT NUMBER 032615-NCL FOR THE ACQUISITION OF THIRTY-FOUR (34) ELECTRIC VEHICLES AND AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO EXECUTE THE FINAL PURCHASE AND LEASE AGREEMENT

RECOMMENDED ACTION

Council adopt the resolutions.

SUMMARY

The Fleet Service section of the Public Works Department supports the delivery of City services to residents by ensuring the Fire Department, Police Department and Public Services fleet vehicles are ready when needed. Due to the budgetary constraints presented by the recession, the City fleet has retained vehicles beyond their planned replacement criteria. Thirty-four (34) light-duty vehicles have been identified for immediate replacement and are eligible to be replaced by electric vehicles. The City will maximize cost savings through participation in the Climate Mayors Electric Vehicle Purchasing

Collaborative and authorizing a lease agreement for the purchases. Fleet Services has identified twenty-three (23) heavy-duty specialized trucks for replacement. Authorization to utilize Sourcewell cooperative purchasing contracts for the replacement of the heavy-duty trucks will provide savings to the City and is not anticipated to affect local vendors.

ENVIRONMENTAL REVIEW

The activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

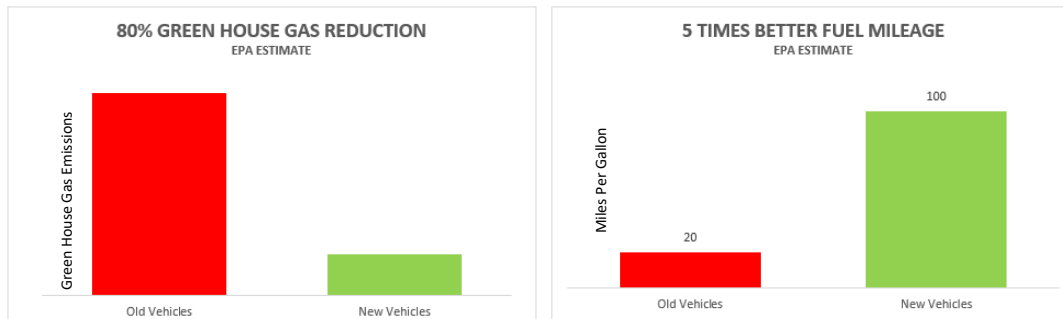
The Fleet Service section of the Public Works Department supports the delivery of City services to residents by ensuring the Fire Department, Police Department and Public Services fleet vehicles are ready when needed. Due to the budgetary constraints presented by the recession, the City fleet has retained vehicles beyond their planned replacement criteria with the availability of Measure P and other financing the City has the unique opportunity to now modernize large portions of the fleet by leveraging collaborative purchasing agreements, electric vehicle technology and lease funding strategies to achieve the City’s environmental sustainability, fiscal responsibility and delivery of service goals.

A review of the City fleet identified 34 light-duty vehicles requiring replacement (Attachment 1) that are assigned to department/sections including: Fire Prevention, Police Investigations, Construction Inspection, Building Services, Environmental Services, Construction & Repair and Streets Maintenance. Due to their age, these vehicles experience escalating maintenance costs, increased down-time and decreased reliability. Fleet Services is challenged daily with maintaining adequate up-time for these vehicles due to the preceding factors. The replacement of these failing vehicles with electric vehicles is efficient and economical through participation in the Climate Mayors Electric Vehicle Purchasing Collaborative and will provide the needed level of reliability.

Climate Mayors Electric Vehicle Purchasing Collaborative

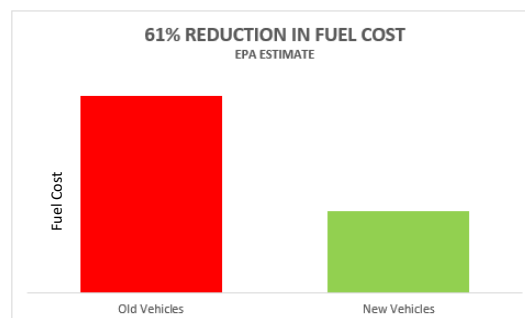
On September 11, 2018, Mayor Mary Casillas Salas, member of the Climate Mayors (group), announced with 19 other founding cities the launch of the Climate Mayors EV Purchasing Collaborative —a turnkey, one-stop online portal providing municipalities across the country equal access to competitively bid electric vehicles. This program provides an opportunity for the City of Chula Vista to demonstrate tangible climate action by replacing old failing fleet vehicles with environmentally and economically sustainable electric vehicles.

The following charts summarize two of the anticipated sustainability improvements the electric vehicles will provide over the old vehicles.



The City's Climate Action Plan has a goal that 40% of the entire fleet will be alternative fuel or electric by 2020. Currently the fleet is 28% alternative fuel/electric and the approval of this purchase will increase this to 31%. Although the environmental sustainability improvements provide benefits that are difficult to monetize, these new vehicles will provide tangible action taken by the City to be a leader in environmental sustainability.

In addition to providing environmental benefits, the purchase of the electric vehicles will provide greater fiscal responsibility as well. The operation and maintenance savings are anticipated to result from reduced gasoline use and the need for maintenance parts and supplies related to internal combustion engines. The operational cost savings are exemplified by the following chart that represents an anticipated 61% reduction in fuel expense for these vehicles.



Additionally, the Climate Mayors program also provides a method for the City to realize the Federal tax credit for purchasing electric vehicles. This program is an unprecedented cooperation of cities across the country to leverage their collective buying power. The program has incorporated a contract with National Cooperative Leasing that provides a method for the City to obtain the Federal electric vehicle tax credit, further reducing the cost of the vehicle.

Heavy-Duty and Specialized Vehicle Cooperative Purchasing

The Fleet Services section is currently conducting a review of the heavy-duty and specialized vehicle fleet to identify units requiring replacement. As described previously, these classes of vehicle have exceeded their planned replacement criteria and this condition results in increased down-time and affects the performance of services for the residents.

The preliminary review has identified 23 trucks within the Public Services Fleet and includes vehicles assigned to Construction & Repair, Graffiti Removal, Storm Water, Street Maintenance, Striping & Signing, Traffic Signals & Street Lights and Urban Forestry Maintenance. The estimated replacement cost for these

trucks is \$2M and includes immediate needs. The approval to utilize the Sourcewell cooperative purchasing contract for these trucks will streamline the procurement process by utilizing already developed request for proposals for national, competitive solicitations that meet or exceed City requirements. The rigorous process is continually refined to best meet member needs and allows the City to obtain exceptional products and services from nationally acclaimed vendors. Benefits of using this process includes:

- Save time and money by combining the buying power of more than 50,000 government, education, and nonprofit organizations. Sourcewell holds hundreds of competitively solicited cooperative contracts ready for use.
- Sourcewell facilitates a competitive solicitation and awards process on behalf of its members' needs and expectations throughout the U.S. and Canada.

Electric Vehicle Cooperative Leasing

To receive the Federal electric vehicle tax credits, the City will need to enter into a lease agreement for the purchase of these vehicles. The City will lease the vehicles for a period of 24 months and purchase at the end of the lease term. The lease agreement allows the City to maximize available Federal tax credits. Additionally, the State of California has made available rebates for the purchase of electric and hybrid-electric vehicles through the Clean Vehicle Rebate Program. The Federal tax credit and the State rebate can now be compounded to lower the overall purchase cost of each vehicle.

The City will continue to make every effort to source vehicles locally that are not specialized or are not in the Climate Mayors Electric Vehicle Purchasing Collaborative.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the 500-foot rule found in California Code of Regulations Title 2, section 18705.2(a)(11), is not applicable to this decision for purposes of determining a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. This action supports the goal of providing Healthy Communities, as having service vehicles in good working condition allows staff to maintain and operate community and neighborhood facilities.

CURRENT-YEAR FISCAL IMPACT

The net total cost including taxes is approximately \$750,000.00 in the current Fiscal Year. Sufficient funds have been budgeted in the Measure P Expenditure Plan and Departmental budgets. No appropriations are being requested as part of this action.

ONGOING FISCAL IMPACT

Since these are more efficient replacement vehicles, there is an anticipated savings to General Fund. Fuel savings and maintenance savings will be incorporated into future budgets as part of the normal budget development process.

ATTACHMENTS

1. Proposed Climate Mayors EV Replacement Plan
2. National Corp Leasing Contract
3. Terminal Rental Adjustment Rider

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