



## Legislation Text

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**File #:** 24-269, **Version:** 1

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Adopt a Resolution to Approve and Authorize the City Manager or her designee to execute all documents for the purchase of three Electric Cargo Vans for \$77,854 per vehicle for a total of \$233,562; to purchase one Case model 721G2 wheel loader truck for \$281,484; all four of which will be purchased through Sourcewell, a cooperative contract purchasing agency

### **COUNCIL PRIORITY**

- Infrastructure
- Sustainability and Resiliency

### **SUMMARY**

Staff recommends that the City Council approve and authorize the City Manager or her designee to execute all documents to purchase three electric cargo vans and one wheel loader truck for the Public Works Department.

### **BACKGROUND**

The City maintains a fleet of vehicles which is used to provide City services for various department functions. Vehicles are periodically replaced to ensure reliability and minimize costs of operation.

Industry standards and City policy state that passenger vehicles are replaced at 10 years of age. Three Public Works Maintenance passenger vehicles, #856, #857, and #858 used by the Facilities Group, are 10 years old and due for replacement. One Public Works Maintenance truck, #653a 2008 Case wheel loader truck used by the Street Services Division, has reached the end of its useful life and the cost to maintain this unit is rising. This vehicle is recommended for replacement.

Beginning in 2024, California's Advanced Clean Fleet (ACF) regulations mandate that 50 percent of vehicles purchased by the City each year are zero-emission vehicles.

### **Analysis**

The City may typically lease or purchase vehicles. The purchase of three Ford Electric Cargo Vans (E-Transit) will be partially offset by a State grant; leasing is not an eligible use of the grant funds and was not evaluated for these vehicles.

Leasing is an option for the wheel loader truck. Over a 10-year period the City could purchase the vehicle now, present value = \$281,484, lease the vehicle for 5 years and then purchase it for a residual, present value = \$284,093, or lease two different vehicles for 5 years each, present value = \$362,092. These numbers are based on 5% per year interest rate. Purchasing the vehicle for a period of 10 years is the most economical option. The existing unit has been in service for 15 years, and a longer service life increases the cost savings when purchasing the vehicle.

The Ford Store, a San Leandro business, participates in Sourcewell pricing for government agencies, which satisfies the City's public bid requirements. The Ford Store has provided quotes for vehicles to replace units #856, #857, and #858 for \$77,854 per vehicle for a total of \$233,562. The pricing includes upfitting, which is installation of racks, shelving, and tool boxes. The selected units are powered by electric motors, will count toward the City's zero emission requirement, and will be partially funded by a grant.

Sonsray Machinery, a San Leandro business, also participates in Sourcewell pricing and they have provided a quote for a Case 721G2 Wheel Loader Truck for \$281,484. This unit has equal capacity and function to unit #653 that must be replaced.

The vehicle industry is volatile, and prices frequently increase between the quote date and purchase date. The price paid for these units may exceed the quoted amounts, staff requests authorization to spend up to an additional \$50,000.

### **Financial Impacts**

This action is estimated to cost \$515,046. Sufficient funds are included in the Fiscal Year 2024-2025 General Fund budget for vehicle replacement:

• Equipment repair and maintenance Fund, Account 690-16-002:	\$943,112
• <u>Energy Efficiency Conservation Block Grant, Account 690-16-002:</u>	<u>\$143,300</u>
Total	\$1,086,412

This Council action will not impact fund balance because there are funds available in the FY2024-2025 adopted budget.

### **ATTACHMENTS**

***Attachment A: Resolution for Vehicle Fleet Purchase***

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