

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: MARCH 13, 2023

SUBJECT: VEHICLE PURCHASE AGREEMENTS WITH MULTIPLE VENDORS FOR 18 REPLACEMENT VEHICLES IN THE ESTIMATED AMOUNT OF \$4,814,000, PLUS INTEREST, IN COMPLIANCE WITH PURCHASING RESOLUTION NO. 23914, SECTIONS 602(F) & 602(P)

ISSUES:

Consider approval of vehicle purchase agreements with multiple vendors for 18 replacement vehicles, through Sourcewell Cooperative Purchasing, in the estimated amount of \$4,814,000, plus interest, in compliance with Purchasing Resolution No. 23914, Sections 602(f) & (p).

RECOMMENDATIONS:

That the Board of Public Utilities recommend that the City Council:

1. Approve vehicle purchases in compliance with Purchasing Resolution No. 23914, Sections 602 (f) & (p), Sourcewell Cooperative Purchasing for the Water Field and Operations divisions for an estimated amount of \$4,814,000, plus interest, with various vendors, subject to the availability of budgeted funds; and
2. Authorize the City Manager, or designee, to execute the individual purchase agreements, purchase orders, and all necessary documents as needed for these individual purchases with all authority for such, including approval of minor and/or non-substantial changes, expiring on September 30, 2023.

BACKGROUND:

On June 21, 2022, the City Council approved the Fiscal Year 2022-2024 Biennial Budget, which included \$862,063 for the Water Field Division to replace 23 vehicles, utilizing competitive loan financing. Since adopting the biennial budget, the department has received updated price quotes indicating that pricing has increased. As a result, the current budget authorization will only provide for 18 vehicles and large equipment items.

The Water Field Division uses these vehicles and equipment daily to provide its customers with safe and reliable water service. The existing vehicles are approaching the end of their service life; some are over 30 years old. Vehicles and equipment must be safe, in good operable condition, and compliant with state and local emissions regulations. To ensure operating efficiency, employee productivity, and public safety, RPU must replace equipment operating

beyond its economic and useful life in a timely fashion. Aging equipment is more prone to significant mechanical failure, causing increased maintenance and repair costs and downtime for field employees during maintenance.

The proposed equipment represents the division's most heavily used equipment and is essential to support the daily field work needed to ensure reliable water service. When these vehicles and equipment experience a major mechanical breakdown, it is not uncommon for them to be down for multiple weeks because they must be sent to local repair shops, as the Fleet Maintenance Division does not typically conduct major repairs. Additionally, significant repair work on older equipment comes with a higher premium due to the limited availability of parts and additional time to complete repairs.

On January 1, 2023, due to air quality compliance guidelines set by the California Air Resources Board (CARB), ten pieces of vital heavy equipment were removed from service to meet these requirements. These vehicles ranged from 20-30 years in age and were the few remaining Tier 0 diesel and fossil fuel-powered equipment. Crews and equipment have been shifted to accommodate this change, and the department is currently seeking the use of rental vehicles during the period needed to complete the replacement procurement process.

DISCUSSION:

Purchasing Resolution No. 23914, 602 (f), Acquisition of Goods "Competitive Procurement through Informal Procurement and Formal Procurement processes shall not be required...(f) When Cooperative Purchasing is available and undertaken or when goods can be obtained through Federal, State and/or other public entity pricing contracts or price agreements."

RPU has determined that utilizing Sourcwell Cooperative Purchasing for the purchases of the 18 replacement vehicles will expedite the ordering process while maintaining compliance with the City's purchasing requirements. Sourcwell provides competitive municipal vehicle and equipment pricing to government agencies and is a service cooperative created by the Minnesota legislature as a local unit of government (Minn. Const. art. XII, sec. 3). Sourcwell uses cooperative contract purchasing to leverage more than 50,000 member agencies' national purchasing power while streamlining the required purchasing process. As a municipal, national contracting agency, Sourcwell establishes and provides nationally leveraged and competitively solicited purchasing contracts under the guidance of the Uniform Municipal Contracting Law. Joint Powers laws enable members to purchase through their awarded contracts. The Sourcwell solicitation process is attached.

Purchasing Resolution No. 23914, Section 602 (p) Acquisition of Goods, states that Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required... "When approved by the Manager, the City requires Goods not subject to the bidding requirements of Section 1109 of the City Charter, which are of such a nature that suitable technical or performance specifications describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms, and conditions deemed by the Manager to be in the best interest of the City and in doing so may utilize Informal Procurement or Negotiated Procurement process".

Equipment and/or specialty add-ons to be installed by the vendor supplying the new vehicle that is excluded from the Sourcwell Cooperative Agreement will need to be negotiated separately,

and a purchase order will need to be issued to hold the item for RPU.

Table A lists the 18 proposed vehicles to be replaced:

Table A – Proposed New Vehicles

| EQUIPMENT TYPE | QUANTITY | ESTIMATED COST PER VEHICLE | TOTAL ESTIMATED COST |
|---|----------|----------------------------|----------------------|
| Service Truck Freightliner 114SD (Sourcewell #060920) | 5 | \$ 400,000 | \$ 2,000,000 |
| Dump Truck Peterbilt 16' Dump (Sourcewell #060920) | 6 | \$ 350,000 | \$ 2,100,000 |
| Small Meter Truck Ford F350/450/550 (Sourcewell #060920) | 1 | \$ 150,000 | \$ 150,000 |
| Arrow Board (Sourcewell #091521) | 3 | \$ 8,000 | \$ 24,000 |
| Cargo Van (Ops) (Sourcewell #091521) | 2 | \$ 50,000 | \$ 100,000 |
| Boom Truck Elliot - 1870F (70' boom) (Sourcewell #110421) | 1 | \$ 440,000 | \$ 440,000 |
| TOTAL | | | \$ 4,814,000 |

*Costs reflected in Table A are estimates of actual cost per vehicle. The heavy equipment market has been heavily impacted by fluctuations in price and availability, and the list of equipment may need to be modified as current market conditions arise during the purchasing process.

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution No. 23914.

The Fleet Services Manager concurs with the recommendations in this report.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 6 - Infrastructure, Mobility and Connectivity** and **Goal 6.2** – Maintain, protect, and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Replacement of the current aging vehicles will ensure timely maintenance and reliability of the City's water system and result in greater public good.
2. **Equity** – RPU endeavors to provide safe and reliable water service to all its customers. Since RPU's water system is serviced by heavy duty equipment, investments made to maintain the operation of these vehicles is essential in the reliability of maintaining the overall water system, thereby providing an equitable benefit to all customers.
3. **Fiscal Responsibility** – The Purchase Agreement demonstrates that Riverside is a prudent steward of public funds and ensures responsible management of the City's financial resources.

4. **Innovation** – These purchased vehicles are innovative in keeping up to date with the current state and local air emission regulations, as well as maintaining the compressed natural gas alternative fuel engines.
5. **Sustainability & Resiliency** – These vehicles help to ensure RPU can provide a reliable water service to its customers.

FISCAL IMPACT:

The total fiscal impact of purchasing the 18 new vehicles is an estimated amount of \$4,814,000, plus interest. The purchase will be funded through a vehicle financing agreement. Total financing costs are dependent upon negotiated terms, market conditions at the time the purchased is secured, and the length of the financing period. Annual debt service payments are estimated at between \$287,355 and \$574,709 annually.

The initial payment will be made from the Water Field Account No. 6205000-462100 upon acceptance of the vehicles, which is expected to be within three (3) years. Future debt service payments for the financing will be included as part of the biennial budget process.

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| Prepared by: | David A. Garcia, Utilities Assistant General Manager/Water |
| Approved by: | Todd M. Corbin, Utilities General Manager |
| Approved by: | Kris Martinez, Assistant City Manager |
| Approved as to form: | Phaedra A. Norton, City Attorney |

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| Certifies availability of funds: | Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer |
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Attachments:

1. Sourcewell Solicitation Process
2. Sourcewell Agreements
3. Presentation