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Item No.: 46

City Council Memorandum

City of Arts & Innovation

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TO: HONORABLE MAYOR AND CITY COUNCIL DATE: NOVEMBER 19, 2024

FROM: COMMUNITY AND ECONOMIC WARDS: ALL
DEVELOPMENT DEPARTMENT

SUBJECT: CITY FLEET ELECTRIFICATION AND ECONOMIC DEVELOPMENT – PREORDER AND PURCHASE OF 20 VOLTU ELECTRIFIED F350 XL CREW CAB 4WD TRUCKS IN THE AMOUNT OF \$2,392,500 PURSUANT TO PURCHASING RESOLUTION NO. 24101, SECTION 602(D) AND AUTHORIZE THE CITY MANAGER OR HIS DESIGNEE TO NEGOTIATE THE PURCHASE AGREEMENT – SUPPLEMENTAL APPROPRIATION

ISSUE:

Authorize the preorder and purchase of 20 Voltu Electrified F350 XL Crew Cab 4WD Trucks in the amount of \$2,392,500 pursuant to Purchasing Resolution No. 24101, Section 602(d) and authorize the City Manager or his designee to negotiate and execute the purchase agreement.

RECOMMENDATIONS:

That the City Council:

1. Authorize the preorder and purchase of 20 Voltu Electrified Dual Motor 4WD Crew Cab Trucks in the amount of \$2,392,500 pursuant to Purchasing Resolution No. 24101, Section 602(d), and authorize the City Manager or his designee to negotiate and execute the purchase agreement;
2. With five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation in the amount of \$150,000 in the Air Quality Management District Fund; and
3. With five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation in the amount of ~~\$2,217,500~~\$2,217,000 from available General Fund Infrastructure Reserves.

BACKGROUND:

On October 22, 2024, Voltu Motor Inc. (Voltu) selected the City of Riverside as the site for its U.S. headquarters and manufacturing facility for electric vehicles and lithium cell batteries. The

decision was influenced by California's status as the largest electric vehicle market, the Inland Empire's logistical advantages, and Riverside's supportive green technology ecosystem. Voltu plans to establish a manufacturing and research facility capable of producing approximately 10,000 vehicles annually in Riverside. Initially, the company will relocate 20 employees from Argentina and will hire hundreds of engineers locally. The City of Riverside is collaborating with Voltu and local educational institutions to create a talent pipeline and apprenticeship programs, aiming to provide quality job opportunities for residents and graduates. The Voltu project meets several of the City's goals including:

- Continuing to grow the City's Green Technology cluster;
- Meeting the need to purchase electric vehicles for City fleet needs to modernize and replace resources;
- Expediting the delivery of these vehicles as other manufacturers have quoted a three-year timeline for production;
- Creating 400 jobs;
- Generating substantial sales tax revenue within the City; and
- Strengthening Riverside's circular economy exponentially.

DISCUSSION:

The City of Riverside is committed to enhancing its sustainability by replacing aging vehicles with electric alternatives. This transition is vital for several reasons: it significantly reduces air pollution and greenhouse gas emissions, leads to a healthier environment, lowers operating costs, enhances reliability, ensures compliance with California's emissions regulations, and this shift supports public health and promotes technological advancements in the green economy.

City of Riverside Fleet Vehicle Needs

The City of Riverside was recently recognized as having the #1 Green Fleet in North America by the NAFA Fleet Management Association and remains committed to supporting a cleaner and greener future. As part of that commitment, the City is prioritizing the replacement of diesel and aging vehicles with clean and electric vehicles. This crucial transition is important for the City and the community due to:

- *Environmental Impact:* Electric vehicles produce zero tailpipe emissions, significantly reducing air pollution and greenhouse gas emissions compared to diesel vehicles. This transition contributes to cleaner air and a healthier environment for residents and staff to enjoy while helping the City meet GHG emission reduction goals.
- *Cost Savings:* Electric vehicles have lower operating costs, including maintenance and fuel expenses. Electric power tends to be cheaper than diesel, leading to long-term savings for municipalities, with RPU as a critical part of that savings.
- *Reliability and Performance:* Modern electric vehicles often provide better performance, with quicker acceleration and lower noise levels. They also tend to require less maintenance than diesel engines, which can result in increased reliability for staff who work long hours in the field.
- *Regulatory Compliance:* The State of California is implementing stricter emissions regulations such as the Advanced Clean Fleets Regulation (ACF) requiring municipalities to phase-in medium and heavy duty zero-emission vehicles into their fleets through 2042. As a new 2024 requirement, municipalities are required to add zero-emission vehicles to fleets as a percentage of their purchases each year and starting January 1, 2024, 50% of vehicle purchases must be zero-emission vehicles and 100% of purchases must be zero-emission vehicles starting January 1, 2027. Transitioning to electric vehicles helps the City stay compliant with these laws and avoid potential fines.

- *Public Health*: Reducing diesel emissions can lead to improved public health outcomes, particularly for vulnerable populations in urban areas. Lowering air pollutants can decrease respiratory illnesses and related health issues.
- *Technological and Economic Development Advancements*: Investing in electric vehicles supports the growth of innovative technologies and infrastructure, positioning the City of Riverside at the forefront of the green economy. With Riverside as the home of CARB, the City strives to be the global leader in green and clean technology and is focusing on the attraction of sustainable companies to establish their headquarters in Riverside.

About Voltu Motor Inc.

Voltu Motor Inc. (Voltu) is a technology and innovation company, currently based in Argentina, specializing in electric power. With a focus on cutting-edge technology and eco-friendly design, the company prioritizes quality and performance, ensuring that its products meet the needs of modern urban environments. By investing in electric mobility, Voltu not only contributes to reducing carbon emissions but also positions itself as a leader in the green technology sector. Voltu aims to provide efficient, reliable, and cost-effective vehicles for commercial applications.

Founded in the US, and currently headquartered in Argentina, by Mr. George Gebhart, Voltu seeks to enable electrification by delivering the most advanced powertrain systems. Voltu has the vision to have the largest market share of electric class 3 vehicles in the United States. Voltu holds more than 20 worldwide patents with their products tested and/or validated by:

- *Applus IDIADA*: Applus IDIADA is the worldwide leader in the testing, inspection and certification sector
- *FutureMotiv*: FutureMotiv is an engineering company that specializes in electric and hybrid vehicle systems and integration. We provide engineering services and components to support both prototype and production vehicle programs at all stages of development including feasibility studies, design, integration and testing.
- *ECER100*: ECER 100 is the regulation specifies all tests that must be carried out on lithium batteries installed on 4-wheel electric vehicles for transport of persons or goods of road vehicles of categories M and N with electric traction.
- *SAE International*: SAE International provides the world's leading authority in mobility standards development. The design of safety, productivity, dependability, efficiency, and certification is better with standards.
- *International Organization for Standardization (ISO)*: ISO brings global experts together to agree on the best way of doing things – for anything from making a product to managing a process and provides certifications.

Over the past two years, Voltu has worked to build relationships with the University of California, Riverside (UCR), the Center for Environmental Research and Technology (CE-CERT), and the Office of Technology Partnerships and Small Business Technology Transfer Program. Through the Build to Scale Program offered at UCR, they worked directly with an Entrepreneur-in-Residence, Doug Kollmyer, a professional with over 35 years' experience in sales management, business development, marketing, strategic planning, distribution and channel strategy, manufacturing and service operations, team building, and P&L responsibility. Mr. Kollmyer specializes in helping businesses grow through leveraging technology, improving sales process and sales management and worked directly with Voltu on their move to the United States market.

Voltu is led by their Management Team comprised of four key officers:

- *George Gebhart*: Chief Executive Officer and Founder
 - o Bioengineer and EV technological expert
- *Juan Artola*: Chief Commercial Officer

- MBA and Mechanical Engineer with expertise in OEMs sale, aftersales and customer care
- *Joaquin Uranga*: Chief Administrative Officer
 - MBA and Industrial Engineer with expertise in manufacturing corporations, administration and finance
- *Gonzalo Cuenca*: Quality, Health, Safety, and Environment Officer
 - Bioengineer with expertise in research, development and testing

With plans to establish a U.S. headquarters in Riverside, Voltu is set to create hundreds of jobs and generate significant economic benefits, including generating substantial sales tax revenue which will directly contribute to the City’s fiscal health and sustainability. This partnership not only reinforces Riverside’s commitment to a green and sustainable future but also positions the City as a leader in sustainable technology and economic development.

Voltu – Uniquely Qualified with Unmatched Offering

In the competitive landscape, the Voltu 3 Electrified Dual Motor 4WD Crew Cab Truck is the only Class 3 electric vehicle/truck on the market that is not a cab over truck. It is the only vehicle in its class that has a high tow rating and payload capacity compared to other four-door mass-produced electric trucks including the Chevrolet Silverado EV, Edison Future EF1-T, Ford Lightning F150e, GMC Sierra EV, Hummer EV, Ram 1500 REV, Rivian R1T, and the Tesla Cyber Truck. Although those vehicles have similar horsepower, they do not have the proper torque or tow-rating and are not Class 3 vehicles appropriate for municipal fleet use. There are no other appropriate fleet vehicles in the 1-ton category that are electric. Additionally, the Voltu 3 is the only electric truck with a 350-mile range capability from their unique immersive temperature management system. The trucks have a built-in on-board fast charger, allowing them to charge anywhere without relying on charging infrastructure (max power achieved with three phase 480 volts). The Voltu 3 has a proprietary patented bi-directional inverter which allows the vehicles to charge themselves when needed. This exclusive Voltu feature provides flexibility to drivers when being utilized in the field for long hours, which is needed by Riverside Public Utilities staff.

For a commercial class 3 truck, there are no available competitors. Should the City be interested in other electric trucks, the Ford F150 Lighting is the closest competitor; however, the Ford Lighting would not satisfy the weight ratings or towing capacity needed for Riverside’s municipal fleet applications. Additionally, order times from local dealerships lag the City’s needs. Placing an order of 20 vehicles can take upwards of twelve months and provides no additional jobs to benefit the City.

Purchasing Resolution No. 24101, Section 602(d), Acquisition of Goods, Exceptions states that Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required, “When the Procurement can only be obtained timely from a single source and the Manager is satisfied that the best price, terms and conditions for the Procurement thereof have been negotiated.”

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution No. 24101, Sections 602(d).

Voltu Vehicle Specs	
Model	Voltu 3 Electrified Dual Motor 4WD Crew Cab Truck
MSRP	\$125,000 + tax
Riverside Discounted Price	\$110,000 + tax

Timeline to Deliver Product	20 electric F350 XL Crew Cab 4WD delivered Q3 2025
Driveline/Powertrain	Dual Motor 4-wheel drive
Motor	Permanent Magnet Synchronous Motor
Peak Power	620 hp @ 3900 rpm
Peak Torque	827 lb-ft @ 0-3820 rpm
Battery Pack	166 kWh (800v)
Gross Vehicle Weight Rating	11,400 lbs
Towing Capacity	17,000 lbs
Payload	4,400 lbs
Vehicle Range	350 miles
Charge Time	40 minutes @ 220v outlet
Breaking	Regenerative breaking
Service and Support	Monitoring Service: <ul style="list-style-type: none"> - Data analytics - Performance analytics - Driver behavior - Charging management - Over-the-air software updates - Technical training program
Warranty	Battery Pack – 5 years / 100,000 miles Power Unit – 5 years / 60,000 miles Limited – 3 years / 36,000 miles
CARB Executive Order	Compliant

Economic Development Impact - Bringing Quality Jobs and Green Tech to Riverside:

After considering five locations in California, on October 22, 2024, Voltu selected the City of Riverside as the site of their United States headquarters and manufacturing for their vehicles and lithium cell batteries. Drawn to California as the largest EV market and to the Inland Empire as a hub of logistics, Voltu’s business plan is to establish a 10,000 vehicles per year manufacturing, research and development headquarters in Riverside. Voltu will relocate 20 of their staff from Argentia to Riverside and will be hiring hundreds of engineers from Riverside to join their staff. The City has committed to work with Voltu and local institutions of higher education to establish and strengthen a talent pipeline of skilled engineers and apprenticeship and internship programs to provide quality local jobs to Riverside residents and graduates. A large amount engineers are needed for Voltu’s operations as the tech company will be performing continuous research and development.

Key Benefits and Economic Impact Years 1-3:

- 400 direct jobs, growing to 700 in manufacturing, engineering, research and development, administration and sales;
- 1,200 indirect jobs generated through local suppliers and vendors;
- \$1.6 Billion in projected revenue for Voltu from the deployment of over 14,000 trucks; and
- Substantial sales tax revenue to the City of Riverside as the Point-of-Sale for Voltu’s trucks.

Additional Community Benefits:

- Educational partnerships and training programs to establish a skilled talent pipeline to keep more talent in Riverside and reduce brain drain;
- 40% local procurement goal by 2030 resulting in more indirect jobs and strengthening of Riverside’s circular economy;
- Within the first three years of vehicle deployment, Voltu will generate 910,000 tons of CO2

emission reduction 910,000 tons of CO2 emission reduced;

- Carbon neutral manufacturing by 2035 with an investment in renewable energy;
- Voltu is anticipated to be the only manufacturer of lithium cells in Riverside County; and
- Additional momentum in the Green Technology Area of Excellence for the City to be able to translate this business attraction win into bringing additional green and sustainable businesses to the City of Riverside.

As a technology start-up, with the City of Riverside as a primary pre-order for Voltu, this greatly assists their financing positioning and Series A capital raise to grow their business, leverage investment to expand operations to the United States and increase their market presence. To help learn from this partnership, the City is also participating in a joint pilot program with Voltu and the South Coast Air Quality Management District to track and measure the vehicles' performance analytics and generate hard numbers for emissions reduction.

Timeline to Operate in Riverside:

- Q4 2024 (November): Announce partnership with City of Riverside and formal launch of the vehicle in the United States; begin weekly meetings with the Community and Economic Development team to prepare for the tenant improvement process
- Q1 2025 (January): Take possession of manufacturing site in Riverside
- Q1 2025 (February): City staff returns to City Council to appropriate the respective funds' repayment to the General Fund Infrastructure reserves and for consideration of a three-year plan for the purchase of additional vehicles beyond the initial 20
- Q3 – Q4 2025: Voltu begins manufacturing and production
- Q1 2026 (January): Delivery of vehicles with City of Riverside receiving priority delivery within three months of start of production

Voltu's vision and operations are aligned with Economic Development's Area of Excellence of Green Technology and is aligned with the City's vision to become the global technology center in clean and green technology. Voltu was interested in locating in Riverside due to the supportive ecosystem including the California Air Resources Board (CARB), the Center for Environmental Research and Technology (CE-CERT) at the University of California, Riverside, and a responsive Community and Economic Development team at the City to support their needs. The City has committed to fully supporting the move of the current 20 Voltu staff to Riverside, assisting in local hiring and relationship building, and providing a streamlined permitting process for their site improvements at their industrial site.

Sustainability Impact and Climate Action Plan Progress

According to the California Air Resources Board (CARB), transportation is the single largest source of global warming emissions and air pollution in the state, comprising 50% of greenhouse gas emissions and 80% of air pollutants. In 2022, CARB approved the "Advanced Clean Cars II" Rule that set California on a path to rapidly grow the zero-emission car, truck and SUV market and deliver cleaner air and massive reductions in climate-warming pollution. The rule established a year-by-year roadmap so that by 2035 100% of new cars and trucks sold in California will be zero-emission vehicles.

This action supports the City's Climate Action Plan efforts to:

- Increase the number of clean vehicles in the non-emergency City fleet to at least 60%
- Spur entrepreneurial growth and economic opportunities related to emission reductions
- Continue emission reductions across all sectors of the economy
- Assist the City in reaching 2035 emission reduction targets

As the City is currently in the process of updating the General Plan and Climate Action and

Adaptation Plan, implementation of clean and green tech and deployment of electric vehicles in the City fleet will continue to be a priority.

STRATEGIC PLAN ALIGNMENT:

This item contributes to Strategic Priorities of Economic Opportunity, Environmental Stewardship, and Infrastructure, Mobility & Connectivity.

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

1. **Community Trust** – The partnership between the City of Riverside and Voltu Motor Inc. fosters community trust by demonstrating a commitment to sustainable development and local economic growth.
2. **Equity** – Partnership outcomes will benefit the entire community. By focusing on local hiring and skill development, the partnership aims to create diverse job opportunities that uplift underrepresented populations and provide pathways to sustainable careers in the growing green technology sector. Voltu's commitment to training and apprenticeship programs will empower residents, particularly those from disadvantaged backgrounds, to acquire valuable skills in a rapidly evolving industry. This inclusive approach not only fosters economic equity but also promotes a sense of belonging and investment among community members, ensuring that everyone can participate in and benefit from the city's transition to a cleaner, more sustainable future.
3. **Fiscal Responsibility** – Investing \$2.2 million in Voltu vehicles reflects the City of Riverside's commitment to fiscal responsibility by prioritizing long-term savings and sustainability. This strategic expenditure will facilitate the replacement of aging diesel vehicles with modern electric alternatives, leading to significant reductions in fuel and maintenance costs over time. By choosing high-quality, efficient vehicles that align with the City's green initiatives, Riverside not only enhances its fleet's performance and reliability but also ensures compliance with emissions regulations, thereby avoiding potential fines. Furthermore, this investment supports local economic growth and job creation as Voltu establishes its headquarters in Riverside, maximizing the return on investment for taxpayers while advancing the City's goals for a cleaner and more sustainable future. There are no other class 3 vehicles available with the same capabilities.
4. **Innovation** – Riverside's partnership with Voltu significantly advances innovation by embracing cutting-edge electric vehicle technology and fostering a culture of sustainable practices. By collaborating with a forward-thinking company dedicated to developing efficient, eco-friendly vehicles, the city positions itself at the forefront of the green technology movement. This partnership not only brings state-of-the-art manufacturing and research capabilities to Riverside but also promotes the integration of advanced technologies in the municipal fleet, enhancing operational efficiency and performance. Our partnership with Voltu requires collaboration with local educational institutions to cultivate a skilled workforce, driving research and development that can lead to further innovations in sustainable transportation. Overall, this partnership exemplifies how the City can leverage private sector expertise to drive progress and create a more innovative, sustainable future for Riverside residents.
5. **Sustainability & Resiliency** – Riverside's partnership with Voltu and deployment of vehicles plays a pivotal role in advancing the City's sustainability and resiliency goals by facilitating a significant transition to electric vehicle technology in an economic

development approach that helps further position the City as the global hub for clean and green technology and leverage existing economic development assets. By investing in local manufacturing and technology development, the City enhances its economic resiliency, creating jobs and fostering a green economy that can adapt to future challenges.

FISCAL IMPACT:

The total fiscal impact of this action is \$2,392,500. \$150,000 is available in the Air Quality Management District Fund. The balance of \$2,217,500 will be initially funded from General Fund Infrastructure Reserves, with repayment to be identified based on the departments and funds purchasing the vehicles for City operations.

Following the City Manager’s negotiation of the purchase agreement and related timeline, City staff will work to identify the vehicles and respective costs to be purchased by Riverside Public Utilities and General Services Fleet Internal Service Fund, as well as annual funding allocations from the Air Quality Management District Fund. Once identified, staff will return to City Council to appropriate the respective funds’ repayment to the General Fund Infrastructure reserves.

The City is projected to receive substantial sales tax revenue as the worldwide point-of-sale for Voltu’s trucks. Additionally, job creation and workforce development will lead to increased local employment, higher consumer spending, job multiplier effects, and the attraction and retention of a skilled workforce. These factors contribute to a more robust and dynamic local economy, generating revenue, fostering business growth, and enhancing the overall quality of life for Riverside residents.

Prepared by:	Miranda Evans, Economic Development Manager
Approved by:	Jennifer Lilley, Community & Economic Development Director
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Mike Futrell, City Manager
Approved as to form:	Jack Liu, Interim City Attorney

Attachments:

1. Voltu Motor Inc. Quote
2. Presentation