

RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: APRIL 22, 2019

ITEM NO: 7

SUBJECT: PURCHASE THREE (3) VEHICLES FROM ALTEC INDUSTRIES, INC. IN AN ESTIMATED AMOUNT OF \$657,377.97

ISSUE:

Approve the purchase of three (3) vehicles from Altec Industries, Inc. in an estimated amount of \$657,377.97.

RECOMMENDATION:

That the Board of Public Utilities approve the purchase of three (3) vehicles from Altec Industries, Inc. of Birmingham, Alabama, in accordance with Purchasing Resolution 23256, Section 602 (e) in an estimated amount of \$657,377.97.

BACKGROUND:

Riverside Public Utilities (RPU) uses a variety of vehicles to enable crews to maintain reliable electric service to its customers, these vehicles need to be in safe, operable condition and compliant with state and local emissions regulations. To ensure operating efficiency, employee productivity, and public safety, vehicles that have reached the end of their economic and useful life need to be replaced in a timely manner.

On February 3, 2012, the Board of Public Utilities (Board) approved a number of seven-year lease agreements with Altec Financial for a variety of vehicles including a Flatbed Truck, two (2) Lift Bucket Trucks, and four (4) Digger Derricks. These lease vehicles are reaching the end of their lease term and are beginning to require more frequent repairs for which RPU is responsible for the costs. RPU is proposing, in lieu of additional lease agreements, to purchase replacement vehicles for the three (3) vehicles listed below:

Table A – Three of the Seven Vehicles Leased by Electric Field 2013-2020

VEHICLE	ASSET #	CHASSIS MODEL	TOTAL COST	LEASE END DATE
2012 Ford Flatbed F650	E417	F650	\$ 74,673.00	April 1, 2020
2012 Ford Bucket F550	E419	AT37G	\$103,070.00	June 1, 2020
2013 Freightliner Digger Derrick	E421	114SD	\$358,617.00	July 1, 2020

DISCUSSION:

Since 2006, RPU began a program of leasing some equipment and vehicles, as at the time, this approach was considered the most financially advantageous to the City, due to what was previously termed 'levelized cashflow' [sic] modeling. However, as the current lease vehicles have aged, their maintenance and repair costs have naturally increased over time and RPU is paying considerably for them. Rather than renewing expensive lease agreements, RPU believes that purchasing some of the vehicles outright would prove more fiscally prudent.

Electric Field has reviewed lease-to-purchase options for the identified three (3) vehicles. Purchase prices are considerably less than lease payments and RPU would benefit from supporting an 'invest to save' model. For example, the quoted lease payments for the 2019 Digger Derrick total \$465,687.00, however, RPU would save approximately \$70,000.00 by purchasing this vehicle outright at a cost of \$395,654.00. Likewise, purchasing the F550 outright saves the Department over \$27,000.00 when comparing the Purchase price of \$169,545.97 to the quoted lease payment of \$196,840.80. Therefore, outright purchases will save RPU in excess of \$95,000. [Note, a lease price was not sought for the F650, as RPU always intended this to be an outright purchase].

The bulk of vehicles utilized by the Electric Field Division are not stock items and the lead times for new vehicles can extend beyond 12 months. In consideration of build times, it is important that the procurement process be initiated at this time, in order to minimize any lapse between the old leases expiring and new replacement vehicles being purchased, built, and delivered.

The Electric Field Division is able to utilize funds currently in the Capital Machine and Equipment account to cover the cost of the three (3) proposed vehicle purchases. The proposed purchases will in turn reduce future lease-purchase expenditures for the remaining out-of-lease vehicles that need to be replaced. A future proposal for the acquisition of the remaining vehicles will be presented to Board later this year.

Table B lists the three (3) proposed vehicle purchases, which are intended to replace those previously leased.

Table B – Proposed New Vehicles

VEHICLE	ORIGINAL LEASE #	CHASSIS	TOTAL COST
2019 Ford Flatbed F650	E417	F650 A132DW	\$92,178.00*
2019 Ford F550	E419	AT37G – Hybrid Solution	\$169,545.97*
2019 60' Digger Derrick	E421	D3060B – US55	\$395,654.00*
TOTAL			\$657,377.97

*includes tax and delivery charges

The three (3) vehicles identified will ensure that Electric Field crews can continue to perform tasks effectively.

The Ford Flatbed F650 will replace the original model leased in 2013. This will provide crews with the necessary capacity to store and transport tools and equipment for everyday tasks and projects. This truck is equipped with essential items such as spot, strobe and floodlights, racks and storage bins to enable crews to transport the many and varied items required for each assignment. The F650 also has a pintle hitch that can tow other necessary equipment, such as compressors or traffic boards, making it invaluable to the crews. The picture below shows Asset Number E417, the current Ford F650 truck.



The new Ford F550 will replace the same from 2013; however, the replacement model will include a hybrid engine, ensuring that RPU remains compliant with Southern California Air Quality Management District (SCAQMD) guidelines. This is ideal when out-of-hours work is required in residential areas, particularly at night, as its quiet engine will not cause disturbance to residents. The picture below shows vehicle Asset Number E429, the current F550.



The new 60' Digger Derrick will be equipped with an auger (drill) that can create large holes for setting poles, it is specifically designed for heavy work and is capable of pulling and hauling thousands of pounds in a single load. Powered by a Compressed Natural Gas (CNG) engine (as per SCAQMD Rule 1196, which governs all new heavy duty equipment requiring public fleets acquire alternative-fuel vehicles to reduce pollutant emissions), this vehicle will provide crews with state-of-the-art, environmentally considerate equipment needed to effectively carry out their tasks. The picture below shows vehicle Asset Number E421, one of the current Digger Derricks.



Altec Industries, Inc. holds a Cooperative Agreement Number 012418-ALT with Sourcewell, formally known as National Joint Powers Alliance (NJPA). Purchasing Resolution 23256, Section 602 (e) provides that Competitive Procurement through Informal Procurement and Formal Procurement processes shall not be required 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.

The Purchasing Manager concurs that the recommendation is in compliance with Purchasing Resolution No. 23256, Section 602 (e).

FISCAL IMPACT:

The total fiscal impact of the recommended vehicle purchase is \$657,377.97. Sufficient funds for the estimated purchase costs are available in the Electric Field Capital Machine and Equipment Account No. 6105000-462200.

Prepared by:	George R. Hanson, Utilities Assistant General Manager/Energy Delivery
Approved by:	Todd M. Corbin, Utilities General Manager
Approved by:	Al Zelinka, FAICP, City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Certifies availability of funds:	Aileen Ma, Interim Utilities Assistant General Manager/Finance & Administration
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Attachment:

1. Sourcewell Quotes from Altec Inc. for Ford Flatbed F650
2. Sourcewell Quotes from Altec Inc. for Ford F550
3. Sourcewell Quotes from Altec Inc. for 60' Digger Derrick
4. Presentation