



# RIVERSIDE PUBLIC UTILITIES

## Board Memorandum

**BOARD OF PUBLIC UTILITIES**

**DATE: MARCH 10, 2025**

**SUBJECT: LEASE BUYOUT OF TWO VEHICLES IN THE AMOUNT OF \$55,714, AND PURCHASE OF EXTENDED WARRANTIES FOR SIX VEHICLES IN THE AMOUNT OF \$78,540 WITH ALTEC CAPITAL SERVICES, LLC FOR AN ESTIMATED TOTAL OF \$134,254.**

**ISSUES:**

Consider approving the lease buyout of two vehicles in the amount of \$55,714, and purchase of extended warranties for six vehicles in the amount of \$78,540 with Altec Capital Services, LLC for an estimated total of \$134,254, from the Electric Field Professional Services Account.

**RECOMMENDATIONS:**

That the Board of Public Utilities:

1. Approve the lease buyout of two vehicles with Altec Capital Services, LLC, in the amount of \$55,714; and
2. Approve the purchase of extended warranties for six vehicles with Altec Capital Services, LLC, in the amount of \$78,540.
3. Authorize the City Manager to sign all documents necessary to effectuate the transaction and make minor non-substantive changes.

**BACKGROUND:**

The Public Utilities Electric Field Division has experienced a substantial increase in vehicle repairs this fiscal year for various reasons. Since July 2024, 35 vehicles have needed repairs. Of those vehicles, 15 are still non-operational, which has left the Electric Field crews with a shortage of vehicles. Since May 2023, with the termination of vehicle leases, Electric Field has been paying monthly rental charges to Altec Capital Services, LLC on two (2) vehicles with asset numbers E437 and E438. It has been necessary to keep these vehicles for Electric Field crews so that they can continue to maintain RPU's electric system.

Additionally, the costs to repair various trucks in the utility fleet have been increasing. It is cost effective to purchase an extended warranty for vehicle maintenance instead of using in-house or local repair and maintenance services.

**DISCUSSION:**

To ensure that Electric Field crews have the vehicles they need and that existing vehicles can be repaired in a cost-effective and timely manner, staff propose two actions.

First, rather than turning in the two previously leased vehicles or continuing to pay monthly rental charges, it is cost-effective to purchase these high use and productive vehicles. Both vehicles are bucket trucks with a manufacturer date of 2016. The typical life span of these vehicles is 15 years, and they should have another seven (7) years of productive life. As of May 2016, these vehicles have been considered part of the utility fleet. Because trucks are considered part of the existing fleet, they will not be considered a new procurement under the Advanced Clean Fleet regulation and are a permitted purchase not required to meet the zero-emissions fleet requirement.

The purchase price for each of these vehicles is listed in the table below:

<b>VEHICLE</b>	<b>ASSET ID</b>	<b>CHASSIS/MODEL</b>	<b>MONTHLY RETAL PAYMENT</b>	<b>PURCHASE PRICE</b>
2016 Freightliner Bucket Truck	E437	A77-T	\$5,673.08	\$30,673.08
2016 Freightliner Bucket Truck	E438	TA60	\$5,041.28	\$25,041.28
<b>TOTAL PURCHASE PRICE</b>				<b>\$55,714.36</b>

In February 2023, the Board of Public Utilities (Board) approved the purchase of twelve (12) vehicles from Altec Capital Services, LLC. During the first quarter of 2025, the Electric Field division will begin to receive half of those vehicles from Altec. Due to unexpected manufacturing delays, the delivery dates were pushed back further than originally anticipated. These new vehicles include a limited manufacturer's warranty of one year, which covers structural issues, along with labor and materials.

Upon reviewing the cost of maintenance for the first five years from the Altec vehicles purchased in 2016, the Freightliner Digger (model D3060) average is \$13,500 in the first five years for maintenance costs. The 2016 Freightliner Bucket Truck (model TA60) average is \$30,000 in the first five years for maintenance costs. With inflation increases from 2016 to now, it is cost effective to purchase the extended warranty for the new vehicles which will be delivered in the coming months. The extended warranty for these vehicles is \$15,205 per vehicle for the D3060 diggers and \$10,975 per vehicle for TA60 bucket trucks for a total cost of \$78,540 for all six vehicles. These extended warranties also cover the chassis' up to 100K miles and the transmissions for unlimited miles as well as travel, labor and materials. This is an estimated savings of \$51,960, before adding the cost of inflation.

VEHICLE	CHASSIS / MODEL	5 YEAR AVG MAINT. WITHOUT WARRANTY (2016-2021)	EXTENDED WARRANTY
Freightliner Digger	D3060	\$13,500	\$15,205
Freightliner Digger	D3060	\$13,500	\$15,205
Freightliner Digger	D3060	\$13,500	\$15,205
Freightliner Bucket	TA60	\$30,000	\$10,975
Freightliner Bucket	TA60	\$30,000	\$10,975
Freightliner Bucket	TA60	\$30,000	\$10,975
<b>TOTAL FOR 5 YEARS</b>		<b>\$130,500</b>	<b>\$78,540</b>
<b>TOTAL ESTIMATED SAVINGS</b>			<b>\$51,960</b>

Purchasing Resolution 24101, Section 600(a), provides that an acquisition of goods by a using agency under the supervision of the manager of \$50,000 or less may follow the informal procurement process. In this case, the procurement of assets E437 and E438 can be obtained for under \$50,000 for each vehicle, quotes gathered from other sources prove Altec Capital Services, LLC to quote the best price.

Additionally, Purchasing Resolution 24101, Section 702, states that “Competitive Procurement through the informal procurement and formal procurement process shall not be required (f) When cooperative purchasing is available and undertaken or when services can be obtained through Federal, State and/or other public entity pricing contracts or price agreements. Altec Capital Services, LLC has provided the extended warranties on a Sourcwell contract and therefore falls under this purchasing exception.”

The Purchasing Manager concurs that the recommended actions are in compliance with Purchasing Resolution No. 24101, Section 600(a) and 702(f).

### **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 reliability, resiliency, sustainability, and facilitate connectivity.

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

1. **Community Trust** – Maintaining productive equipment will ensure timely maintenance and reliability of the City’s electric system and result in greater public good.
2. **Equity** – RPU endeavors to provide safe and reliable electric service to all its customers. Since RPU’s electric 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 electric system, thereby providing and 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 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 electric service to its customers.

**FISCAL IMPACT:**

The total fiscal impact of this item is \$134,254. Sufficient funds of \$55,714 for the lease buyout of two vehicles are available in Public Utilities Electric Field Automotive Equipment Account No. 6105000-462100 with a budget transfer from Public Utilities Professional Services Account No. 6105000-421000. Sufficient funds of \$78,540 for the extended warranty for six vehicles are available in Public Utilities Electric Field Professional Services Account No. 6105000-421000.

Prepared by:	Daniel E. Honeyfield, Utilities Assistant General Manager/Energy Delivery
Approved by:	David A. Garcia, Utilities General Manager
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Jack Liu, Interim City Attorney

**Attachments:**

1. Lease Buyout Quotes
2. Extended Warranty Quote 1
3. Extended Warranty Quote 2
4. Presentation