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OFFICE OF THE CITY CLERK
OAKLAND

2019 JUN 13 PM 2: 32

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Jason Mitchell
Director, Public Works

SUBJECT: Revenue Appropriation – Rebates,
Refunds and Other Incentives

DATE: June 3, 2019

City Administrator Approval

Date:

6/12/19

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator Or Designee To:

- (1) Accept And Appropriate Rebates, Refunds And Other Similar Incentives Obtained During The Vehicle Procurement Process; And**
- (2) Allocate Revenue From Said Vehicle Acquisition Rebates, Refunds And Other Similar Incentives For The Purchase Of Vehicles And Related Equipment To Support The City Of Oakland's Fleet; And**
- (3) Direct Oakland Public Works To Prepare and Present To City Council An Annual Report Identifying Revenue From Said Vehicle Acquisition Rebates, Refunds And Other Similar Incentives And Provide Expenditure Details.**

EXECUTIVE SUMMARY

Approval of this resolution will grant Oakland Public Works' (OPW) Equipment Services Division the necessary expenditure authority to appropriate vehicle rebates, refunds and other incentives to replace aged vehicles and equipment for critical public safety departments, including Police, Fire, and Department of Transportation. The proposed resolution will create a mechanism for the appropriation and expenditure of vehicle rebates, refunds and other incentives, and allow for the acquisition of vehicles and equipment when departmental equipment funds are insufficient, non-existent or have been completely exhausted. On average, OPW's Equipment Services Division has received nearly \$100,000 in rebates, refunds and other similar incentives over the past four fiscal years, although the availability and eligibility for vehicle acquisition incentives and rebates varies widely from year to year.

BACKGROUND / LEGISLATIVE HISTORY

Currently, there is no existing legislation or City policy governing the acceptance and appropriation of vehicle purchase incentives, rebates or refunds.

Item: _____
Public Works Committee
June 25, 2019

It is the policy of the City of Oakland, as outlined within the context of Ordinance No. 12731 C.M.S., dated February 21, 2006 and Authorizing Resolution No. 79714 C.M.S., dated January 26, 2006, to delegate limited authority to the City Administrator to accept and appropriate restricted grant funds, gifts and donations in an amount up to \$50,000 without City Council action when certain conditions are met. City Administrative Instruction (AI) No. 1052 articulates the procedure for acceptance and appropriation of restricted grant funds, gifts and donations of \$50,000 or less, but does not address the disposition of the vehicle purchase incentives, rebates or refunds received under similar conditions.

Historically, when such vehicle acquisition rebates, refunds and incentives are received, they are deposited into a revenue account from which Oakland Public Works (OPW) Equipment Services Division has no expenditure authority. Without the expenditure authority to utilize these funds to purchase additional replacement vehicles and equipment, these funds have historically remained unused and ultimately revert to fund balance.

ANALYSIS AND POLICY ALTERNATIVES

OPW is currently unable to utilize vehicle acquisition rebates, refunds and other incentives to procure additional replacement vehicles and equipment, which has been the past practice, due to the Equipment Services Division not having the necessary expenditure authority. This restriction has resulted in a reduction in funds available to replace aged vehicles and equipment for critical public safety departments, including Police, Fire, Department of Transportation and Oakland Public Works.

Administrative Instruction No. 1052 provides for the disposition of restricted grant funds, gifts and donations up to \$50,000 without City Council action. Approval of this proposed resolution will create a similar mechanism for the appropriation and expenditure of vehicle rebates, refunds and other incentives, which currently cannot be utilized for the intended purpose. This resolution would allow for the acquisition of vehicles and equipment when departmental equipment funds are insufficient, non-existent or have been completely exhausted.

For example, OPW's Equipment Services Division has recently received a series of acquisition rebates from the Natural Gas Vehicle Incentive Program (NGVIP) administered by UC Irvine at the direction of the California Energy Commission. The vehicles qualifying for these acquisition rebates are all powered by Compressed Natural Gas (CNG). These vehicle types include: street sweepers, refuse packers and para-transit buses in use by units such as Illegal Dumping, Street Sweeping and Oakland Parks, Recreation and Youth Development. These units were all procured using Master Lease-Purchase 3.0 funds, and OPW currently lacks the mechanism to reinvest the acquisition rebates back into the procurement of additional equipment as originally authorized. With the implementation of this proposed resolution, OPW would have the ability to accept and appropriate the acquisition rebates into a project dedicated to the acquisition of vehicles, equipment, and related appurtenances. For example, the Equipment Services Division would partner with other City of Oakland divisions, such as Environmental Services, to provide \$114,000 in funding required to implement a Pacific Gas & Electric Company Electric Vehicle Charge Program grant to install forty (40) Level 2 electric vehicle charging ports at three (3) OPW facilities owned by the City of Oakland. This grant opportunity provides the City with installation, infrastructure improvements and provision of additional power at no cost to the City

and requires only that the City procure the forty (40) electric vehicle charging devices (hardware) totaling \$114,000. These electric vehicle chargers would be available to provide charging for City owned vehicles, visitors and staff members, which is essential to support deployment of City-owned electric vehicles and will be another step towards meeting the carbon reduction and petroleum use reduction goals of the Energy and Climate Action Plan (ECAP), and in doing its part to achieve regional proliferation targets for zero-emission vehicles.

Should the City elect not to authorize this resolution, the related electric vehicle charger installation grant proposal under Pacific Gas & Electric's Charge Program at three (3) separate locations throughout the City of Oakland cannot be executed or will require another funding source to execute and OPW will continue struggling to identify funding sources for replacement of unserviceable equipment outside of Master Lease Purchase agreements.

FISCAL IMPACT

This resolution establishes a process for the appropriation and expenditure of vehicle acquisition rebates, refunds and incentives received by the City of Oakland to acquire additional replacement vehicles and related equipment. No new costs are introduced within this report.

Since the availability and eligibility for vehicle acquisition incentives and rebates varies widely from year to year, these funds have not been budgeted by OPW's Equipment Services Division. The proposed use of said funds is to offset the costs of replacing aging and surplus City of Oakland vehicles and related equipment by procuring clean air vehicles and equipment such as hydrogen fuel cell and battery electric Zero Emission Vehicles (ZEV), Electric Vehicle (EV) chargers, equipment powered by Renewable Diesel, Compressed Natural Gas (CNG), and other clean air vehicles and equipment.

The chart below provides an overview of rebates, refunds and incentives revenue received for the current and prior three fiscal years:

Equipment Services Division / Overview of Rebate, Refund and Incentive Revenue Fiscal Year 2016 –2019

Fiscal Year	Auction Revenue
2016	\$69,264.74
2017	\$13,067.16
2018	\$298,350.82
2019	\$17,139.64
Annual Average:	\$99,455.59

All revenue associated with vehicle and equipment rebates, refunds and incentives shall be appropriated to the Equipment Services Fund 4100; Equipment Services Administration Organization 30541; Other Revenue Account 48720 and Expenditure Account 57612; Administrative Project To Be Determined; Fleet Management and Maintenance Program IN01.

PUBLIC OUTREACH / INTEREST

This item did not require additional public outreach other than the required posting on the City's website.

COORDINATION

Information that is the basis of this report was coordinated with OPW's Bureau of Maintenance & Internal Services, the Budget Bureau and the Office of the City Attorney.

SUSTAINABLE OPPORTUNITIES

Economic: The use of vehicle acquisition rebates, refunds and other incentives to procure additional vehicles and equipment supplements future vehicle and equipment leases or purchases and speeds the deployment of safer, more fuel efficient, cleaner vehicles with significantly lowered tailpipe exhaust emissions.

Environmental: The City can contribute to enhancing local air quality through the procurement of vehicles that produce low emissions. This proposal is intended specifically to enable acquisition of clean air vehicles and equipment such as hydrogen fuel cell and battery electric Zero Emission Vehicles (ZEV), Electric Vehicle (EV) chargers, equipment powered by Renewable Diesel, Compressed Natural Gas (CNG), and other clean air vehicles and equipment. This proposal will contribute to the City meeting the stated carbon reduction and petroleum use reduction goals of the ECAP, and in doing its part to achieve regional proliferation targets for zero-emission vehicles.

Social Equity: Acquisition of clean air vehicles and equipment will reduce the City's reliance on petroleum and contribute to improved air quality, benefitting all Oakland residents.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt a resolution authorizing the City Administrator or designee to:

(1) Accept and appropriate rebates, refunds and other similar incentives obtained during the vehicle procurement process, (2) Allocate revenue from said vehicle acquisition rebates, refunds and other similar incentives for the purchase of vehicles and related equipment to support the City of Oakland's fleet, and (3) Direct Oakland Public Works to prepare and present to City Council an annual report identifying revenue from said vehicle acquisition rebates, refunds and other similar incentives and provide expenditure details

For questions regarding this report, please contact Joseph Williams, Interim Equipment Services Manager, Bureau of Maintenance & Internal Services, at 615-5489.

Respectfully submitted,

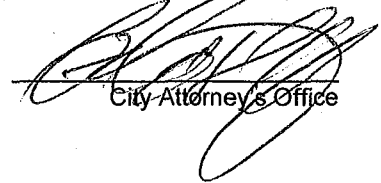


JASON MITCHELL
Director, Oakland Public Works

Reviewed by:
Richard Battersby, Assistant Director
Bureau of Maintenance & Internal Services

Prepared by:
Joseph Williams, Interim Equip. Svcs. Mgr.
Bureau of Maintenance & Internal Services

FILED
OFFICE OF THE CITY CLERK
OAKLAND


City Attorney's Office

2019 JUN 13 PM 2:32

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR OR DESIGNEE TO: (1) ACCEPT AND APPROPRIATE REVENUE GENERATED THROUGH THE SALE OF SURPLUS CITY OF OAKLAND VEHICLES AND RELATED EQUIPMENT BY PUBLIC AUCTION, (2) ALLOCATE SAID SURPLUS VEHICLE AND EQUIPMENT AUCTION SALES REVENUE FOR THE PURCHASE OF VEHICLES AND RELATED EQUIPMENT IN SUPPORT OF THE CITY OF OAKLAND'S FLEET, AND (3) DIRECT OAKLAND PUBLIC WORKS TO PREPARE AND PRESENT TO CITY COUNCIL AN ANNUAL REPORT IDENTIFYING SURPLUS VEHICLE AND EQUIPMENT AUCTION SALES REVENUE AND PROVIDE EXPENDITURE DETAILS

WHEREAS, the City of Oakland receives monies from the sale of surplus vehicles and equipment sold at public auction in accordance with Oakland Municipal Code 2.04.120; and

WHEREAS, the amount of monies received on an annual basis varies greatly depending on the equipment types and quantity sent to public auction; and

WHEREAS, Oakland Charter Section 806 provides that all monies received by the City shall be deposited in the City Treasury, and no monies shall be disbursed from the treasury without the approval of the City Administrator or of another officer duly authorized by the City Administrator; and

WHEREAS, Oakland Charter Section 806 further provides that no expenditure of City funds shall be made except for the purposes and in the manner specified by an appropriation of the City Council; and

WHEREAS, the City Administrator will comply with all Oakland Charter requirements for fiscal administration and expenditure of such funds and otherwise apply proper sufficient procedures and controls necessary to monitor and ensure fiscal and performance accountabilities; now, therefore, be it

RESOLVED: That the City Administrator, on behalf of the City Council, is hereby authorized to accept and appropriate, without prior City Council action, monies derived from surplus vehicle and equipment public auction sales for the purpose of purchasing vehicles and related equipment to support of the City of Oakland's fleet; and be it

FURTHER RESOLVED: That all funds accepted hereunder shall be deposited into the City Treasury; and, be it

FURTHER RESOLVED: That all revenue associated with vehicle and equipment auction sales shall be appropriated to the Equipment Services Fund 4100; Equipment Services Administration Organization 30541; Sale of Vehicles Revenue Account 48114 and Expenditure Account 57612; Administrative Project To Be Determined; Fleet Management and Maintenance Program IN01; and, be it

FURTHER RESOLVED: That staff will prepare an annual informational report for City Council regarding auction sales proceeds received and appropriated.

IN COUNCIL, OAKLAND, CALIFORNIA, _____.

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND
PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LATONDA SIMMONS
City Clerk and Clerk of the Council of the
City of Oakland, California