

CITY OF OAKLAND

AGENDA REPORT

2011 DEC 20 PM 4:03 of the City Administrator

ATTN: Deanna J. Santana
FROM: Public Works Agency
DATE: January 10, 2012

RE: A Resolution Authorizing The City Administrator To Appropriate Four Hundred Thousand Dollars (\$400,000) Of Savings From The 2009-2011 Operating Budget In The Internal Equipment Service Fund 4100 To Purchase Thirteen Energy Efficient Vehicles For The Finance Management Agency, Parking Enforcement Division (PED)

SUMMARY

A resolution has been prepared that authorizes the City Administrator to appropriate four hundred thousand dollars (\$400,000) in savings from the 2009-2011 Operating Budget from the Internal Service Fund (ISF) 4100 to purchase 13 energy efficient vehicles for the Parking Enforcement Division. The 13 new vehicles will cost approximately \$30,769 each.

The thirteen vehicles that are proposed to be replaced were put into service in 1997. Each vehicle has high mileage and is well past the industry life cycle of 5 years. These vehicles were out of service an average of 52.5 days each during 2010. Parking Enforcement operations rely heavily on its enforcement vehicles, sixteen hours each day, to generate revenue.

Staff requests that Council approve this resolution.

FISCAL IMPACTS

Purchase of these vehicles is being funded from Fund 4100 Equipment Services. Although Fund 4100 has a negative fund balance, reduction of the negative balance is well ahead of the repayment schedule:

	<u>Planned Fund Balance</u>	<u>Actual Fund Balance</u>
June 30, 2009	(\$19,155,627)	(\$15,268,730)
June 30, 2010	(\$15,789,826)	(\$13,439,384)
June 30, 2011	(\$13,086,707)	(\$10,416,226)

PWA has been significantly under spending its budget. This was achieved through a decrease in negative interest, position vacancies, and reduced operation & maintenance (O&M) costs.

Because repayment of the negative balance is well ahead of schedule, and because the City's fleet, especially portions of the fleet that generate General Fund revenue, is in such poor condition, staff recommends using \$400,000 of FY 2010-11 "under expenditure" to begin replacing existing vehicles.

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Finance and Management Committee
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The 13 vehicles to be purchased will be alternative fuel (AFV) or “green” replacements vehicles. The new vehicles will require less maintenance during their life cycle than the current vehicles and will use less carbon-based fuel (gasoline) due to new fuel technology. The difference in annual operations and maintenance costs will decrease because the monthly rental rates for the new vehicles to cover routine preventive maintenance are projected to be lower than current rates, and certain items will be covered by the manufacturer’s warranty. The Equipment Services Division will comply with the City’s Purchasing Ordinance requirements including advertising and competitive bidding to purchase the vehicles.

BACKGROUND

The Equipment Services Division (ESD) of the Public Works Agency (PWA) is responsible for the maintenance of the City’s active fleet, which is comprised of 1,210 vehicles and 319 pieces of equipment. The ESD is also responsible for working with City agencies/departments to assess annual vehicle utilization, equipment needs, and develop specifications.

The average age of the City’s fleet is 9.7 years, which is approximately twice the average age of a similarly sized municipal fleet. Consequently, repair costs and maintenance have significantly increased as obsolete parts are replaced with after-market parts which do not perform as well or last as long. The age of the fleet also affects shop turn-around time and availability of vehicles to internal customers – both of which have an impact on the City’s ability to provide timely service to its citizens. Currently, a large portion of the fleet is due for replacement.

In June 2010, the Parking Enforcement Division (PED) began discussions with the ESD about replacing vehicles in their fleet. Over the course of several months, the ESD researched potential vehicle replacements that would suit the needs of the PED. In collaboration with the ESD, PED staff reviewed various types of vehicles and a decision was made on the type of vehicle that was most appropriate for their use. Unfortunately, due to a lack of funding, new vehicles were not able to be purchased.

PED operates 31 parking enforcement vehicles, 19 of which are more than 14 years old. These vehicles are used 7 days a week, year round. At 14 years old, the maintenance and repairs for the vehicles are very costly due to obsolete parts and vehicle wear, making the vehicles less efficient for daily operations.

By purchasing 13 alternative fuel vehicles, the City will remain in line with Resolution No. 77842 C.M.S. that was passed in 2003, calling for the establishment of a “green fleet”. The resolution also states that the City of Oakland will purchase vehicles powered by alternative fuel sources for its non-emergency automotive fleet whenever possible without exceeding the amount budgeted for vehicle acquisitions.

KEY ISSUES AND IMPACTS

The ESD has identified 13 enforcement vehicles that are in need of replacement. The cost will be absorbed by Operation & Maintenance (O&M) savings in ISF fund 4100. Previously, replacement of any vehicles has been put on hold due to lack of funding. The PED vehicles are an important

part of revenue generation for the City and any negative impact on the operations, such as inoperable vehicles, can have major impacts on that revenue.

The current vehicles used by the PED were custom manufactured and require special maintenance, which makes them more difficult and costly to maintain as show in *Attachment A – Parking Enforcement Replacement Analysis*, the average mileage is 79,452 and the average maintenance and repair costs over a 3-year period per vehicle is \$9,000, which is almost half of the original cost of a single vehicle. The projected replacement cost for each vehicle is approximately \$30,769 which will be a one-time cost to the City.

Attachment A also shows the 14 year-old vehicles proposed for replacement spent an average of 52.5 days in the shop during the last calendar year awaiting parts or being repaired. During this time these vehicles were not available for use by the Parking Enforcement Division, which has contributed to reduced General Fund revenue estimated between \$700,000 and \$800,000 per year from parking citations.

Staff recommends that the City use the savings from the 2009-2011 Internal Equipment Service Fund 4100 Operating Budget to purchase some of the vehicles due for replacement in the Parking Enforcement Division.

SUSTAINABLE OPPORTUNITIES

Economic:

Purchasing 13 alternative fuel vehicles for Parking Enforcement Operations from a local Oakland vendor will generate sales tax revenue for the City. This will also help keep at least 13 new vehicles on the street performing enforcement activities.

Environmental:

By purchasing 13 alternative fuel vehicles, the City will remove 13 vehicles from its fleet that are well past their life cycles and replace them with new vehicles. Newer and alternative fuel vehicles will contribute to greater fuel efficiency and fewer vehicle emissions.

Social Equity:

The use of alternative fuel vehicles will demonstrate to the citizens of Oakland and beyond that the City is making a conscious effort to become a leader in employing green technology. It will also show that the City is making choices to mitigate costly activities in efforts to save money.

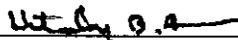
DISABILITY AND SENIOR CITIZEN ACCESS

There is no impact on the accessibility of residents with disabilities or senior citizens.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council approve the resolution authorizing the use of \$400,000 in savings from the 2009-2011 Internal Equipment Service Fund 4100 Operating Budget to fund the replacement of 13 over-aged Parking Enforcement vehicles.

Respectfully submitted,



Vitaly B. Troyan, P.E., Director
Public Works Agency

Reviewed by:
David Ferguson, Assistant Director
Department of Infrastructure & Operations

Prepared by:
Michael Seaberry
Acting Equipment Services Manager
Equipment Services Division

Attachment A – Vehicle Replacement Analysis

**APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:**



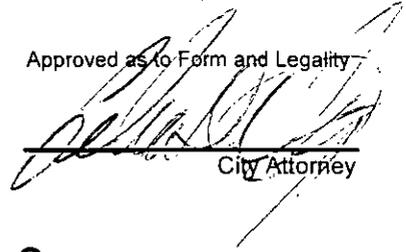
Office of the City Administrator

Attachment A - Vehicle Replacement Analysis

Agency	Department	Equipment ID	Manuf. ID	Model ID	Mileage	Model Year	Original Cost	3 yr Maintenance Cost/ Current	Replacement Cost	3yr Maintenance Cost Estimate	3yr Maintenance Cost Savings	Days out of Service 2010
BUDGET & FINANCE	PARKING ENFORCEMENT	4717	CHV	GEO TRACKER	85,912	1997	\$23,758.00	\$10,857.24	\$30,769.00	\$1,480.85	\$9,376.39	38
BUDGET & FINANCE	PARKING ENFORCEMENT	4712	CHV	GEO TRACKER	83,544	1997	\$23,758.00	\$11,140.80	\$30,769.00	\$1,480.85	\$9,659.95	76
BUDGET & FINANCE	PARKING ENFORCEMENT	4681	CHV	GEO TRACKER	82,026	1997	\$23,758.00	\$8,313.02	\$30,769.00	\$1,480.85	\$6,832.17	43
BUDGET & FINANCE	PARKING ENFORCEMENT	4679	CHV	GEO TRACKER	81,801	1997	\$23,758.00	\$13,696.18	\$30,769.00	\$1,480.85	\$12,215.33	32
BUDGET & FINANCE	PARKING ENFORCEMENT	4674	CHV	GEO TRACKER	80,987	1997	\$23,758.00	\$6,802.01	\$30,769.00	\$1,480.85	\$5,321.16	79
BUDGET & FINANCE	PARKING ENFORCEMENT	4721	CHV	GEO TRACKER	78,455	1997	\$23,758.00	\$11,693.63	\$30,769.00	\$1,480.85	\$10,215.78	112
BUDGET & FINANCE	PARKING ENFORCEMENT	4672	CHV	GEO TRACKER	78,312	1997	\$23,758.00	\$7,067.09	\$30,769.00	\$1,480.85	\$5,586.24	29
BUDGET & FINANCE	PARKING ENFORCEMENT	4725	CHV	GEO TRACKER	77,647	1997	\$23,758.00	\$10,062.64	\$30,769.00	\$1,480.85	\$8,581.79	49
BUDGET & FINANCE	PARKING ENFORCEMENT	4677	CHV	GEO TRACKER	76,153	1997	\$23,758.00	\$9,167.33	\$30,769.00	\$1,480.85	\$7,686.48	20
BUDGET & FINANCE	PARKING ENFORCEMENT	4617	CHV	GEO TRACKER	74,935	1997	\$23,758.00	\$8,744.85	\$30,769.00	\$1,480.85	\$7,264.00	27
BUDGET & FINANCE	PARKING ENFORCEMENT	4713	CHV	GEO TRACKER	72,343	1997	\$23,758.00	\$7,903.91	\$30,769.00	\$1,480.85	\$6,423.06	59
BUDGET & FINANCE	PARKING ENFORCEMENT	4671	CHV	GEO TRACKER	69,361	1997	\$23,758.00	\$7,297.67	\$30,769.00	\$1,480.85	\$5,816.82	59
BUDGET & FINANCE	PARKING ENFORCEMENT	4670	CHV	GEO TRACKER	66,369	1997	\$23,758.00	\$6,646.76	\$30,769.00	\$1,480.85	\$5,165.91	70
Total:									\$399,997.00	\$19,251.05	\$90,768.69	

FILED
OFFICE OF THE CITY CLERK
OAKLAND

OAKLAND CITY COUNCIL


City Attorney

2011 DEC 20 PM 12:33
RESOLUTION No. _____ C.M.S.

Introduced by Councilmember _____

A Resolution Authorizing The City Administrator To Appropriate Four Hundred Thousand Dollars (\$400,000) Of Savings From The 2009-2011 Operating Budget In The Internal Equipment Service Fund 4100 To Purchase Thirteen Energy Efficient Vehicles For The Finance And Management Agency, Parking Enforcement Division, (PED)

WHEREAS, The Parking Enforcement Division of the Finance and Management Agency and the Equipment Services Division of the Public Works Agency have identified a need for new parking enforcement vehicles; and

WHEREAS, Funding for 13 new vehicles has been identified in the form of savings from the 2009-2011 Internal Equipment Service Fund 4100 Operating Budget; and

WHEREAS, At least 20 of the Parking Enforcement vehicles are at least 14 years old, with an average of 80,000 miles and approaching their third life cycle; and

WHEREAS, The Equipment Services Division will use the City's competitive bid process to purchase the vehicles;

WHEREAS, Maintenance and repairs on these vehicles have become costly and highly problematic causing potential disruptions in Parking Enforcement revenue generating operations; now, therefore be it

RESOLVED, That the City Administrator is hereby authorized to appropriate \$400,000 of savings from the 2009-2011 Internal Equipment Service Fund 4100 Operating Budget to cover the cost of purchasing 13 new alternative fuel vehicles for the Parking Enforcement Division; and be it

FURTHER RESOLVED, That the funding of these vehicles is to be no more than \$30,769 per unit fully burdened.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF and PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, Ca