

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Brooke A. Levin
Director, Public Works

SUBJECT: Supplemental Report:
Master Lease 3.0

DATE: September 14, 2016

City Administrator Approval

Date:

9/15/16

RECOMMENDATION

Staff Recommends That The City Council Authorize The City Administrator And/Or Designee Without Return To Council: (1) Negotiate And Execute A Master Lease Purchase Agreement With A Financial Institution Selected Through A Competitive Process In An Amount Not To Exceed Eleven Million Five Hundred Thousand Dollars (\$11,500,000.00) For A Term Not To Exceed 10-Years And An Interest Rate Not To Exceed Three-Percent (3%) To Purchase Vehicles And Related Equipment For Use By Multiple City Agencies; (2) Purchase Some Or All Of The Vehicles And Related Equipment (A) Via Agreements With One Or More Vendors Selected Through A Competitive Request For Proposal/Qualifications Process, After Waiver Of Advertising And Competitive Bidding, Or (B) Through Cooperative Agreements; And (3) Adjust The Public Works Department's 2016-2017 Fiscal Year Operating Budget By Appropriating Funds And Increasing Revenue And Expenditures Equivalent To The Master Lease In An Amount Not To Exceed \$11,500,000.00.

REASON FOR SUPPLEMENTAL OR REPLACEMENT

During the September 13, 2016 Finance and Management Committee meeting, Oakland Public Works (OPW) staff were directed to prepare a supplemental report for Council which details the City's vehicle purchasing policy(ies), as well as the methodology by which OPW acquires "green" alternative fuel and advanced technology clean air vehicles for deployment within the City's fleet.

Purchasing Protocol for Fleet Vehicles

The Equipment Services Division of OPW's Bureau of Infrastructure & Operations procures vehicles and related equipment utilizing both the competitive Request for Proposal/Qualifications (RFP/Q) process, as well as Cooperative Rate Agreements established by other governmental agencies. Numerous factors are taken into consideration relative to the usage of either of these scenarios relative to vehicle and equipment purchases, inclusive of: baseline pricing; prompt payment incentives; vendor location; availability of equipment; shipping/transportation costs; delivery timeframes, etc.

Green Fleet Policies and Procedures

In May 2003, the City Council, as part of its endeavors towards enhancing air quality and reducing greenhouse gas emissions throughout the region, formally adopted the City's first "green fleet" resolution; (reference Authorizing Resolution No. 77842 C.M.S., dated June 3, 2003). The green fleet legislation directed City staff to purchase alternative fuel vehicles (AFVs) whenever financially possible; thereby converting a sizable portion of the City's fleet to less-polluting forms of energy.

Further, in July 2007, Council likewise adopted an Environmentally Preferable Purchasing (EPP) Policy that requires City purchasers to consider environmental attributes, along with traditional purchasing factors such as performance, safety, price and local availability, when making purchasing decisions.

Equipment purchased under the proposed 2016 Master Lease will utilize principles from the City of Oakland Energy and Climate Action Plan (ECAP). The principles identified in the ECAP includes but not limited to the replacement of higher emission vehicles in the City's fleet to lower emission vehicles, identifying vehicles with alternative fuel consumption capabilities, and adoption of a Clean Fleet aimed at improving the fuel efficiency in the City of Oakland.

All of these policy directives serve as the primary guidelines enlisted by OPW's Equipment Services Division's relative to the acquisition of the City's fleet vehicles. Further, most non-emergency sedans purchased by the City are alternative fuel or hybrid vehicles; with a pilot project also underway to deploy battery-electric vehicles with the Police Department, Fire Department and Parking Enforcement Division.

The chart below provides an overview of non-emergency fleet vehicles currently in operation in comparison to the City's use of the same "green fleet" vehicular technology in calendar 2003:

Performance Metric	2003	2016	Notes
Non-Emergency Alt Fuel/Hybrid Vehicle Count	74	157	
% Non-Emergency Alt Fuel/Hybrid Vehicles	28%	68%	
CNG Powered Street Sweepers and Heavy Duty Vehicles	7	12	Master Lease 3.0 proposes Adding (8) Additional Heavy Duty CNG Vehicles
Vehicles Using Renewable or Bio Fuel	0	366	
% of Diesel Vehicles Using Renewable or Bio Fuel	0	100%	
Compressed Natural Gas Vehicles	74	103	
Hybrid-Electric Vehicle Total Count	0	63	


OFD Alt Fuel/Hybrid Vehicles	0	90	90 of OFD's 150 assigned vehicles (60%) are Alternative Fuel
OPD Alt Fuel/Hybrid Vehicles	0	21	
Parking Enforcement Alternate Fuel/Hybrid Vehicles	0	52	Parking Enforcement fleet is 100% Hybrid-Electric
Number of Battery Electric Vehicles	4	26*	*23 Ordered, Awaiting Delivery
Number of Electric Charging Ports	4	16*	*48 More Pending Grant Acceptance
Number of Charging EV Stations	0	1	*4 More Pending Grant Approval

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Authorize The City Administrator And/Or Designee Without Return To Council: (1) Negotiate And Execute A Master Lease Purchase Agreement With A Financial Institution Selected Through A Competitive Process In An Amount Not To Exceed Eleven Million Five Hundred Thousand Dollars (\$11,500,000.00) For A Term Not To Exceed 10-Years And An Interest Rate Not To Exceed Three-Percent (3%) To Purchase Vehicles And Related Equipment For Use By Multiple City Agencies; (2) Purchase Some Or All Of The Vehicles And Related Equipment (A) Via Agreements With One Or More Vendors Selected Through A Competitive Request For Proposal/Qualifications Process, After Waiver Of Advertising And Competitive Bidding, Or (B) Through Cooperative Agreements; And (3) Adjust The Public Works Department's 2016-2017 Fiscal Year Operating Budget By Appropriating Funds And Increasing Revenue And Expenditures Equivalent To The Master Lease In An Amount Not To Exceed \$11,500,000.00.

For questions regarding this report, please contact Richard Battersby, Equipment Services Manager, Oakland Public Works, at (510) 615-5487.

Respectfully submitted,



Brooke A. Levin
Director, Oakland Public Works

Reviewed by:
Jason Mitchell, Assistant Director
Oakland Public Works

Reviewed by:
Richard Battersby, Equipment Services Mgr.
Oakland Public Works

Prepared by:
Candice Jessie, Management Assistant
Oakland Public Works

FILED
OFFICE OF THE CITY CLERK
OAKLAND

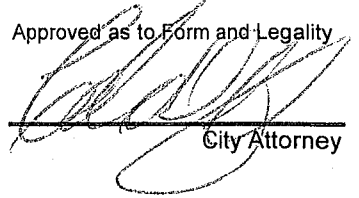
OAKLAND CITY COUNCIL

2016 SEP 15 PM 6:30

RESOLUTION No. _____ C.M.S

Revised by Finance Committee
meeting of September 13, 2016

Approved as to Form and Legality


City Attorney

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR AND/OR DESIGNEE WITHOUT RETURN TO COUNCIL TO: (1) NEGOTIATE AND EXECUTE A MASTER LEASE PURCHASE AGREEMENT WITH A FINANCIAL INSTITUTION SELECTED THROUGH A COMPETITIVE PROCESS IN AN AMOUNT NOT TO EXCEED ELEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$11,500,000.00) FOR A TERM NOT TO EXCEED 10-YEARS AND AN INTEREST RATE NOT TO EXCEED THREE-PERCENT (3%) TO PURCHASE VEHICLES AND RELATED EQUIPMENT FOR USE BY MULTIPLE CITY AGENCIES; (2) PURCHASE SOME OR ALL OF THE VEHICLES AND RELATED EQUIPMENT (A) VIA AGREEMENTS WITH ONE OR MORE VENDORS SELECTED THROUGH A COMPETITIVE REQUEST FOR PROPOSAL/QUALIFICATIONS PROCESS, AFTER WAIVER OF ADVERTISING AND COMPETITIVE BIDDING, OR (B) THROUGH COOPERATIVE AGREEMENTS; AND (3) ADJUST THE PUBLIC WORKS DEPARTMENT'S 2016-2017 FISCAL YEAR OPERATING BUDGET BY APPROPRIATING FUNDS AND INCREASING REVENUE AND EXPENDITURES EQUIVALENT TO THE MASTER LEASE IN AN AMOUNT NOT TO EXCEED \$11,500,000.00.

WHEREAS, Oakland Public Works' Equipment Services Division is entrusted with stewardship for the acquisition, repair and maintenance of City vehicles and equipment, inclusive of public safety vehicles; and

WHEREAS, a large percentage of the City's fleet is aged beyond its economic life and certain assets have deteriorated to a point where the performance of certain critical public safety may soon be compromised; and

WHEREAS, the City currently does not have financial reserve funds on hand to purchase the direly needed replacement vehicles and equipment; and

WHEREAS, all of the vehicles and related equipment proposed for replacement have incurred prolonged out-of-service downtimes due to breakdowns; with replacement parts and equipment difficult to locate and acquire due to the age and industry-determined obsolete distinction of the items; and

WHEREAS, Oakland Public Works requests authorization to enter into a Master Lease Purchase Agreement with a financial institution to be identified and selected through a competitive bidding process for a cumulative amount not to exceed \$11,500,000.00, with a term not to exceed ten years and an interest rate not to exceed three percent (3%) for the purchase of vehicles and related equipment for use by multiple City agencies; and

WHEREAS, the City Council authorizes adjustments to the adopted Fiscal Years 2016-2017 Public Works Department's Operating Budget by appropriating funds and increasing revenue and expenditures equivalent to the master lease in an amount not to exceed \$11,500,000.00, and allocated to the Equipment Services Fund (4100); Equipment Services Administration Organization (30541); Capital Lease Obligation Account (58214) for principal payments; Interest on Long-Term Debt Account (58215) for interest payments, and Bank and Bond Expenditures Account (58111) for bank and bond expenses; and

WHEREAS, authorization is also sought for the City Administrator to execute a Purchasing Agreement with one or more vendors to be selected through the Request for Proposal/Qualifications (RFP/Q) process for the purchase of vehicles and related equipment without returning to Council; and

WHEREAS, authorization is also sought for the City Administrator to enter into one or more Cooperative Rate Purchase Agreements with other governmental agencies to facilitate the acquisition of the aforementioned vehicles and equipment; and

WHEREAS, Oakland Municipal Code (OMC) Title 2, Chapter 2, Article I, Section 2.04.051.A requires the City to conduct advertising and competitive bidding when it purchases services, supplies or a combination thereof that exceeds \$50,000.00; and

WHEREAS, OMC Title 2, Chapter 2, Article I, Section 2.04.051.A requires the City to conduct a competitive Request for Proposal/Qualification (RFP/Q) selection process for the procurement of certain goods and professional services; and

WHEREAS, in keeping with the aforementioned OMC provisions, OPW staff shall compile and issue the requisite RFP/Q for the purchase of vehicles and related equipment; and

WHEREAS, the City Administrator has determined, based on information provided by staff, that any service agreement(s) authorized by resolution is of a professional, technical or scientific and temporary nature and shall not result in the loss of employment or salary by any person having permanent status in the competitive service; and

WHEREAS, in May 2003 the City Council adopted its first “green fleet” policy (ratified through Authorizing Resolution No 77842 C.M.S., dated June 3, 2003) which is geared towards enhancing air quality and reducing greenhouse gas emissions throughout the region. The green fleet legislation also focuses on the purchase of alternative fuel vehicles (AFV) whenever financially possible; and

WHEREAS, in July 2007, City Council likewise adopted an Environmentally Preferable Purchasing (EPP) Policy which requires City vehicle purchasers to consider environmental attributes along with traditional purchasing factors such as performance, safety, price and local availability when making vehicle purchasing decisions; and

WHEREAS, on March 1, 2011, City Council adopted Authorizing Resolution No. 83245 C.M.S., which directed staff to perform a review of the California Environmental Quality Act (CEQA) for the draft Energy and Climate Action Plan (ECAP); with the latter in turn aimed at replacing the City’s higher emission vehicles with lower emission vehicles with alternative fuel consumption capabilities; and

WHEREAS, all of the aforementioned policy directives shall serve as the primary guidelines enlisted by Oakland Public Works’ Equipment Services Division relative to the acquisition of the City’s new fleet vehicle purchases; and

WHEREAS, the proposed contractual arrangements will assist the City of Oakland in terms of achieving and maintaining maintenance and reliability of vital public safety vehicles, fire apparatus and other essential vehicles and equipment; now, therefore be it

RESOLVED: That the City Council hereby authorizes the City Administrator, or designee, to negotiate and execute a Master Lease Purchase Agreement and all related documents necessary to the financing with a financial institution to be identified and selected through a competitive bidding process for a cumulative amount not to exceed \$11,500,000.00 and for a term not to exceed ten years and an interest rate not to exceed three percent (3%) for the purchase of vehicles and related equipment for use by multiple City agencies; and be it

FURTHER RESOLVED: That the City Council also authorizes the City Administrator, or her designee, to negotiate and execute a Purchasing Agreement with one or more vendors to be selected through the Request for Proposal/Qualifications (RFP/Q) process for the purchase of vehicles and related equipment without returning to Council; and be it

FURTHER RESOLVED: That the City Council also authorizes the City Administrator, or her designee, to enter into one or more Cooperative Rate Purchase Agreements with other governmental agencies to facilitate the acquisition of the aforementioned vehicles and equipment; and be it

FURTHER RESOLVED: that the City Council, pursuant to OMC Section 2.04.050 I. 5, hereby finds that it is in the best interests of the City to waive the advertising and competitive bidding, requirements primarily due to an time efficiencies realized in terms of time and effort expended, with staff anticipate to minimizing contract development time by a minimum of six months; and be it

FURTHER RESOLVED: The proposed waiver will also assist towards ensuring the identification of vendors who shall provide cost savings, baseline pricing reductions and prompt payment incentives, as set forth in the Report that accompanies this Resolution; and be it

FURTHER RESOLVED: That the City Council authorizes adjustments to the adopted Fiscal Years 2016-2017 Public Works Department's Operating Budget by appropriating funds and increasing revenue and expenditures equivalent to the master lease in an amount not to exceed \$11,500,000.00 and appropriated to the Equipment Services Fund (4100); Equipment Services Administration Organization (30541); Fleet Management and Maintenance Program (IN01), in a project account to be determined for the purchase of vehicles and related equipment; and be it;

FURTHER RESOLVED: That all proposed Master Lease Purchase Agreement debt service provisions shall be funded via rate structure and expensed by Oakland Public Works Equipment Services Fund (4100); Equipment Services Administration Organization (30541); Capital Lease Obligation Account (58214) for principal payments; Interest on Long-Term Debt Account (58215) for interest payments and Bank and Bond Expenditures Account (58111) for bank and bond expenses; and be it

FURTHER RESOLVED: That the City Administrator, or her designee, is hereby authorized to complete all required negotiations, certifications, assurances and documentation required to accept, modify, extend and/or amend the proposed agreement(s), except for any increase in the proposed Master Lease Purchase Agreement costs; and be it

FURTHER RESOLVED: That the City Attorney shall review and approve the proposed contract(s) as to form and legality, and copies of the agreement(s) shall be filed with the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES – BROOKS, CAMPBELL-WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID and PRESIDENT GIBSON-McELHANEY

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

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