



Council Agenda Report

Item 6f

Department: Public Works
Cost Center: 5008
For Agenda of: 4/16/2024
Placement: Consent
Estimated Time: N/A

FROM: Matt Horn, Public Works Director
Prepared By: Greg Cruce, Deputy Director – Maintenance Operations

SUBJECT: AUTHORIZE USE OF COMPLETED PROJECTS FUNDING TO EXPEDITE FLEET REPLACEMENTS

RECOMMENDATION

Adopt a Draft Resolution entitled, “A Resolution of the City Council of the City of San Luis Obispo, California, approving the transfer of Completed Project Funding to expedite approved Fleet Replacements.”

POLICY CONTEXT

In September of 2020, the City Council adopted [Resolution No. 11159](#), which includes the goal of community-wide carbon neutrality by 2035 and municipal operations by 2030. In August of 2021, Council adopted the “Lead by Example” plan and [Resolution No. 11263](#), which includes a goal for to the City to eliminate fossil fuel in vehicles and equipment, with the following objectives:

1. Achieve 100% all-electric light duty vehicles, excluding long range and certain public safety vehicles.
2. Achieve 50% zero emission medium and heavy-duty vehicles.
3. Achieve 100% all-electric transit fleet.
4. Achieve 100% all-electric equipment, excluding certain heavy-duty equipment, pumps, and backup generators.

The City reaffirmed Climate Action as a Major City Goal in the 2023-25 Financial Plan.

This unexpected purchasing opportunity has undergone a thorough policy review, and Council approval is required based section 405 – H, Section 3 of the City’s Financial Management Manual.

DISCUSSION

Background

On January 29, 2024, four new Ford Lightnings vehicles were incorrectly shipped to the City by a dealership from which the City regularly purchases vehicles. While these vehicles are not required to be purchased by the City, due to recent procurement challenges of electric vehicles, staff is recommending purchasing these vehicles. Purchasing these vehicles complies with the City's Climate Action Goals, accelerates the City's "Lead by Example" plan, reduces asset maintenance needs of older more maintenance intensive internal combustion engines vehicles, and by advancing replacement of internal combustion engines vehicles reduces the City's carbon footprint.

Staff reviewed the fleet replacement plan currently approved in the 2023-25 Financial Plan and determined that one of the four Lightenings could be purchased to replace an asset identified for replacement this year. Staff also identified three vehicles that, although not identified for replacement this year in the current financial plan, would benefit the City by replacing now and advance the City closer to the goal of an 100% all-electric light-duty fleet by 2030, and a purchase order is pending for these vehicles. The Parking Services Program within the Public Works Department currently has a fleet asset replacement scheduled in the 2024-25 Fiscal Year, and the Water Distribution Program within the Utilities Department has two fleet assets scheduled for replacement in the 2025-26 Fiscal Year. These three vehicles are recommended for expedited replacement because they are older vehicles and recently have been problematic with breakdowns, at times leaving both the Parking Service and Water Distribution programs without the necessary vehicles to complete their work. Additionally, the two vehicles assigned to the Water Distribution Program are 2010 Dodge Dakotas, and the City has experienced that replacement parts have become more challenging to procure requiring staff to find and use parts from an auto dismantler.

It should be noted that, in addition to the many factors previously mentioned benefiting the replacement of these vehicles with all electric vehicles, the City will save approximately \$5,000 per vehicle due to the price increase between the 2023 and 2024 models. Additionally, these vehicles are eligible for the \$7,500 rebate through the federal government and may potentially qualify for other local rebates. Staff will apply for all applicable rebates.

Previous Council or Advisory Body Action

September 2020 – City Council adopted Resolution R-11159, which includes the goal of community-wide carbon neutrality by 2035 and municipal operations by 2030.

August 2021 – City Council adopted the "Lead by Example" plan, which includes the goal that the City eliminates fossil fuel in vehicles and equipment by 2030.

September 2022 – City Council adopted the Fleet Replacement Policy.

June 2023 – City Council adopted the 2023-25 Financial Plan, which includes the recommended fleet replacements within the five-year capital plan.

Public Engagement

This is an administrative item intended to carry out previously approved plans and direction, so no public engagement was completed specific to the proposed purchase of these electric vehicles. Public comment can be provided to the City Council through written correspondence submitted prior to the meeting and through public testimony during the meeting.

CONCURRENCE

The Finance and Utilities Departments concur with the proposed expedited replacements.

ENVIRONMENTAL REVIEW

The recommended action is not considered a “Project” under California Environmental Quality Act (CEQA) Guidelines Section 15378.

FISCAL IMPACT

Budgeted: Yes

Budget Year: 2023-24

Funding Identified: Yes

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
Parking Fund (611): Completed Projects Account	\$169,082.85	\$60,000	\$109,082.85	\$0
Water Fund (601): Completed Projects Account	\$235,845.16	\$120,000	\$115,845.16	\$0
State				
Federal				
Fees				
Other:				
Total	\$404,928.01	\$180,000	\$224,928.01	\$0

To fund the vehicle replacements, the use existing funding within the completed projects account of Parking Fund and Water Fund is recommended.

ALTERNATIVES

The City Council could choose to deny the request. This approach is not recommended as the City would miss a valuable opportunity to procure necessary fleet replacement assets. Denying this request will result in increased costs, as these vehicles are invoiced from a 2023 quote. 2024 Lightnings will each cost approximately \$5,000 more than the 2023 model delivered. The City is eligible for a \$7,500 federal rebate incentive offered on each Lightning, which may not be applicable in the future. Denying the request could increase the challenge of meeting our CAP goal of 100% electric light-duty vehicles by 2030.

ATTACHMENTS

A - Draft Resolution approving funds to expedite approved Fleet Replacements