



CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

AGENDA ITEM

Report: Equipment Replacement Capital Outlay for Glendale Water and Power (GWP) and the Public Works Department (PWD)

1. Resolution of Appropriation to Appropriate Funds for Various Equipment Replacement Capital Outlay Procurements

COUNCIL ACTION

Item Type: Action Item

Approved for December 7, 2021 **calendar**

EXECUTIVE SUMMARY

PWD is charged with procuring replacement vehicles and equipment for all City of Glendale departments. Additional funding is needed to order several PWD and GWP vehicles and equipment scheduled for replacement in FY 2021-22. Additionally, funds are needed to replace several GWP vehicles that were planned for replacement in FY 2022-23; however, now this schedule needs to be expedited in order to remove their diesel engines from service. All of these vehicles have been fully depreciated and meet the criteria for replacement.

COUNCIL PRIORITIES

1. Exceptional Customer Service: The timely replacement of these heavy duty vehicles will promote the continuity of PWD and GWP field services to the public.
2. Infrastructure & Mobility: The equipment being replaced is primarily assigned for the upkeep of the city's infrastructure.
3. Sustainability: Older diesel heavy duty equipment will be replaced with Compressed Natural Gas (CNG) powered equipment which produces significantly less particulate emissions.

RECOMMENDATION

That the City Council approve a Resolution of Appropriation to appropriate funds for various equipment replacement capital outlay procurements for GWP and PWD.

BACKGROUND

The City of Glendale has several older diesel engine powered heavy duty trucks that need to be replaced with cleaner CNG powered engines. These are older vehicles that have already been fully depreciated and meet replacement guidelines. These older units produce considerably higher particulate emissions than similar CNG models. Due to the urgency of these new trucks, limited availability of all-electric alternatives and need for substantial electric infrastructure upgrades that would be required to support comparable all-electric models, CNG is recommended for these replacements.

The South Coast Air Quality Management District (SCAQMD) Rule 1196 requires that all heavy duty vehicles added to applicable public agency fleets after July 1, 2002 be alternative fuel such as CNG. The City of Glendale has several older heavy duty vehicles that do not comply with Rule 1196 and need to be urgently replaced. If the City is unable to quickly order replacement vehicles, SCAQMD may elect to compel the City to take these vehicles out of service before replacement units are received. This would hamper municipal field operations as well as emergency response capacity.

ANALYSIS

Additional funding is needed for the following recommended fleet procurements:

GWP Digger Derricks

GWP operates two 2002 model Freightliner FL112 diesel engine powered Digger Derricks in need of replacement. Digger Derricks dig holes and set utility poles. Unit 5038 has 6418 hours and high ongoing maintenance costs while 5041 has 5812 hours and has incurred numerous costly repairs. The cost of new replacement CNG powered Digger Derricks is \$650,000 each or \$1,300,000 for both.

GWP Washer Truck

GWP has one 2006 International 7500 diesel engine powered Washer Truck, unit 5097. This equipment is used to clean transformers which prevents electric outages and other issues. This truck has been fully depreciated and has 1464 hours. The cost for a new CNG powered truck is \$750,000.

PWD Dump Trucks

PWD has one 2002 diesel engine powered Sterling M7500 dump truck and one 2003 diesel engine powered Sterling M7500 dump truck. Dump trucks transport materials such as construction waste and dirt to construction job sites and dumping locations. Dump trucks are especially important during emergency response activities.

Unit 4108 has 6224 hours and 88,888 odometer miles while unit 4109 has 4886 hours and 67,848 odometer miles. Both dump trucks 4108 and 4109 have been fully depreciated and are budgeted for replacement in FY 2021-22 for \$150,000 each. Following a request for quotations process, the low bid submitted for the CNG replacement dump trucks was \$233,225 each. Therefore, an appropriation of \$100,000 each or \$200,000 total is recommended to make up for the difference in cost as well as provide for contract contingencies.

GWP Equipment Replacement Capital Outlay

During the annual budget process, PW staff estimates the cost of replacement vehicles and submits this information to the Finance Department to be included in the budget. These estimates are based primarily on applying an annual cost escalation rate to the original acquisition cost of the vehicle. With a few exceptions, this method has been effective in predicting the cost of replacement vehicles.

In Fiscal Year 2021-22, the budgeted amount for multiple heavy duty GWP work trucks has been inadequate. Following competitive request for quotations processes, the low bids have consistently come in above what was budgeted. This equipment includes complicated truck builds which historically garners a few bids; however, responses this year have been routinely only one or two bids. Additionally, staff believes supply-chain backlogs, depressed vehicle production and inflation have all factored to increase costs. This funding will allow staff to order new equipment to replace assets scheduled for replacement in FY 2021-22 including Manlift Truck 5171, Work Truck 5179, Compact Pickup 5187, Utility Truck 5212 and Utility Truck 5219. Staff recommends an additional allocation of \$166,000.

STAKEHOLDERS/OUTREACH

Not applicable.

FISCAL IMPACT

The additional funding needed for these fleet procurements totals \$2,416,000, which was not included as part of the FY 2021-22 budget. Therefore, staff is requesting for an appropriation of \$2,416,000 from the Electric Surplus Fund, Water Surplus Fund and Fleet Management Fund. The appropriation requests are outlined on the next page:

From

Amount: \$2,100,000

Funding Source: Electric Surplus Fund

Account String GL:

GL: 27900-5810-GWP-0000-

To

Amount: \$2,100,000

Funding Source: Electric Depreciation Fund

Account String GL & PL Ledger:

GL: 51000-5830-GWP-0020-

PL: E30014

From

Amount: \$116,000

Funding Source: Water Surplus Fund

Account String GL:

GL: 27900-5910-GWP-0000-

To

Amount: \$116,000

Funding Source: Water Depreciation Fund

Account String GL & PL Ledger:

GL: 51000-5930-GWP-0020-

PL: W30015

From

Amount: \$200,000

Funding Source: Fleet Management Fund

Account String GL:

GL: 27900-6010-PWD-0000-

To

Amount: \$200,000

Funding Source: Fleet Management Fund

Account String GL & PL Ledger:

GL: 51000-6010-PWD-7508-

ENVIRONMENTAL REVIEW (CEQA/NEPA)

This item is considered a ministerial activity and therefore, not subject to CEQA review.

CAMPAIGN DISCLOSURE

This item is exempt from campaign disclosure requirements.

ALTERNATIVES

Alternative 1: Approve a Resolution of Appropriation to appropriate funds for various equipment replacement capital outlay procurements. This will enable the City to replace vehicles that have been fully depreciated and meet replacement guidelines and remove older diesel heavy duty vehicles from local streets.

Alternative 2: Take no action, which will result in the delay of these procurements until at least FY 2022-23.

Alternative 3: Consider any other alternative not proposed by staff.

ADMINISTRATIVE ACTION

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Approved by:

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EXHIBITS/ATTACHMENTS

None.