



# CITY OF CARSON

## Legislation Text

File #: 2022-110, Version: 1

### Report to Mayor and City Council

Tuesday, March 15, 2022

Consent

#### SUBJECT:

**CONSIDER APPROVING THE PURCHASE OF TWO ELECTRIC VEHICLE (EV) MINIBUSES FROM A-Z BUS SALES, INC. AT A DO-NOT-EXCEED TOTAL COST OF \$546,823.62 (CITY COUNCIL)**

#### I. SUMMARY

The City provides fixed-route bus service through Long Beach Transit (LBT) and Carson Circuit. The City owns and maintains its own fleet of four buses to operate the Carson Circuit as an in-house program. With the advent of electric vehicles (EVs) for both personal and commercial applications, a growing number of transit agencies have started integrating EV busses into their fleets. In light of this transition, staff would like to purchase two EV busses as a pilot. Data will be gathered and assessed from this pilot before making a future recommendation to replace the remaining fleet with EV units.

As with most new technologies, upfront costs to purchase EV busses are considerable. Staff have identified a funding opportunity through California's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) for discount vouchers of up to \$60,000 per bus. Authorized dealers require a purchase order from the City to bid for these vouchers on behalf of the City. In preparation for this imminent opportunity, staff issued an Invitation for Bids (IFB) on February 24, 2022 for the purchase of two EV minibuses.

A response to the solicitation was submitted by:

Coachwest Luxury & Performance Motorcars, Inc.	\$408,743.38
A-Z Bus Sales	\$520,784.40
Electric Vehicle Conversions (EVC)	\$570,892.50
Creative Bus Sales	\$589,181.90

A-Z Bus Sales, Inc. (A-Z) was selected as the lowest responsive and responsible bidder, with a total bid amount of \$520,784.40. Although the bid from Coachwest Luxury & Performance Motorcars, Inc. came in lower than A-Z, they were not an authorized HVIP

dealer at the time of submission, as specified in the solicitation. For any unforeseen expenditures, an additional \$26,039.22 (5%), is requested as contingency, for a total of \$546,823.62 before discounts.

On March 30, 2022, A-Z will bid for two discount vouchers on behalf of the City. Should A-Z be successful in obtaining said vouchers, the City will receive an immediate price reduction of \$120,000.

Staff is requesting the City Council award a purchase order to A-Z at a do-not-exceed cost of \$546,823.62 before discounts. This amount is based on A-Z's bid price of \$520,784.40, plus 5% contingency. The \$120,000 discount will be listed on the purchase order as its own line item, resulting in a net cost of \$426,823.62.

## **II. RECOMMENDATION**

1. AWARD and APPROVE a purchase order agreement to A-Z Bus Sales, Inc. for two (2) electric vehicle (EV) minibuses at a do-not-exceed total cost of \$546,823.62; and
2. WAIVE further reading and ADOPT Resolution No. 22-038, a "RESOLUTION OF THE CARSON CITY COUNCIL TO AMEND THE FISCAL YEAR 2021-22 BUDGET IN THE PROPOSITION C AND AIR QUALITY FUNDS TO ALLOCATE ADDITIONAL FUNDS FOR THE PURCHASE OF TWO ELECTRIC VEHICLE MINIBUSES" (Exhibit No. 1; Resolution No. 22-038).

## **III. ALTERNATIVES**

TAKE another action the City Council deems appropriate.

## **IV. BACKGROUND**

The City provides fixed-route bus service through Long Beach Transit (LBT) and Carson Circuit. The City owns and maintains its own fleet of four buses to operate the Carson Circuit as an in-house program. With the advent of electric vehicles (EVs) for both personal and commercial applications, a growing number of transit agencies have started integrating EV busses into their fleets.

The City's bus fleet currently consists of four busses. Two busses operate on diesel fuel, while the other two operate on compressed natural gas (CNG). Although these busses emit less harmful greenhouse gases than their unleaded counterparts, the benefits of EVs, i.e., zero-emissions, makes for an easy case in considering the transition. It is staff's recommendation to start with two EV busses to start. Staff will gather and assess data from this pilot before making a future recommendation to replace the remaining fleet with EV units.

Regarding EV charging stations, Public Works staff have identified a Southern California Edison (SCE) program that can assist with the installation of charging infrastructure for EVs. However, this process entails site evaluations and pending agreements with SCE before program approval can take place. Staff will continue to seek additional

opportunities outside of SCE as a contingency.

To this end, efforts to procure charging stations are also underway. As industry lead times for EV busses are currently 12-18 months out from the time of order, staff will work on obtaining infrastructure upgrades and charging stations by or around the time of vehicle delivery.

As with most new technologies, upfront costs to purchase EV busses are considerable. However, EV busses are far less expensive to operate than their diesel/CNG counterparts (Exhibit 2; EV slides). Anticipated costs for fuel and maintenance are expected to run \$40,000 less per year on average than comparable CNG and diesel units.

Staff have identified a funding opportunity through California's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) for discount vouchers of up to \$60,000 per bus. Authorized dealers require a purchase order to bid for these vouchers on behalf of the City. In preparation for this imminent opportunity, staff issued an Invitation for Bids (IFB) on February 24, 2022 for the purchase of two EV minibuses.

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At the opening of the next funding round (March 30, 2022), A-Z will bid for two discount vouchers on behalf of the City. Should A-Z be successful in obtaining said vouchers, the City will receive an immediate price reduction of \$120,000.

Staff is requesting the City Council award a purchase order to A-Z at a do-not-exceed cost of \$546,823.62 before discounts. This amount is based on A-Z's bid price of \$520,784.40, plus 5% contingency. The \$120,000 discount will be listed on the purchase order as its own line item, resulting in a net cost of \$426,823.62. In the event vouchers are unobtainable at this upcoming round, staff can come back for follow-up approval when the next round is announced.

At the City's Parks, Recreation and Cultural Arts Commission meeting on February 24, 2022, staff took the opportunity to discuss the proposed purchase and gathered input from commissioners. There was a mutual desire to support staff's recommendation.

Pursuant to CMC Section 2605(b)(1)(ii), the proposed purchase would require a separate written contract absent waiver of the requirement in the sole discretion of the Purchasing Manager. Since A-Z will not be performing any services for the City, the City Manager, serving dually as the Purchasing Manager, has waived said written contract requirement (Exhibit No. 4; Waiver).

## **V. FISCAL IMPACT**

As a prospective budget for one EV minibus, a total of \$200,000 was budgeted evenly between Proposition C account no. 219-90-940-180-8003 and Air Quality account no. 225-90-940-276-8003 during the Fiscal Year (FY) 2021-22 budget process.

To secure the current order for two EV busses, an additional appropriation of \$246,823.62 is needed in Proposition C account no. 219-90-940-180-8003, and \$100,000 in Air Quality account no. 225-90-940-276-8003.

There is no impact to the City's General Funds.

## **VI. EXHIBITS**

1. Resolution No. 22-038 (pgs. 5-6).
2. EV slides (pgs. 7-19).
3. IFB 22-13 bids (pgs. 20-25).
4. Waiver (pg. 26).

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