



Legislation Text

File #: 23-0427, **Version:** 1

Recommendation to adopt a resolution authorizing City Manager, or designee, to execute a contract, and any necessary documents including any necessary subsequent amendments, with Haaker Equipment Company, of La Verne, CA, for the purchase of 14 CNG-fueled Elgin Pelican Street Sweepers, with related equipment and accessories, on the same terms and conditions afforded to Sourcewell, in a total amount not to exceed \$7,569,333, inclusive of taxes and fees; and

Authorize City Manager, or designee, to execute a lease-purchase agreement, and related financing documents, with Banc of America Public Capital Corp, of San Francisco, CA, for the financing of street sweepers, payable over a five-year period at an interest rate to be determined when the agreement is executed. (Citywide)

City Council approval is requested to enter into a contract with Haaker Equipment Company (Haaker), for the purchase and delivery of 14 CNG-fueled, Elgin Pelican Street Sweepers, for use by the Public Works (PW) Department, and execute a lease-purchase agreement through the City of Long Beach's (City) Master Lease Agreement with Banc of America Public Capital Corp (BAPCC), for the financing of street sweepers payable over a five-year period.

The Environmental Services Bureau of the PW Department is replacing 14 Elgin Pelican CNG street sweepers that are currently lease-financed and are due to be replaced in Fiscal Years (FY) 2023 and 2024. The current sweepers are nearing the end of their useful lifecycle, with the last remaining lease payment scheduled to be completed in September 2024. The first of the new sweepers will be delivered October 2024. Purchasing the replacement units now will minimize repair downtime and ensure the lowest net operational costs for the City.

Elgin Pelican broom sweepers make up the majority of the City's street sweeper fleet and have proven most effective at clearing large, heavier debris such as leaf fall, common in many of Long Beach's heavily tree-lined streets. The three-wheel model requested has a smaller overall footprint and is more maneuverable, which assists in complete and more rapid cleaning of smaller streets and alleyways.

The Fleet Services Bureau of the Department of Financial Management researched procurement options for purchase of CNG-fueled street sweepers and discovered other

agencies had completed an open, fair, transparent, and competitive procurement process. The City reviewed the cooperative agreement options and determined that the contract between Sourcewell and Elgin Sweeper Company, through their local distributor, Haaker Equipment Company, provided the best value to the City. Elgin Pelican was selected based on their competitive pricing, best overall quality, and selection of equipment/product offerings to meet the needs of cooperative members and other governmental authorities.

City Charter Section 1802 provides an alternative procurement method by permitting the City to purchase or otherwise obtain services, supplies, materials, equipment, and labor using existing contracts from other governmental agencies. This alternative procurement method can save time and reduce costs through economies of scale by purchasing under existing contracts from other government agencies on a voluntary and selective basis, when authorized by a Resolution adopted by the City Council.

This matter was reviewed by Deputy City Attorney Anita Lakhani on April 13, 2023, Purchasing Agent Michelle Wilson on April 3, 2023, and by Revenue Management Officer Geraldine Alejo on April 17, 2023.

SUSTAINABILITY

The City is a recognized leader in the use of alternative fuels, having been named the number two municipal Green Fleet in the nation by the National Association of Fleet Administrators (NAFA) in 2022. The City is embracing zero-emission vehicles (ZEVs) as quickly as they become available (along with funding and infrastructure support). The fleet includes 81 ZEVs (including its first fully electric pickup) and 90 plug-in hybrids.

Zero-emission sweepers are not yet generally available on the market; however, these street sweepers are powered by renewable compressed natural gas fuel and are in full compliance with local Air Quality Management District regulations, significantly reducing particulate matter and toxic emissions from fuel combustion.

City Council action to adopt a Resolution and award a contract concurrently is requested on May 2, 2023, to ensure the contract is in place expeditiously.

The total purchase price of the street sweepers will not exceed \$7,569,333. Based on an indicative interest of 3.86 percent on March 13, 2023, the total amount for the lease-purchase agreement with BAPCC is estimated at \$8,335,385, which includes principal, interest, and

escrow fees. This equates to approximately \$1,667,077 in annual debt service costs for the five-year life of the financing. The annual debt service cost increase from the current lease-purchase agreement to the new lease-purchase agreement is estimated at \$542,631. This amount is subject to change and will be finalized when the agreement is executed. The annual debt service cost increase will be included in the FY 24 Fleet Services Memorandum of Understanding (MOU), and will be billed through charges to the General Fund Group in the Public Works Department. The annual maintenance and fuel for these units is estimated at \$195,517. There is no on-going annual cost increase anticipated for the maintenance and fuel associated with the new units. These costs will continue to be billed to the General Fund Group in the Public Works Department through the Fleet Services MOU process. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with City Council Priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

KEVIN RIPER
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER