



**AGENDA REPORT**

**PROPOSED ACTION: Resolution:** Approve and Authorize: (1) the Executive Director to Waive Formal Competitive Procurement Procedures and Execute Contracts to Procure Vehicles for Use by Aviation and Maritime Divisions at a Total Cost Not to Exceed \$4,746,500; (2) the Designation of Certain Existing Vehicles as No Longer Used, Inadequate, Obsolete or Worn-Out and the Sale, Donation, and/or Other Disposition of Such Other Existing Vehicles; and (3) the Executive Director to Dispose of Such Other Existing Vehicles through a Variety of Means, Including Surplus Sale, Donation, Scrapping, Recycling, Destruction, and Abandonment in Accordance with Port of Oakland Administrative Code Section 5.12.160.**(Aviation)**

**Submitted By:** Craig Simon, Interim Director of Aviation; Kristi McKenney, Acting Executive Director

**Parties Involved:** To Be Determined

**Amount:** \$4,746,500 Capital Equipment Expenditure

**EXECUTIVE SUMMARY:** Port of Oakland (Port) Staff regularly evaluate the Port’s vehicle fleet and equipment to determine replacement need based on wear and tear, miles driven, and years in service. Additional replacement vehicles must also be considered to comply with the California Air Resource Board’s (CARB) regulations. Staff have identified 21 vehicles that need to be replaced now for a total cost not to exceed \$4,746,500.

Port Staff participate in webinars and vendor presentations; and reach out to partnering agencies and industry experts to ensure the Port is purchasing equipment and vehicles that use alternative fuels instead of unleaded gas and diesel, wherever feasible. Alternative-powered vehicles are a rapidly evolving industry, which means new options are regularly becoming available in battery-electric form but may cost more than originally budgeted when they were not available. However, Port Staff expect the cost overages can be absorbed through underspending on other projects in the approved fiscal year 2024 (FY24) capital budget and additional budget is not requested at this time. Of the 21 purchases, 17 will be battery-electric. Given the current market conditions for the procurement of the vehicles and equipment (long lead times and shortage of supplies), Port Staff will competitively solicit bids or use existing competitively solicited contracts, where possible, to procure the vehicles and equipment and will only waive competitive procurement procedures when necessary.

**BACKGROUND & ANALYSIS**

Vehicles are needed to support operations at the Port’s Maritime (Seaport) and Aviation (Airport) areas. All vehicles must meet the Port’s guidelines for replacement according to Administrative Policy (AP) 750, which states that equipment and vehicles should be considered for replacement after five years or 50,000 miles (as a practical matter most

Port vehicles are retained far longer than these minimums). In addition to meeting these guidelines for replacement, all existing vehicles are evaluated to determine if they are still needed; age and condition; opportunities for improvement to operational efficiency; potential cost savings; and opportunities to use alternative fuels.

The clean energy industry is changing rapidly; thus, Port Staff are in constant communications with vendors, consultant industry experts, and local Public Works and transit agencies to stay up to date on the latest clean energy equipment and vehicles available and what may be upcoming.

As part of the FY24 capital equipment request, Port Staff are requesting a total of 21 fleet related items listed under Table 1: Fleet/Equipment Purchases and Estimated Costs. Of the 21 purchases, 17 of these items are currently unleaded or diesel gasoline and will be replaced with battery-electric. The other four purchases will be fueled by renewable diesel gasoline for one of the following reasons:

1. A zero or low-emission type of power is not available yet.
2. A zero or low-emission type of power is not being sold in the U.S. at this time.
3. A zero or low-emission equivalent is not available that meets Port minimum operational needs (power or capacity).

When Port Staff identified equipment for purchase and estimated costs in April 2023 for purposes of developing the FY24 Capital Budget, some of the items for replacement were not available in battery-electric form. More recently, Port Staff determined that electric powered alternatives for certain purchases are both available and meet Port operational needs but the costs for the electric versions are more than what was budgeted. Port Staff reviewed the Aviation and Maritime approved FY24 budgets, along with current spending, and determined that the cost overages may be covered by shifting available contingency budgets between capital line items. Port Staff are also pursuing grant opportunities for eligible equipment that may defray costs.

Port Staff have reviewed off-road equipment inventory and developed a schedule to replace equipment so that the Port continues to comply with the CARB In-Use Off-Road Diesel-Fueled Fleets Regulation, which is monitored via the Diesel Off-Road Online Reporting System called DOORS. The regulation provides target average emission standards that must be met each year and reported through DOORS. The average emissions target lowers over time. The schedule developed staggers equipment replacement to ensure new off-road equipment is ordered according to these regulations.

Port Staff will follow the Port Purchasing Policies and Procedures and only waive formal competition when necessary. Port of Oakland Administrative Code section 5.12.070.B authorizes the Port to waive formal competitive procurement procedures upon the Board's finding and determination that: (1) such procedures would be "impracticable, unavailing, or impossible;" (2) "it is in the best interests of the Port;" or (3) the Board adopts an alternative competitive procurement procedure that "is in the best interests of the Port considering the complexity, value, and timeline as well as other factors of the contract." Waiving formal competitive procurement procedures for certain purchases would be in the Port's best interests because of long lead times and supply shortages.

**Table 1: Fleet/Equipment Purchases and Estimated Costs**

<b>Aviation</b>				
<b>Asset No.</b>	<b>Year</b>	<b>Description</b>	<b>New Fuel Type</b>	<b>Estimated Cost <sup>(2)</sup></b>
XY26	2002	Rubber Tire Wheel Loader	Diesel	\$ 340,000
XW91	2006	Garbage Truck	Battery-Electric	\$ 560,000 <sup>(3)</sup>
XT23	2008	Milling Machine	Diesel	\$ 680,000
NEW	n/a	Asphalt Spreader Box	Diesel	\$ 290,000
XR08	2015	Facilities Work Truck	Battery-Electric	
XT56	2008	Facilities Work Truck	Battery-Electric	
XY33	2002	Facilities Work Truck	Battery-Electric	
XV45	2006	Facilities Work Truck	Battery-Electric	
XV57	2006	Facilities Work Truck	Battery-Electric	
XV53	2006	Facilities Work Truck	Battery-Electric	
XW82	2005	Facilities Work Truck	Battery-Electric	
XY33	2002	Facilities Work Truck <sup>(1)</sup>	Battery-Electric	
NEW	n/a	Facilities Work Truck <sup>(1)</sup>	Battery-Electric	
		Facilities Work Truck (Subtotal)		\$ 774,000
NEW	n/a	500 kW Portable Generator	Diesel	\$ 550,000
XT32	2008	10 Wheel Dump Truck (10yd)	Battery-Electric	\$ 490,000 <sup>(3)</sup>
XV55	2006	Engineering Truck <sup>(1)</sup>	Battery-Electric	\$ 65,000
XV64	2006	Engineering Sedan <sup>(1)</sup>	Battery-Electric	\$ 36,000
XV69	2007	Engineering Truck <sup>(1)</sup>	Battery-Electric	\$ 65,000
XZ06	2000	Engineering Truck <sup>(1)</sup>	Battery-Electric	\$ 65,000
Contingency (10%)				\$ 391,500
Aviation Subtotal				\$ 4,306,500
<b>Maritime</b>				
<b>Asset No.</b>	<b>Year</b>	<b>Description</b>	<b>Replacement Fuel Type</b>	<b>Estimated Cost</b>
NEW	n/a	Work Truck (2-ton)	Battery-Electric	
NEW	n/a	Work Truck (2-ton)	Battery-Electric	
		Work Truck Subtotal		\$ 400,000 <sup>(3)</sup>
Contingency (10%)				\$ 40,000

Maritime Subtotal	\$ 440,000
<b>Total Cost</b>	<b>\$ 4,746,500</b>

(1) Vehicles not part of original budget request

(2) The costs provided are the best available estimates at the time staff prepared this agenda report. Costs have been fluctuating by the day due to the current labor strike.

(3) Cost shown reflect full estimated purchase price without rebates or grants.

**Rubber Wheel Tire Loader:** The rubber wheel tire loader is approximately 21 years old. The current loader is diesel fueled and its replacement will be diesel because there is not an alternative-fueled loader available today that meets the operational lifting payload requirement of over 26,000 lbs. A battery-electric version is available, but its operational lifting payload is only 7,500 lbs. The loader is used weekly for earthwork and material loading airport wide. Per CARB regulations, this loader needs to be replaced by 2028 because it is classified as Tier 1. Tier 1 engines are older and dirtier. The diesel replacement will be a Tier 4 Final with a cleaner and lower emissions engine.

**Garbage Truck:** The garbage truck is 17 years old. It is used daily for garbage collection throughout the airport and is difficult to maintain. Aviation has two (2) garbage trucks in its fleet. Port staff will be replacing the older, diesel, garbage truck with a battery-electric one. Staff may utilize the Hybrid and Zero Emissions Truck and Bus Voucher Incentive Program (HVIP) rebate of up to \$120,000 or another grant to help reduce the cost of the purchase. Staff will use the greater of the eligible rebate or grant award.

**Milling Machine:** The milling machine is 15 years old. The current milling machine is diesel fueled and its replacement will be diesel because there is not an alternative-fueled milling machine available today in the U.S. that meets the operational requirements at the airport. There is a battery-electric milling machine that is only available in Europe at this time and is only one-third the size that Aviation needs. The milling machine is essential for airfield pavement repairs.

**Asphalt Box Spreader:** This is a new purchase. A box spreader is essential for airfield pavement repairs. With recent storms, Port staff needed to perform more and larger sections of repairs than in the past. Previously, staff repaired smaller spot repairs by hand. The larger section of repairs cannot be performed by hand and an asphalt box spreader would help Port staff complete this work most efficiently. Port staff and consultant research have both confirmed that at this time, there is no alternative to diesel for this type of equipment.

**Facilities Work Trucks:** Nine battery-electric trucks will be purchased for facility staff. Eight of these will replace gasoline-powered work trucks and one will be a new addition to the fleet. The additional work truck will be assigned to a staff that is currently using a runway truck as their daily work truck, which is not efficient. Two of the trucks were not identified in the FY24 capital equipment request, but Aviation will be able to absorb the cost in its overall capital program. The trucks due for replacement are between eight and 21 years old. They are becoming increasingly difficult to maintain. The trucks are used

daily and tailored to specific trades for maintenance work efficiency throughout the Airport.

**500kW Portable Generator:** This is a new purchase that would serve as a back-up power generator to the Airport's Lift Station 1, which was built in 1961. Lift Station 1 is the Airport's primary facility that takes all the sewer from South Field and runs it through a sewer main to EBMUD's facility located in North Field. A project to rehabilitate or build a new lift station is in the Port's five year capital improvement plan. Until the lift station is replaced, a diesel generator of this size is needed on-site to support this critical facility in case of power loss. There is no electric-powered, portable generator that provides the power needed for this operation available at this time. When the lift station is replaced this generator will be available for emergency back-up needs across the Port.

**Ten Wheel Dump Truck (10-yard):** The ten wheel, 10-yard dump truck is 15 years old and is increasingly difficult to maintain. Port Staff has recently replaced one with a battery-electric and will now be replacing this diesel truck with a battery-electric one. The truck is used daily for hauling materials and transporting materials throughout the airport. Port Staff will be utilizing the HVIP rebate of up to \$120,000 each to help reduce the cost of this purchase.

**Engineering Vehicles:** Four gasoline-powered engineering vehicles will be replaced with battery-electric ones. The vehicles due for replacement are between 16 and 23 years old. They require a lot of maintenance due to their age, and normal wear and tear. The vehicles are used daily so staff can get to their construction projects and perform inspections around the airport. They will be replaced with one sedan and three trucks. This item was not identified in the FY24 capital equipment request, but Aviation will be able to absorb this cost in its overall capital program.

**Maritime Work Trucks:** Two new battery-electric 2-ton work trucks will be purchased for two new staff resources that were provided in FY23. These trucks will be used daily and will provide greater flexibility and efficiency for Harbor Facilities to perform the department's day to day activities. Port Staff will be utilizing HVIP rebates of up to \$69,000 each to help reduce the costs of these purchases.

## OTHER FINDINGS AND PROVISIONS

### ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- Categorically exempt under the following CEQA Guidelines Section:

Choose an item.

- Not a "Project" under CEQA, as defined in Public Resources Code § 21065.
- Other/Notes:

### BUDGET

- Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
- Operating                       Non-Operating                       Capital

Analysis: The estimated cost for the equipment shown in Table 1, including contingency, is \$4,306,500 for Aviation and \$440,000 for Maritime. This represents an approximate increase of \$1,500,000 and \$280,000 in estimated costs relative to the amount budgeted in FY24 for Aviation and Maritime capital equipment purchases shown in Table 1, respectively. However, these overages may be absorbed by other line items in the overall FY24 capital program. There is no requested increase to Aviation or Maritime's approved FY24 capital budget at this time.

### STAFFING

- No Anticipated Staffing Impact.
- Anticipated Change to Budgeted Headcount.

Reason:

- Other Anticipated Staffing Impact (e.g., Temp Help).

Reason:

### MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Other) - see explanation below.

- Additional Notes: The provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) do not apply to this recommended procurement.

### LIVING WAGE (City Charter § 728):

Applies?

No (Goods) – proposed action entails an agreement for goods, commodities, supplies, or equipment with incidental service provisions (if any) that are not covered by the Living Wage requirements.

- Additional Notes:

<p><b><u>SUSTAINABLE OPPORTUNITIES:</u></b></p> <p><u>Applies? Yes.</u></p> <p><u>Reason:</u> Of the 21 purchases, 17 are fully electric to replace gasoline and diesel pieces. The new rubber wheel tire loader is Tier 4 Final, which although still diesel, will have a cleaner engine. Port staff continually seek alternative fuel vehicles and equipment.</p>	<p><b><u>GENERAL PLAN</u></b> (City Charter § 727):</p> <p><u>Conformity Determination:</u></p> <p>No Project – conformity determination not required because proposed action does not change use of or make alterations to an existing facility, or create a new facility.</p>								
<p><b><u>STRATEGIC PLAN.</u></b> The proposed action would help the Port achieve the following goal(s) and objective(s) in the Port’s Strategic Business Plan:</p> <table border="0"> <tr> <td><input type="checkbox"/> Grow Net Revenues</td> <td><input checked="" type="checkbox"/> Modernize and Maintain Infrastructure</td> </tr> <tr> <td><input type="checkbox"/> Improve Customer Service</td> <td><input type="checkbox"/> Pursue Employee Excellence</td> </tr> <tr> <td><input type="checkbox"/> Strengthen Safety and Security</td> <td><input checked="" type="checkbox"/> Serve Our Community</td> </tr> <tr> <td><input checked="" type="checkbox"/> Care for Our Environment</td> <td></td> </tr> </table>		<input type="checkbox"/> Grow Net Revenues	<input checked="" type="checkbox"/> Modernize and Maintain Infrastructure	<input type="checkbox"/> Improve Customer Service	<input type="checkbox"/> Pursue Employee Excellence	<input type="checkbox"/> Strengthen Safety and Security	<input checked="" type="checkbox"/> Serve Our Community	<input checked="" type="checkbox"/> Care for Our Environment	
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