



## Legislation Text

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**File #:** 2019-0372, **Version:** 1

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**DATE:** November 5, 2019

**SUBJECT:**

**RESOLUTION AUTHORIZING A PURCHASE AGREEMENT WITH 72 HOUR LLC, DBA NATIONAL AUTO FLEET GROUP, FOR THE PURCHASE OF NINE VEHICLES CONSISTING OF SEVEN RENEWABLE DIESEL VEHICLES AND TWO GASOLINE POWERED VEHICLES IN AN AMOUNT NOT TO EXCEED \$700,000. FUNDS FOR FISCAL YEAR 2020 HAVE BEEN BUDGETED**

**EXECUTIVE SUMMARY:**

The FY 2020 Equipment Outlay budget includes the purchase of nine (9) vehicles: five (5) pickups, one (1) dump truck, one (1) trash compactor, and two (2) sport utility vehicles (SUV). Staff has coordinated procurement through Sourcewell's (formerly National Joint Powers Alliance, NJPA) cooperative purchasing program under two contracts with 72 Hour LLC dba National Auto Fleet Group (National Auto), a California Limited Liability Company. Seven of the vehicles proposed to be replaced are among the oldest in the District's fleet and replacement is required due to the high maintenance cost, the inability to obtain specific parts and frequent equipment breakdowns. The other two vehicles will be out of compliance with California Air Resources Board criteria next year and require replacement.

Seven of the nine vehicles proposed to be purchased - the diesel pick-up trucks, the dump truck, and the trash compactor - will run on renewable diesel fuel. As renewable diesel is produced from biogenic waste products that would have decayed and produced CO2 emissions elsewhere, the emissions produced from renewable diesel use do not lead to a net increase of CO2 emissions. The use of renewable diesel will help the District meet its Climate Action Plan goals to curb greenhouse gas emissions on District Tidelands. Newer vehicles are also more gasoline efficient and produce lesser air emissions than older vehicles.

Staff recommends authorizing the agreement for the purchase of the following nine (9) vehicles in an amount not to exceed \$700,000: five (5) pickups, one (1) dump truck, and one (1) trash compactor running on renewable diesel and two (2) gas-powered SUVs (the Purchase Agreement).

**RECOMMENDATION:**

Adopt a resolution authorizing a purchase agreement with 72 Hour LLC dba National Auto Fleet Group for the purchase of nine (9) renewable diesel and gasoline powered vehicles in an amount not to exceed \$700,000.

### **FISCAL IMPACT:**

Funds for the proposed vehicle purchases are included in the FY 2020 Equipment Outlay and Other Capital Projects budget, under the General Services Department.

### **COMPASS STRATEGIC GOALS:**

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.
- A Port that is a safe place to visit, work and play.
- A Port with an innovative and motivated workforce.
- A financially sustainable Port that drives job creation and regional economic vitality.

### **DISCUSSION:**

The District's budget for FY 2020 includes the purchase of nine (9) renewable diesel and gasoline powered vehicles: five (5) pickups, one (1) dump truck, one (1) trash compactor, and two (2) sport utility vehicles (SUVs).

To facilitate the vehicle purchases, the District has arranged procurement through a cooperative purchasing program with Sourcewell. Purchase Agreement amounts are as follows:

- One (1) diesel powered 10-yard dump truck: \$168,907.33
- Two (2) diesel powered  $\frac{3}{4}$  ton crew cab pickup trucks: \$96,319.20
- One (1) diesel powered  $\frac{3}{4}$  ton utility gardener truck: \$54,437.36
- One (1) diesel powered  $\frac{3}{4}$  ton crew cab stake bed truck: \$63,958.93
- One (1) diesel powered long bed cargo stakebed truck: \$68,172.83
- One (1) diesel powered refuse packer/loader: \$175,361.66
- Two (2) gasoline powered mid-size SUVs: \$70,303.66

Sourcewell is a member-focused public cooperative of more than 50,000 member agencies throughout the United States and is available to any government agency, educational institution (private or public), tribal entity or nonprofit organization, at no cost associated with the membership. Its primary purpose is to serve as a national municipal contracting agency that combines the buying power of multiple agencies nationwide to save time and money by streamlining procurement through cooperative purchasing.

The requested purchase of the nine (9) vehicles will be under Sourcewell pre-approved contracts with National Auto, contract numbers 081716-NAF and 120716-NAF. National Auto was awarded the

Sourcewell contracts under a competitively solicited process covering numerous manufacturers and utility body companies with related accessories utilized in public fleets.

The diesel pick-up trucks, dump truck, and trash compactor will run on renewable diesel fuel. According to the Environmental Protection Agency, renewable diesel is a biogenic fuel produced from plant or animal products or wastes and is chemically the same as petroleum-based diesel. As a result, renewable diesel can be used in existing fueling infrastructure and vehicles without upgrades. Renewable diesel fuels offer a variety of environmental benefits including reduced emissions of nitrogen oxides (NOx), carbon monoxide (CO), and particulate matter (PM). The California Air Resources Board (CARB) recently found renewable diesel fuel to be one of the lowest carbon intensity fuels available today and can reduce carbon dioxide (CO2) emissions anywhere from 20-60 percent. Growing interest in renewable diesel fuel was further strengthened by the California Energy Commission's support for promoting the use of renewable diesel fuel as a means of reaching the state's energy and environmental goals. As renewable diesel is produced from biogenic waste products that would have decayed and produced CO2 emissions elsewhere, the emissions produced from renewable diesel use do not lead to a net increase in CO2 emissions. As a result, CARB has removed the summary of renewable diesel CO2 emissions from the annual state-wide inventory of CO2 emissions. Likewise, the use of renewable diesel will help the District meet its Climate Action Plan goals to curb greenhouse gas emissions on District Tidelands.

A variety of public agencies have switched all or a portion of their traditional standard diesel fuel use to renewable diesel. Locally, these agencies include the Cities of San Diego and Carlsbad, as well as the County of San Diego. Based on their positive feedback, the District switched to renewable diesel for its fleet use in October 2017, and there have not been any performance problems with the use of renewable diesel.

Staff researched the feasibility of purchasing alternative fuel SUVs, but this segment of the market does not offer many practical options based on staff's equipment needs at this time. Staff will continue researching opportunities to incorporate alternative powered vehicles throughout the District's fleet and will provide specific recommendations for Board consideration in future fiscal year budgets.

Staff is requesting Board approval to award the purchase of the nine (9) vehicles consisting of both renewable diesel and gasoline powered vehicles to 72 hour LLC dba National Auto Fleet Group in an amount not to exceed \$700,000.

### **General Counsel's Comments:**

The General Counsel's Office has reviewed the agenda sheet and attachments, as presented to it, and approves them as to form and legality.

### **Environmental Review:**

The proposed Board direction or action, a resolution authorizing a purchase agreement with 72 Hour LLC dba National Auto Fleet Group for purchase of nine (9) renewable diesel and gasoline-powered vehicles, does not constitute a "project" under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because it will not have a potential to result in a direct or indirect physical change in the environment and is, therefore, not subject to CEQA. No further

action under CEQA is required.

In addition, the proposed Board action complies with Sections 21, 35, and 81 of the Port Act, which allow the Board to pass resolutions and to do all acts necessary and convenient for the exercise of its powers, and for the use of funds for the expenses of conducting the District. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

Finally, the proposed Board direction or action does not allow for “development,” as defined in Section 30106 of the California Coastal Act, or “new development,” pursuant to Section 1.a. of the District’s Coastal Development Permit Regulations. Therefore, issuance of a Coastal Development Permit or exclusion is not required.

**Equal Opportunity Program:**

Not applicable.

**PREPARED BY:**

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**Attachment(s):**

Attachment A: Purchase Agreement between San Diego Unified Port District and 72 Hour LLC  
dba National Auto Fleet Group