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City Manager's Report
May 9, 2023 City Council Meeting
Prepared by: Nick Stone, Director of Public Works
Item #: 12.5

Subject: Consider approving an agreement with Owen Equipment for the purchase of a 2023 Vactor Truck

Recommendation: Adopt a resolution approving an agreement with Owen Equipment in the amount of \$364,468 for the purchase of a 2023 Vactor truck, and authorizing the Director of Public Works to execute the same.

Purpose: To purchase a 2023 Vactor truck to assist the Public Works Department with daily operations.

Strategic Plan Strategy: Health and Public Safety 4) Equipment Replacement/Maintenance

Background: In 2021 Public Works staff was notified by the California Air Resources Control Board (CARB) that the 2008 Vactor truck would be required to have a 2010 or newer engine installed or be sold out of state due to increasing air quality regulations by January 1, 2023. Staff is currently operating the 2008 Vactor under a "low use exemption" that is expected to expire on January 1, 2024. The purchase of a new Vactor truck was approved as part of the 2022/23 Capital Outlay Budget.

Discussion: Upon receiving notification from CARB, staff explored the option related to replacing the engine with a 2010 newer engine, this option was not feasible due to pricing and lack of availability of engines. When the 2008 Vactor was purchased, it had the best available emissions technology. Staff reached out to Owen Equipment as they are a Sourcewell vendor offering the best available pricing under a cooperative purchasing agreement. Due to concerns with futures emissions regulations, pricing and availability staff recommends purchasing a 2023 Vactor truck.

Options:

1. Approve an agreement with Owen Equipment for the purchase of a 2023 Vactor truck
2. Direct Staff to continue to explore other options.

Environmental: The purchase of a 2023 Vactor truck will allow the City to maintain a fleet that is compliant with California Air Resources Control Board Regulations. CEQA is not applicable to this purchase.

Cost: The cost of the 2023 Vactor truck is \$364,468.

Budget Impact: At its meeting held on December 13, 2022, the City Council authorized the City Manager to negotiate a Master Lease Agreement with Bank of America, National Association and an initial lease Draw No. 1 with a ten-year term and an APR of 4.38%. Staff successfully negotiated both the Master Lease Agreement and Draw No. 1 in January of this year. The Draw No. 1 principal amount totals \$731,065.81 and includes an allowance of \$364,468 for the purchase of a new Vector Truck. The \$364,468 lease allowance is equal to the proposed \$364,468 purchase of the Vector Truck from Owen Equipment. The annual debt service on the entire Draw No. 1 lease is \$91,067.09. The first semi-annual debt service payment is due on July 30, 2023. Staff has incorporated the annual debt service in the draft Fiscal Year 2023/2024 Operating Budget.



M. Cleve Morris, City Manager



Nick Stone, Director of Public Works

Attachments:

Attachment A: Resolution

Attachment B: Owen Equipment 2023 Vector proposal