



**STOCKTON
EAST WATER
DISTRICT**

PROVIDING SERVICE SINCE 1948

www.sewd.net

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MEETING NOTICE

The Municipal Operations Committee
of the Stockton East Water District
Board of Directors will meet at

2:00 p.m., Friday, June 14, 2024

at the District Office, 6767 East Main Street, Stockton, CA

Assistance for the Disabled: If you are disabled in any way and need accommodation to participate in the meeting, please contact Administrative Staff at (209) 948-0333 for assistance so the necessary arrangements can be made.

Agendas and minutes are located on our website at www.sewd.net.

AGENDA

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| 1. Roll Call - Chairperson McGurk, Director Panizza, Director Nakaue, Director Atkins (Alternate) | |
| 2. Public Comment | |
| 3. Stockton East Water District – Fleet Policy Actions – Proposed Vehicle Purchases and Budget Amendment | 01 |
| 4. Community Engagement | |
| 5. Director Comments | |
| 6. Adjournment | |

Certification of Posting

I hereby certify that on June 11, 2024 I posted a copy of the foregoing agenda in the outside display case at the District Office, 6767 East Main Street, Stockton, California, and said time being at least 72 hours in advance of the Municipal Operations Committee Meeting (Government Code Section 54954.2). Executed at Stockton, California on June 11, 2024.

Priya Ram, Finance Director
Stockton East Water District

Any materials related to items on this agenda distributed to the Municipal Operations Committee of the Stockton East Water District less than 72 hours before the public meeting are available for public inspection at the District's office located at the following address: 6767 East Main Street, Stockton, CA 95215. Upon request, these materials may be available in an alternative format to persons with disabilities.

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Memorandum

To: Municipal Operations Committee
From: Justin M. Hopkins – General Manager
 Juan Vega – Assistant General Manager
 David Higaes – Maintenance Manager
Date: June 14, 2024
Re: Fleet Policy Actions – Proposed Vehicle Purchases and Budget Amendment

Background

On October 17, 2023, Stockton East Water District’s (District) Board of Directors (Board) approved the District’s Fleet Management Policy (Policy). The Policy establishes best practices and procedures for operating a responsive and cost-effective fleet management program, including vehicle procurement and retirement guidelines.

The main evaluation criteria for vehicle replacement and/or retirement per the Policy include:

1. Expected useful life (based on miles/age)
2. Maintenance and repair costs
3. Reliability

Additionally, the Policy’s Section ***D(5) Replacement for Regulatory Compliance*** states, “*The Maintenance Manager must evaluate regulatory impacts to the District’s fleet and make recommendations of compliance plans for the Board’s review and approval*”.

Summary

The Maintenance Manager evaluated the condition of heavy-duty vehicles units 31 and 48, considering California Air Resources Board’s (CARB) Truck and Bus Regulations, which are not voluntary and require diesel vehicles over 14,000 pounds GVWR (Gross Vehicle Weight Rating) to have engines from 2010 or newer by January 2023. This necessitates replacing any diesel vehicles older than 2010 in our fleet for compliance. Despite research efforts, no viable options were found to retrofit unit 48’s engine. Additionally, exploring chassis replacement for unit 31 revealed a CARB-compliant F-650 option at \$120,000, with a reduced GVWR of 7,000 pounds, limiting its utility for hauling wet dam boards and other items. As a result, the District must replace any diesel vehicles older than 2010 in its fleet to comply with these regulations.

Table 1 shows the evaluation results.

Unit	Year	Vehicle Description	Milage	Age	Base Miles	Base Age	Score	Maintenance cost	vehicle Cost	Score	Repairs	Reliability	Total Score	Evaluation Results
48	2008	Chevy 4x4 Kodiak	69,147.00	16	200,000.00	15	5	\$ 4,150.08	\$49,320.00	1	2-4 significant	4	10	Replace
31	1999	Freightliner FL70, National 500C fixed cab boom truck	25,269.30	25	200,000.00	15	5	\$ 29,961.00	\$30,000.00	1	2-4 significant	4	10	Replace

Table 1. Fleet Evaluation Matrix

Units 31 and 48 qualify for consideration for replacement and possible retirement based on the Maintenance Manager’s evaluation of the vehicle’s regulatory compliance status as well as their overall condition score.

Reliability has been an issue as Unit 31 has failed numerous times during dam installation which has required the rental of boom truck for that purpose. Unit 48 has also been in the shop numerous times, most recently trying to find a diesel particulate filter. Repairs on unit 48 are especially troublesome since after-market parts for that vehicle are no longer available.

District staff investigated the cost of procuring replacement vehicles similar to the existing ones. **Table 2** shows the costs of vehicles with standard equipment, 4x4 (where applicable), minimal upgrades, properly sized lifting capacity, boom length for dam installation, and maintenance activities.

Vehicle Replacement	Base Price	With Taxes, Registration, Etc.	
1 Ford F-550 (Unit 48)	\$ 125,000.00	\$	137,500.00
1 TBD 30ton Manitex (Unit 31)	\$ 400,000.00	\$	440,000.00
Total for 2 Vehicles			\$ 577,500.00

Table 2. Proposed Vehicle Replacements and Estimated Purchase Amounts

Both Unit 31 and 48 are over 8,500 pounds in GVWR. Therefore, they are also potentially subject to CARB’s Advanced Clean Fleet regulation (ACF) which was adopted on April 28, 2023, and requires that government entities begin converting their fleets from internal combustion engines to Zero-Emission Vehicles (ZEVs). The Board has decided to adopt the alternative method of compliance with the ACF via a milestone-based approach as can be seen in **Table 3**. As can be inferred from the table, the District can choose to wait on electrifying this part of the fleet as late as 2042. Furthermore, the proposed Unit 31 replacement is exempt altogether as heavy cranes (those that have a GVWR of over 54,000 pounds) are exempt from the ACF. The 30-ton Manitex will have a GVWR of about 66,000 pounds. Although the proposed boom truck is larger than Unit 31, the District’s certified crane operators are allowed to operate the larger truck under existing licensures and additional certification is not required.

SEWD Vehicles Over 8,500 GVWR							
	Target	2027	2030	2033	2036	2039	2042
Category 2	9	1	2	5	7	9	11
Category 3	3	0	0	1	2	2	3
Required Purchases	12	1	1	4	3	2	1

Table 3. Alternative Compliance Method – Required Purchases by Year

Financial Impact

Boom Truck Analysis

It should be noted that the current boom truck is rated for 7.5 tons and the proposed replacement is rated for 30 tons which will increase the ability of staff to perform certain duties. Purchasing an in-kind boom truck would run about \$309,760.

There are four costs to consider when evaluating the possible purchase of a new boom truck:

1. Annual costs for the installation and removal of flashboard dams necessary to provide agricultural irrigation deliveries. Aside from convenience of schedule flexibility, the District benefits from the current boom truck approximately 26 days per year for dam installation and removal. Rental of an equivalent boom truck is estimated at **\$82,680**, based on historic cost of rentals.
2. Costs of rental to perform current maintenance tasks historically performed with our old boom truck. District Staff estimates that the current boom truck is used on average 15 days out of the year for things like: lifting trash racks, conveyor belt maintenance and/or installations, valve repairs, fish screen repairs, sedimentation basin maintenance, dam repairs, and treatment plant and motor and pump repairs among other items. The estimated cost to rent a crane for these tasks, based on historic cost of rentals is **\$48,200**.
3. Costs to rent a boom truck due to size constraints of current boom truck. The District has spent about **\$13,817** on crane rentals in 2023 which includes dam installations and maintenance tasks in cases where a larger boom truck was necessary.
4. Costs associated with crane use as part of a contractor's overall work that would be eliminated with the purchase of a new boom truck. These costs exclude crane rentals for contractor maintenance tasks, like the removal and repair of P-28. Factoring in these expenses would increase the overall crane rental costs by an estimated **\$5,760** per year based on analysis of invoices (i.e. P-27 work).

The overall return on investment (ROI) including contingency of a new boom truck as proposed is 3.22 years ($\$440,000 \times 1.1 / [\$82,680 + \$48,200 + \$13,817 + \$5,760]$). The estimated return on investment from buying the larger piece of equipment including contingency is ($\$440,000 \times 1.1 - \$309,760 \times 1.1 / [\$13,817 + \$5,760]$) 7.31 years. Additionally, having the larger boom truck also assures, at this time, that the unit will exempt from the ACF regulation.

Because District staff was unaware of the impending CARB Regulation and because both vehicle conditions deteriorated since the last condition evaluation, the Fiscal Year (FY) 2024-2025 budget was developed and did not include funding for these specific vehicle replacements. Therefore, a budget amendment such as the one presented in **Table 3** is required to facilitate the purchase of appropriate replacement vehicles.

Item	Fund	Account	Purpose	Beginning Balance	Transfer	Ending Balance
Transfer To	91	10-8021-0	<i>Transfer from Other Funds- Vehicle Replacements</i>	\$ -	\$ 635,250	\$ 635,250
Transfer From	94	10-5211-0	<i>New Melones Contract Water - OID/SSJID</i>	\$ 2,949,000	\$ (552,668)	\$ 2,396,332
Transfer From	67	10-5203-0	<i>New Hogan Maintenance - Ag- Calaveras Pipeline</i>	\$ 1,180,000	\$ (82,582)	\$ 1,097,418

Table 4. Proposed Budget Transfer

Additional costs of about \$5,000 dollars to rent equipment to install dams this year (since the boom truck is not operational) were also incurred and repairs on the non-CARB compliant vehicle are estimated at another \$5,000. Purchasing the new boom truck will also safeguard the District from any potential CARB penalties as a result of non-compliance.

The FY 24-25 Stockton East Water District (District) Board of Directors (Board) approved budget included \$3,000,000 for potential purchase of surface water from Oakdale Irrigation District and South San Joaquin Irrigation District. However, given the past winter's precipitation, the purchase will not be required for the treatment plant to have sufficient supply and \$51,000 has already been amended for other purposes. As such, the amendment will not negatively affect Treatment Plant operations.

Similarly, under Fund 71, the *Calaveras Pipeline* project is planned as a multi-year project and begins with the permitting, design, and right-of-way acquisition phase of the project. The expected expenditures related to the project are expected to be below the budgeted amount after the Budget Transfer shown in **Table 4**.

Recommendation

Staff respectfully recommends the Committee direct staff to propose the below recommendations to the Board of Directors:

1. Authorize the budget amendment delineated in **Table 4**.
2. Authorize the General Manager to purchase two vehicles for up to \$577,500 plus 10% contingency for a total of \$635,250 and make all other necessary approvals.