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## 763-2022

Report

### Accept bid of OpConnect, Inc. for the Charging as a Service Project for \$3,492,600 (Procurement Report - RFP No. 00001714)

Accepted

TO THE COUNCIL:

CityFleet, under the Office of Management and Finance, Division of Asset Management is responsible for the purchase and maintenance of approximately 2,600 City-owned motorized assets. CityFleet offers a full-service fleet management operation to fulfill the City's vehicle and equipment needs.

As Authorized by Ordinance # 190196, the City of Portland, Procurement Services issued RFP #00001714 seeking proposals from qualified firms and contractors to provide a turnkey electric vehicle infrastructure program, referred to as Charging as a Service (CaaS). This includes engineering and design, installation, operations & maintenance (O&M), load management, network management, operator support, charging station replacement or removal and creative payment opportunities.

On September 17, 2021, fourteen (14) proposal responses were received. Proposals were evaluated over multiple phases in accordance with the RFP requirements, and on November 10, 2021, a notice of intent to award OpConnect, LLC was issued. No protests were received.

OpConnect, LLC Business Tax Registration Account, is in full compliance with the Equal Benefits Program and the EEO certification requirement. OpConnect, LLC is a State of Oregon Certified Emerging Small Business (ESB) contractor. The level of confidence in the cost estimates for this project is high, based on the pricing received and negotiated with OpConnect, LLC and for the final contract.

The Chief Procurement Officer requests that the City Council accept this Report and authorize the Chief Procurement Officer to execute of a contract with OpConnect, LLC for an initial term of five (5) years; with the City's option to extend for up to five (5) additional option years, for a total of ten (10) years. The not-to-exceed amount for the initial term of five (5)

#### Introduced by

[Mayor Ted Wheeler](#)

#### Bureau

[Revenue and Financial Services](#)

#### Contact

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Chief Procurement Officer

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#### Requested Agenda Type

Regular

#### Date and Time Information

##### Requested Council Date

September 14, 2022

##### Time Requested

10 minutes

years shall be up to \$3,492,600.00. The Council's conditional acceptance of this report is subject to the final contract's approval as to form by the City Attorney's Office.

Recommended by:

Biko Taylor

Chief Procurement Officer

## Impact Statement

### Purpose of Proposed Legislation and Background Information

The City of Portland has long been an advocate of strategies and actions to reduce greenhouse gas emissions in our region, particularly in the transportation sector. Along with this, the City has an obligation to reduce transportation-related emissions generated by its own operations.

One factor contributing to City's emissions is the use of internal combustion engines within the City's vehicle and equipment fleet. Consequently, and in alignment with a directive issued by the Mayor in December of 2019, the Bureau of Planning and Sustainability (BPS) and the Office of Management and Finance's CityFleet organization have been collaborating to transition the fleet from traditional, fossil fueled vehicles and equipment to electric/renewable natural gas vehicles and equipment. Our central goal is to green the fleet as quickly as possible while ensuring affordability for the bureaus, all of which have significant competing budget priorities.

A recent third-party analysis indicated that up to 32% of CityFleet vehicles could be converted from traditional to electric vehicles over the next 10 years with minimal to no financial impact to the bureaus. Charging infrastructure is a prominent barrier to this conversion, however, due to the cost and complexity of charging equipment design, installation, and maintenance. To solve for this, CityFleet has been exploring a new approach to the acquisition and deployment of charging infrastructure – one that recently emerged in market: Charging as a Service (CaaS).

CaaS provides a full turnkey solution for fueling electric vehicles, shifting upfront capital costs to an ongoing operating expense in the form of a price per kilowatt hour charge or a monthly subscription charge per charging port, similar to a utility or cable bill. CaaS vendors design, install, manage, maintain and report on all charging infrastructure, amortizing the costs over a certain number of contracted years. The vendor's monthly costs are paid for by the elimination of the need for liquid fuel and from savings on vehicle maintenance, which is proving to be lower for electric vehicles than for internal combustion vehicles. As a significant side note, CaaS also

eliminates the need for the City to develop and fund its own organization (staff, technology, etc.) to build, operate, maintain, and keep current charging infrastructure for its fleet.

Organizationally, this RFP will also benefit the City by allowing CityFleet and BPS to develop a better understanding of the costs of green fleet conversion. CityFleet has electric vehicle cost data and can reasonably estimate annual maintenance costs for electric vehicles, but charging costs are the third, final, and most unknown price input required to calculate vehicle conversion costs and thus forecast a recommended pace for fleet conversion. By issuing this RFP, the City will generate firm bids that give us the price information necessary to develop the first full draft of a fleet conversion timeline – critical to meeting our commitment to the bureaus to convert quickly but collaboratively – i.e., at a pace that they can afford.

This ordinance authorizes the Chief Procurement Officer to facilitate the use of a Request for Proposal (RFP) competitive solicitation process in accordance with City Code 5.33 to obtain the most responsive and responsible proposer for the installation, operation, and maintenance of charging ports for approximately 350 of CityFleet's 2,600 vehicles (Phase 1 of fleet conversion).

This legislation is likely to result in a competitive solicitation and negotiated contract, creating the following beneficial outcomes for the City:

- Successful transition of up to 350 vehicles from internal combustion or hybrid models to all-electric vehicles over the course of the next 5 years.
- Reduction of approximately 1,000 metric tons of fleet CO2 emissions annually.
- Optimization of energy use via CaaS smart charging technology, lowering electricity costs.
- Improvement of Citywide data and reporting practices on electric fuel consumption, which is currently either not collected or collected in a piecemeal and labor-intensive manner.
- Development of fuel pricing data that can be used for long-range fleet conversion planning.
- Piloting of a method to rapidly and affordably meet the City's net zero goals for CityFleet.
- Elimination of the need to build an organization within the City to build/maintain charging.

## **Financial and Budgetary Impacts**

Because the market for CaaS is so new, standardized subscription pricing does not yet exist; i.e., there are no industry benchmarks that BPS and CityFleet can use to assist with estimating the costs of CaaS to fuel our fleet, even though we strongly believe that CaaS is likely the most affordable way to meet our charging needs, and potentially the only way given the exceptional upfront cost and complexity of other approaches.

That said, we believe that CaaS fuel pricing – when combined with electric vehicle replacement and maintenance costs – will likely result in a total cost of ownership for vehicles that is on par with what it would cost to replace CityFleet vehicles with internal combustion engine units.

In suit, no new funding is requested to support this ordinance, although it is possible that CityFleet will need to modify certain program budgets and rate structures in FY 2021-22 to more aptly reflect the cost profile of electric vehicles (e.g., electric fuel costs might be higher, but maintenance costs are likely lower).

OMF has “medium” confidence in this financial and budgetary impact assessment/estimate until RFP responses are received and reviewed.

## **Community Impacts and Community Involvement**

The transportation sector accounts for 40% of Oregon’s greenhouse gas emissions and the breakdown is similar at the City level. It is therefore imperative to transition to electric vehicles to reduce the greenhouse gas emissions that contribute to climate change. This transition also improves local air quality conditions, which are known to disproportionately impact BIPOC and lower income populations.

The City recognized the myriad benefits of transportation electrification, as well as the need to lead the way, when it called out fleet electrification as a priority in its award winning 2015 Climate Action Plan. Electrifying the 350 vehicles identified in this report will reduce fleet CO2 emissions by approximately 1,000 metric tons annually, improving air quality and livability in the City. This is equivalent to taking the greenhouse gas emissions from 216 passenger vehicles off the road per year.

The technology contracting community, including contractors certified with the State of Oregon as Disadvantaged, Minority, Women and Emerging Small Businesses will be involved when the public notice is posted in the City's Online Procurement System.

Potential proposers will be able to review the competitive solicitation, ask questions, provide comments and submit proposal responses to the competitive Request for Proposals (RFP). A member of the Minority Evaluator Program (MEP) will participate in the evaluation of the proposals.

## **100% Renewable Goal**

Based on a Fleet Electrification Assessment conducted by Portland General Electric, electrifying 720 vehicles identified in this report (32% of the City’s fleet) over 10 years will reduce fleet CO2 emissions by 2,116 metric tons annually or 21,000 tons over the 10 year period.

## **Budget Office Financial Impact Analysis**

The contract with OpConnect is for an initial term of five (5) years; with the City's option to extend for up to five (5) additional option years, for a total of ten (10) years. The not-to-exceed amount for the initial term of five (5) years is up to \$3,492,600. The level of confidence in the cost estimates for this project is high, based on the pricing received and negotiated with OpConnect and for the final contract. No new funding is requested to support this ordinance, although it is possible that CityFleet will need to modify certain program budgets and rate structures to more aptly reflect the cost profile of electric vehicles (e.g., electric fuel costs might be higher, but maintenance costs are likely lower). The Bureau of Planning & Sustainability and CityFleet believe that Charging as a Service (CaaS) fuel pricing – when combined with electric vehicle replacement and maintenance costs – will likely result in a total cost of ownership for vehicles that is on par with what it would cost to replace CityFleet vehicles with internal combustion engine units.

## **Agenda Items**

### **750 Consent Agenda in September 7, 2022 Council Agenda**

Rescheduled

Rescheduled to September 14, 2022 at 9:30 a.m.

### **763 Regular Agenda in September 14, 2022 Council Agenda**

Accepted - Prepare Contract

Motion to accept the report: Moved by Wheeler and seconded by Hardesty.

Commissioner Jo Ann Hardesty Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Mayor Ted Wheeler Yea