



# Approval of Amendment No. 2 with Proterra, Inc

City Council Meeting  
August 23, 2022

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Transportation and Public Works - Transit

# BACKGROUND

- City entered agreement to purchase 4 Electric Buses from Proterra in October 2021
- Council approved entering into lease agreement with Proterra for batteries for the four buses given funding constraints at the time and the ability to order an additional bus using the battery lease option
- Staff identified certain unfavorable provisions of the lease agreement at the time of Council action but sought to negotiate these terms to reduce City's risk

# CURRENT

- Given recent federal competitive grant awards and increases in revenues from State Transportation Development Act, funding now available to purchase batteries up-front with an extended warranty to guarantee a minimum state of charge for buses' 12-year useful life
- Staff continue to have concerns about certain terms of battery lease agreement following negotiations with Proterra
- Provision in purchase agreement allows City to select battery and warranty purchase if no lease agreement in place

# BENEFIT

- Battery purchase anticipated to reduce City's overall cost for the four-bus purchase compared with the lease option
- City will own batteries outright and will not be subject to unfavorable terms of battery lease agreement
- Extended warranty will provide assurance of a minimum state-of-charge during years 6-12 of the buses' useful life to protect against operational impacts from expected battery degradation

# RECOMMENDATION

- It is recommended by the Transportation and Public Works Department that the Council, by resolution: 1) approve Amendment No. 2 to Contract No. PA-2021-001-SRCB, with Proterra Operating Company, Inc., a Delaware corporation, formerly known as Proterra Inc (Proterra), Burlingame, California, to increase compensation by \$1,551,292 for a total not to exceed amount of \$5,065,000 to accommodate purchase of bus batteries and an extended battery warranty; 2) authorize the Purchasing Agent to issue an amendment to Purchase Order 166357 to Proterra to include the additional purchase, rather than lease of the bus batteries; and 3) authorize the Director of Transportation and Public Works or designee to execute all documents necessary to effect the purchase, subject to approval as to form by the City Attorney.
- Questions?