



MEMORANDUM

Ordinance 26-05, an Ordinance of the City Council of Homer, Alaska Amending the FY26 Capital Budget by Appropriating an Additional \$20,000 From the Homer Accelerated Roads and Trails (HART) Trails Fund and 20,000 from the HART Roads fund to the Purchase of the Trackless MT7 Municipal Sidewalk Tractor. City Manager/Public Works Director.

Item Type: Backup Memorandum

Prepared For: City Council

Date: December 5, 2025

From: Daniel Kort, Public Works Director

Through: Melissa Jacobsen, City Manager

I. Issue: The purpose of this Memorandum is to request an additional appropriation of \$40,000 divided evenly between the HART Trails Fund and the HART Roads Fund to the purchase of the Trackless MT7 Municipal Sidewalk Tractor.

II. Background:

The FY 26 Capital budget includes \$250,000 for the purchase of a Trackless MT7 Municipal Sidewalk Tractor and associated attachments. An order for the new machine was placed, however on October 17, 2025 President Donald Trump issued Proclamation 10984, "Adjusting Imports of Medium and Heavy-Duty Trucks, Medium and Heavy-Duty Truck Parts, and Busses into the United States", under Section 232 of the 1962 Trade Expansion Act (19 U.S.C. 1892). This proclamation imposes an additional 25% ad valorem tariff on imports of medium and heavy-duty vehicles (MHDVs) and their parts, effective November 1, 2025.

The classification list for MHDVs includes harmonized tariff code 8705.90.0080 – “Special Purpose Vehicles”, which applies to the Trackless MT7. As a result, a 25% tariff surcharge will be applied to the purchase of MT7 units shipped after November 1, 2025. The estimated tariff surcharge was quoted at \$34,811.20. This tariff surcharge is estimated based upon the fluctuation of the US to Canadian exchange rate, and therefore the Public Works Department is proposing the addition of \$40,000 to cover any fluctuation in the exchange rate.

The administration had considered delaying the purchase or part of the purchase with the hope of avoiding the tariff but decided against that solution because inflation is likely to be greater than any savings by delaying any portion of the purchase.

III. RECOMMENDATIONS: The Public Works Department is recommending an additional appropriation of \$40,000 towards the purchase of the Trackless MT7 Municipal Sidewalk Tractor.

Attachments:

November 13, 2025 letter from Trackless Vehicles estimating tariff surcharges

November 13, 2025

Re: Purchase Order P102970 – Homer, AK

Mr. John West,

I hope this message finds you well.

We greatly value the strong partnerships we've built with each of you and want to maintain full transparency regarding recent U.S. tariff impacts on Trackless Vehicles, including tractors, attachments, and OEM spare parts imported from Canada.

Impact of Recently Enacted U.S. Tariffs on Medium- and Heavy-Duty Trucks on MT7 Units

On October 17, 2025, President Trump issued Proclamation 10984, "Adjusting Imports of Medium and Heavy-Duty Trucks, Medium- and Heavy-Duty Truck Parts, and Buses into the United States," under Section 232 of the 1962 Trade Expansion Act (19 U.S.C. 1862). This proclamation imposes an additional 25% ad valorem tariff on imports of medium and heavy-duty vehicles (MHDVs) and their parts, effective November 1, 2025.

The classification list for MHDVs includes harmonized tariff code 8705.90.0080 – "Special Purpose Vehicles," which applies to the Trackless MT7. **As a result, a 25% tariff surcharge will now be applied to invoices for MT7 units shipped after November 1st** pursuant to Section 5.1(e) of your respective dealer agreements with Trackless Vehicles.

The estimated tariff surcharges for each MT7 ordered under Purchase Order P102970, will be \$34,811.20 USD.

We sincerely apologize for the inconvenience these government-imposed tariffs may cause you or your customers. Please know that we are facing these challenges alongside you and remain fully committed to providing the exceptional service, communication, and support you've come to expect from Trackless Vehicles.

If you have any questions, please don't hesitate to reach out.

Sincerely,



Bill Johnson
General Manager
Trackless Vehicles
519-842-0563



Michael Paric
Vice President, Dealer Sales & Development
Federal Signal Corporation, Environmental Solutions Group
416-427-5900