



Folsom City Council Staff Report

MEETING DATE:	6/24/2025
AGENDA SECTION:	Old Business
SUBJECT:	Resolution No. 11412 – A Resolution Authorizing the City Manager to Execute a Contract Amendment to the Agreement with Western Truck Parts and Equipment Company, LLC (Contract No. 046-21 23-002) for the Purchase of Two Electric Refuse Collection Vehicles to Update the Specifications and Modify the Delivery Schedule
FROM:	Public Works Department

RECOMMENDATION / CITY COUNCIL ACTION

The Public Works Department recommends that the City Council pass and adopt Resolution No. 11412 – A Resolution Authorizing the City Manager to Execute a Contract Amendment to the Agreement with Western Truck Parts and Equipment Company, LLC (Contract No. 046-21 23-002) for the Purchase of Two Electric Refuse Collection Vehicles to Update the Specifications and Modify the Delivery Schedule.

BACKGROUND / ISSUE

Resolution 10909, approved by Folsom City Council on August 23, 2022, authorized the City Manager to execute an agreement for the purchase of two electric refuse trucks. The purchase is consistent with the Folsom 2035 General Plan goal of reducing the consumption of carbon-intensive fuels and the State of California goal to transition to zero emission vehicles to improve air quality. Since the Waste and Recycling Division (Division) is responsible for about 90% of diesel fuel use by city operations, there is significant potential to reduce greenhouse gas emissions if electric refuse trucks are proven to be a viable alternative to diesel powered trucks. As this technology is new to the waste industry, the Public Works Department (Department) ordered two different collection trucks, one side loader for residential cans and one rear loader for bulky waste, to pilot the feasibility of this technology for different types of collection.

The total cost of the electric refuse trucks is \$1,352,661.18; the side loader is \$704,230.83 and the rear loader is \$648,430.35. Due to the high cost of electric trucks, the Department secured additional funding to support the purchase. The funding includes \$240,000 from the California Air Resources Board Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), and two grants from the Sacramento Metropolitan Air Quality Management District (SMAQMD) totaling \$302,361, which includes a requirement to surrender two operational diesel trucks. After the incentive and grants, the cost to the city is \$810,300.18. The cost of equivalent diesel trucks at the time of this order was \$810,363.

The purchase agreement was executed on January 10, 2023, with a delivery date no later than September 6, 2023. The agreement also included the purchase of fourteen diesel trucks, all of which have been received. The production of the electric refuse vehicles took longer than expected, but additional delays occurred due to severe rodent damage to the wiring harnesses. Following these repairs, the first attempt to deliver one of the electric trucks was November 7, 2024; however, it was not accepted due to coolant pump issues, a power steering fluid leak, and a few minor cosmetic issues. Several subsequent delivery attempts of both trucks failed due to mechanical or electrical concerns discovered upon arrival, or in one case a transmission failure on the way to Folsom that resulted in it being towed back to the dealer.

Upon learning about a second transmission replacement in one of the trucks, staff determined that the delays in providing operational trucks were unreasonable and notified the dealer of the city's intent to terminate the contract. Following this notice, the dealer met with city staff to propose specification upgrades to permanently correct the issues. Staff learned that the problems with our electric trucks are not isolated to our order; the manufacturer built approximately two hundred trucks with the same specifications and they are working to upgrade every one of them, whether they are already in service or still pending acceptance like ours. The upgrades include a new inverter motor and mount, transmission, drive shaft, electrical harness, hill start assist, and artificial sound for pedestrian safety. If the city agrees to accept the upgrades rather than terminate the contract, the trucks would be shipped back to the factory in Ohio where they were built before being returned for our inspection. The anticipated timeframe for this to start is September 2025 with about a six-week turnaround. The standard two year warranty would begin upon our acceptance.

POLICY / RULE

Section 2.36.080 of the Folsom Municipal Code states, in part, that contracts for supplies, equipment, services, and construction with an estimated value of \$75,049 or greater shall be awarded by the City Council.

ANALYSIS

Staff has reviewed the proposal and recommend proceeding with the purchase of the electric side loader and rear loader refuse trucks with the manufacturer proposed upgrades. The proposed revisions to the specifications are expected to resolve the mechanical problems. In

addition, there is still a need to test this technology within the operation. The city is currently subject to California's Advanced Clean Fleet Regulations which require fifty percent of all medium and heavy-duty vehicles to be electric. Since the purchases are mandated, vehicles purchased with grant funding do not count toward the city's fifty percent; however, these trucks were ordered prior to the mandate so we are able to benefit from the grants and use this purchase toward our quota. In addition, since this order, the cost of electric vehicles has increased approximately \$200,000 per vehicle. Continuing with this order gives us the most current electric refuse truck technology for the 2023 price.

Recently staff was notified that due to volatility in federal funding for electric vehicles, there is some risk that SMAQMD may not be able to honor one of the grants, putting \$100,000 per vehicle of grant funding at risk. Due to the other benefits of continuing this purchase, this does not change staff recommendation to proceed.

FINANCIAL IMPACT

Funding for the electric refuse trucks was included in the fiscal year 2022-23 rate study and \$1,112,661.18 is currently encumbered in the Solid Waste Operating Fund (Fund 540). The encumbrance includes the cost of the vehicles plus the grant funding since both are reimbursement grants. The HVIP voucher is provided directly to the manufacturer and is reduced from the overall amount the city will be invoiced. The city will receive \$102,361.00 from the SMAQMD to offset the cost, and pending federal funding stability, may also be reimbursed another \$200,000 from a separate grant from SMAQMD. If SMAQMD is not able to honor the federally funded portion of the previously approved grants, the Solid Waste Fund (Fund 540) would be used for up to \$200,000 in additional costs that were not originally anticipated for this purchase.

ENVIRONMENTAL REVIEW

This action is exempt from environmental review under the California Environmental Quality Act (CEQA).

ATTACHMENT

Resolution No. 11412 – A Resolution Authorizing the City Manager to Execute a Contract Amendment to the Agreement with Western Truck Parts and Equipment Company, LLC (Contract No. 046-21 23-002) for the Purchase of Two Electric Refuse Collection Vehicles to Update the Specifications and Modify the Delivery Schedule

Submitted,

Marcus Yasutake, Interim Public Works Director