



CITY OF
FOLSOM
CALIFORNIA 95630

Folsom City Council Staff Report

MEETING DATE:	8/25/2020
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10515 – A Resolution Authorizing the City Manager to Apply for a Grant for Volkswagen Mitigation Settlement Funding for Two Electric Refuse Collection Vehicles
FROM:	Public Works Department

RECOMMENDATION / CITY COUNCIL ACTION

The Public Works Department recommends that the City Council pass and adopt Resolution No. 10515 - A Resolution Authorizing the City Manager to Apply for a Grant for Volkswagen Mitigation Settlement Funding for Two Electric Refuse Collection Vehicles.

BACKGROUND / ISSUE

The Folsom 2035 General Plan adopted by the Folsom City Council includes a goal of reducing the consumption of carbon-intensive fuels. In Fiscal Year 2019-20 the City of Folsom purchased 225,000 gallons of diesel fuel. Nearly 90% percent of that was utilized in the City's fleet of refuse collection vehicles. The exhaust from diesel engines exposes the community to dangerous green-house gas emissions. Converting to electric refuse trucks has the potential to significantly reduce green-house gas emissions produced by City operations. In addition, while the initial purchase price of an electric refuse truck far exceeds the cost of the diesel trucks, the operational cost is much lower, so long term savings are expected.

As an incentive for collection fleets to convert to clean energy vehicles, grant funding is available to assist with the initial cost. Earlier this month Volkswagen (VW) mitigation funding was made available for refuse collection vehicles. On August 18, 2020, the California Air Resources Board began accepting funding applications on a first come, first served basis. Due to the nature of this application process, the Public Works Department submitted an application as soon as it was available.

POLICY / RULE

The City Council Adopted Resolution No. 10405 Amending Financial Policies of the City of Folsom regarding grant administration on April 14, 2020. Section D – Intergovernmental Revenues, Paragraph A – Grant Applications states, “Grant application shall be the responsibility of the department seeking the grant. Grant applications which require an expenditure of funds by the City of less than or equal to the City Manager contract authority amount may be approved by the City Manager prior to submittal to the grantor. All other grant applications, including any requiring an ongoing commitment of resources or staff, shall be reviewed and approved by the City Council prior to submittal. In circumstances where it is not possible for the City Council to approve the grant application prior to submittal, the City Manager may approve the application subject to the City Council ratification as soon as practicable to do so.

Requests to the City Council or the City Manager for approval of a grant application shall identify anticipated long-term maintenance and/or renovation costs, required City matching funds, and additional personnel that may be needed if the grant is awarded for a capital project. With respect to grants for staffing, the source of funds for long-term staffing after the expiration of the grant shall also be identified in the request for approval of the grant application.

All grant applications on behalf of the City shall be reviewed by the Finance Director before submittal to the City Council or the grantor.”

ANALYSIS

The Solid Waste Division (Division) is seeking grant funding to assist with the purchase of two electric refuse collection vehicles. This technology has the potential to eliminate emissions from refuse collection vehicles; however, since the technology is relatively new and costly, the Division would like to purchase one residential side loader and one rear loader to pilot the technology and evaluate the effectiveness within the operation.

The Lion Electric Co. (Lion) has been awarded a cooperative bidding contract from the California Department of General Services for class 8 Refuse trucks. The Lion class 8 trucks are 100% electric so in addition to eliminating emissions, they will eliminate the possibility of hydraulic spills which are costly to clean up and leave stains on City streets. The purchase price for two Lion Electric Refuse Trucks is estimated at \$1,100,000.

The VW grant would provide \$200,000 per electric vehicle and requires the City to dispose of two diesel vehicles to qualify. Last year the Solid Waste Division applied for a grant from the Sacramento Metro Air Quality Management District (SMAQMD) and was approved for \$102,000 for the disposal of two diesel trucks and purchase of two electric refuse vehicles. These funding sources are stackable and if both are applied, would provide \$502,000 in grant funding for the purchase of electric refuse vehicles.

The cost of the vehicles less available funding would bring the purchase price below the amount the city currently pays for a residential side loader, which is approximately \$350,000. In addition to the immediate saving, the reduced cost of electricity versus fuel and lower maintenance cost provide year over year savings.

In addition to the truck purchase price, the Division would also need to invest in charging infrastructure. Sacramento Municipal Utility District (SMUD) sent an electrician to evaluate the project and the infrastructure was estimated to cost \$92,940. SMUD may also have funding available to contribute to the cost of infrastructure; however, no funding has been secured for the infrastructure at this time.

FINANCIAL IMPACT

If approved, the VW mitigation grant would provide the Solid Waste Division with \$400,000 toward the purchase of two fully electric refuse collection vehicles. The cost to the city after the VW mitigation grant and the SMAQMD grant is estimated at approximately \$700,000, including charging infrastructure. This is comparable to the cost of diesel collection trucks. The life expectancy of an electric refuse vehicle is expected to be twelve (12) years. Over the life of the truck, the estimated maintenance and operating cost are estimated to be \$35,000 less per year than diesel, for a lifetime savings of \$420,000.

\$1,500,000 has been appropriated within the Solid Waste Fiscal Year 2020-21 Capital Outlay Budget to purchase vehicles. The Department is requesting to use most of this funding, \$1,169,217.26, to purchase diesel collection vehicles due to their proven reliability. The remaining \$330,782.74 is budgeted and available in the Fiscal Year 2020-21 Solid Waste Enterprise Fund (Fund 540). An additional appropriation of approximately \$370,000 would be requested to complete this project if grant funding is secured.

ENVIRONMENTAL REVIEW

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

ATTACHMENTS

Resolution No. 10515 – A Resolution Authorizing the City Manager to Apply for a Grant for Volkswagen Mitigation Settlement Funding for Two Electric Refuse Collection Vehicles.

Submitted,



Dave Nugen, Public Works Director

RESOLUTION NO. 10515

A RESOLUTION AUTHORIZING THE CITY MANAGER TO APPLY FOR A GRANT FOR VOLKSWAGEN MITIGATION SETTLEMENT FUNDING FOR TWO ELECTRIC REFUSE COLLECTION VEHICLES

WHEREAS, the Solid Waste Division desires to purchase two electric refuse collection vehicles to pilot the feasibility of the technology within the City of Folsom waste collection operation; and

WHEREAS, the Folsom 2035 General Plan commits to reducing the consumption of carbon-intensive fuels through the purchase of more efficient vehicles; and

WHEREAS, refuse collection vehicles consume more diesel fuel than any other City of Folsom fleet vehicles; and

WHEREAS, applications are being accepted for Volkswagen Mitigation grant funding for the purchase of electric refuse collection vehicles in conjunction with the disposal of diesel vehicles; and

WHEREAS, the Volkswagen Mitigation grant in combination with other grant funding would make the cost comparable to diesel collection vehicles; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom hereby authorizes the City Manager to apply for a grant for Volkswagen Mitigation Settlement funding for two electric refuse collection vehicles.

PASSED AND ADOPTED this 25th day of August 2020, by the following roll-call vote:

AYES: Council Member(s):
NOES: Council Member(s):
ABSENT: Council Member(s):
ABSTAIN: Council Member(s):

Sarah Aquino, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK