



# Folsom City Council Staff Report

<b>MEETING DATE:</b>	10/14/2025
<b>AGENDA SECTION:</b>	Old Business
<b>SUBJECT:</b>	Resolution No. 11468 – A Resolution Authorizing the City Manager to Terminate the Agreement with Western Truck Parts and Equipment Company, LLC (Contract No. 046-21 23-002) for \$1,112,661.18 from the Solid Waste Operating Fund (Fund 540) for the Purchase of Two Electric Refuse Collection Vehicles
<b>FROM:</b>	Public Works Department

## **RECOMMENDATION / CITY COUNCIL ACTION**

The Public Works Department recommends that the City Council pass and adopt Resolution No. 11468 – A Resolution Authorizing the City Manager to Terminate the Agreement with Western Truck Parts and Equipment Company, LLC (Contract No. 046-21 23-002) for \$1,112,661.18 from the Solid Waste Operating Fund (Fund 540) for the Purchase of Two Electric Refuse Collection Vehicles.

## **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 mandate 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 costs \$704,230.83, and the rear loader costs \$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's 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 reportedly built approximately two hundred trucks with the same specifications, and they are working to upgrade all of them. Some are already in service, while others, like ours, are still pending acceptance. The upgrades include a new inverter motor and mount, transmission, drive shaft, electrical harness, hill start assist, and artificial sound for pedestrian safety. During this meeting, staff requested and were assured they would receive references for the rebuilt trucks.

On June 24, 2025, the City of Folsom City Council received a staff presentation and recommendation to amend the contract, allowing for the later delivery of the trucks and updated specifications. At this time, references had not been received. Following some discussion, the council decided to delay any decision regarding the matter until staff could speak with references from other customers using the new truck configuration. The rebuild of the trucks ordered by the City of Folsom is now complete; however, the City has still not received references and has learned that there are currently no customers using the upgraded chassis in a comparable operation.

## **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**

Despite some benefits of continuing with this purchase, the lack of references and transparency regarding the inability to provide them has resulted in reduced confidence, leading to a change to the previous recommendation to proceed. Staff is now recommending that the agreement be canceled based on the original concern of not being able to provide functional zero-emission vehicles. The manufacturer's proposed revisions are expected to resolve the mechanical problems, and while there is no indication they won't, staff are also unable to gain the requested assurances that they will. The overall lack of confidence in the product and having no references as to how the vehicles would operate in the City's Solid Waste environment reinforces staff's recommendation to cancel the contract.

Unfortunately, the need to test this technology within the operation persists since the city is still subject to California's Advanced Clean Fleet Regulations, which require fifty percent of all medium and heavy-duty vehicles to be electric. The disadvantage of canceling this order is that any subsequent purchases of electric refuse trucks will be nearly double the cost, but staff is not sure when these types of vehicles will be ready for use within the City. In addition to price increases, purchases made prior to the mandate qualify for funding assistance that future purchases will not. Canceling this purchase will result in forfeiting \$542,361 in grants and incentives. This includes \$200,000 that was previously reported as unstable, but SMAQMD recently confirmed they would be able to honor if Folsom were to complete the purchases prior to the end of 2025.

### **FINANCIAL IMPACT**

The total cost of the two vehicles is \$1,352,661.18. 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 would be invoiced. Approving the termination of this purchase agreement would save the Solid Waste Operating Fund \$810,300.18. This is \$1,352,551.18 less \$240,000 discount for HVIP, and \$302,361 in grant funding reimbursements.

### **ENVIRONMENTAL REVIEW**

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

### **ATTACHMENT**

Resolution No. 11468 – A Resolution Authorizing the City Manager to Terminate the Agreement with Western Truck Parts and Equipment Company, LLC (Contract No. 046-21 23-002) for \$1,112,661.18 from the Solid Waste Operating Fund (Fund 540) for the Purchase of Two Electric Refuse Collection Vehicles

Submitted,



---

Rebecca Neves, Public Works Director