



# Folsom City Council Staff Report

<b>MEETING DATE:</b>	4/27/2021
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	Resolution No. 10617 – A Resolution Authorizing the City Manager to Apply for a Grant from the Sacramento Metro Air Quality Management District (SMAQMD) for Sacramento Emergency Clean Air and Transportation (SECAT) Funding for 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. 10617 – A Resolution Authorizing the City Manager to Apply for a Grant from the Sacramento Metro Air Quality Management District (SMAQMD) for Sacramento Emergency Clean Air and Transportation (SECAT) 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% 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 a diesel truck, 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. The Sacramento Metro Air Quality Management District (SMAQMD) administers mobile source incentive funding to improve air quality in Sacramento. The City currently has a funding agreement with SMAQMD for \$102,000 toward

the purchase of two electric refuse vehicles in exchange for the disposal of two diesel refuse vehicles. The Sacramento Clean Air and Transportation (SECAT) funding the Solid Waste Division is currently seeking would provide an additional \$200,000 toward the same purchase of two electric refuse vehicles.

On March 29, 2021, the SMAQMD began accepting funding applications with some preference given to early applications. Due to the nature of this process, the Public Works Department (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. 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 \$1,200,000.

Due to the high initial cost of purchasing electric refuse vehicles, the Division is seeking multiple funding source for this project. In December of 2019, the Division applied for and was awarded \$102,000 from SMAQMD for the disposal of two diesel refuse trucks and purchase of two zero emission refuse trucks. An agreement for this funding was executed in August of 2020.

Also in August of 2020, the Division applied for Volkswagen (VW) funds in the amount of \$400,000 for the purchase of two electric refuse vehicles. This funding is eligible to combine with the \$102,000 of previously awarded funding. Results of the application were anticipated by early 2021, but this funding has still not been awarded.

The SECAT funding of \$200,000 now being requested would also be eligible to combine with the original grant funding of \$102,000, but not the VW funding. The Division is also requesting, on a separate staff report, authorization to apply for California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) funding in the amount of \$240,000. This funding can be combined with both SMAQMD funding sources. If the City is granted the SECAT and HVIP funding, there would be a total of \$542,000 available toward the purchase of two zero emission refuse trucks.

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 \$355,000. In addition to the immediate saving, the reduced cost of electricity versus fuel and lower maintenance costs 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 SECAT grant would provide the Division with \$200,000 toward the purchase of two fully electric refuse collection vehicles. The cost to the city after the SMAQMD grants and the HVIP grant is estimated at approximately \$751,000, including charging infrastructure. 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 costs are estimated to be \$35,000 less per year than diesel, for a lifetime savings of \$420,000.

If sufficient grant funding is secured, the Department would request authorization to purchase the vehicles in Fiscal Year 2021-22. As this project is a pilot of new technology, the Department would request an appropriation from the Solid Waste Fund (Fund 540) and minimize to the extent possible any reliance on funding budgeted for other vehicle purchases. The Department will continue to rely on the proven technology of diesel trucks until such time

the effectiveness of the electric trucks can be evaluated; however, a successful pilot of the electric trucks could result in eliminating the need for some future purchases.

**ENVIRONMENTAL REVIEW**

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

**ATTACHMENT**

Resolution No. 10617 – A Resolution Authorizing the City Manager to Apply for a Grant from the Sacramento Metro Air Quality Management District (SMAQMD) for Sacramento Emergency Clean Air and Transportation (SECAT) Funding for Two Electric Refuse Collection Vehicles.

Submitted,

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Dave Nugen, Public Works Director

**RESOLUTION NO. 10617**

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO APPLY FOR A GRANT FROM THE SACRAMENTO METRO AIR QUALITY MANAGEMENT DISTRICT (SMAQMD) FOR SACRAMENTO EMERGENCY CLEAN AIR AND TRANSPORTATION (SECAT) FUNDING FOR TWO ELECTRIC REFUSE COLLECTION VEHICLES**

**WHEREAS**, the Public Works Department 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 Sacramento Emergency Clean Air and Transportation (SECAT) grant funding for the purchase of electric refuse collection vehicles in conjunction with the disposal of diesel vehicles; and

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

**WHEREAS**, the agreement will be in a form acceptable to the City Attorney: (as applicable to contracts)

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Folsom hereby authorizes the City Manager to apply for a grant from the Sacramento Metro Air Quality Management District (SMAQMD) for Sacramento Emergency Clean Air and Transportation (SECAT) funding for two electric refuse collection vehicles.

**PASSED AND ADOPTED** this 27<sup>th</sup> day of April 2021, by the following roll-call vote:

**AYES:** Councilmember(s):  
**NOES:** Councilmember(s):  
**ABSENT:** Councilmember(s):  
**ABSTAIN:** Councilmember(s):

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Michael D. Kozlowski, MAYOR

ATTEST:

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Christa Freemantle, CITY CLERK

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