



CITY OF
FOLSOM
A DIVISION OF SACRAMENTO

Folsom City Council Staff Report

MEETING DATE:	9/22/2020
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10526 – A Resolution Accepting a Grant from the Sacramento Metropolitan Air Quality Management District for the Replacement of Two Diesel Refuse Trucks with Two Zero Emission Electric Refuse Trucks
FROM:	Public Works Department

RECOMMENDATION / CITY COUNCIL ACTION

The Public Works Department recommends that the City Council pass and adopt Resolution No. 10526 - A Resolution Accepting a Grant from the Sacramento Metropolitan Air Quality Management District for the Replacement of Two Diesel Refuse Trucks with Two Zero Emission Electric Refuse Trucks.

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 2019-2020 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 operating cost is much lower, so long term savings are expected.

In October 2019 the Solid Waste Division (Division) applied for funding from the Sacramento Metropolitan Air Quality Management District (SMAQMD) for the replacement of two diesel refuse trucks with two zero emission electric refuse trucks. The Division was approved for \$102,361 in funding for this project. Due to the high cost of electric refuse vehicles, the

Division desires to minimize the level of City funds required to pilot these trucks by combining this grant with other funding.

In August 2020, Volkswagen mitigation (VW) funding was released for the use of purchasing refuse vehicles. As approved by Resolution No. 10515, the Division applied for \$400,000 of VW funding on August 18, 2020 and is awaiting the outcome of that application.

If awarded the VW funding, the combination of VW and SMAQMD funding would provide an opportunity for the City to purchase two fully electric refuse trucks at a cost comparable to the cost of two diesel refuse trucks. To secure the SMAQMD funding, it is necessary to enter into an agreement accepting the terms of this grant; however, this does not obligate the City to complete the project. The agreement will just secure the funding in the event the City decides to complete the project within the specified timeframe.

POLICY / RULE

The City Council Adopted Resolution No. 7332 Financial Policies of the City of Folsom on May 25, 2004. Section D – Intergovernmental Revenues, Paragraph C – Grant Project Resolutions states, “All grants received from the Federal or State government for operating or capital purposes shall be recognized in separate grant project resolutions. A balanced grant project resolution must be adopted prior to beginning the project.”

ANALYSIS

Last year the Division submitted a grant application and was approved for \$102,361 from SMAQMD for the disposal of two diesel trucks and purchase of two zero emission electric refuse vehicles. The Division has also applied for \$400,000 in VW grant funding. These funding sources are stackable so if both are applied, this would provide \$502,361 in grant funding for the purchase of electric refuse 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. 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 percent 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 Co. refuse trucks is estimated at \$1,200,000.

The cost of the vehicles less available funding would make the purchase price comparable to the amount we currently pay for a residential side loader which is approximately \$350,000. 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

Acceptance of the SMAQMD grant does not have a direct financial impact. If approved for VW funding, the Division will request approval to proceed with the purchase of two electric refuse vehicles. Both VW and SMAQMD grants are reimbursement grants so the initial outlay of Solid Waste enterprise funds is estimated at \$1,300,000 for the purchase of the two trucks and the charging infrastructure.

The VW mitigation and SMAQMD grants would provide the Division with \$502,361 toward the project. The cost to the City after grant funding is estimated at approximately \$800,000 including the charging infrastructure. The life expectancy of an electric refuse vehicle is 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.

\$1,500,000 has been appropriated within the Solid Waste Fiscal Year 2020-21 Capital Outlay Budget to purchase vehicles. Resolution No. 10514 approved the spending of \$1,019,217.26 for diesel collection vehicles due to their proven reliability. The remaining \$480,782.74 is budgeted and available in the Fiscal Year 2020-21 Solid Waste Enterprise Fund (Fund 540). An additional appropriation of approximately \$820,000 would be requested at the time of vehicle purchase to complete this project. This would be offset by grant revenue of \$502,361 for a net budget impact of approximately \$320,000.

ENVIRONMENTAL REVIEW

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

ATTACHMENTS

1. Resolution No. 10526 – A Resolution Accepting a Grant from the Sacramento Metropolitan Air Quality Management District for the Replacement of Two Diesel Refuse Trucks with Two Zero Emission Electric Refuse Trucks

Submitted,



Dave Nugen, Public Works Director

RESOLUTION NO. 10526

A RESOLUTION ACCEPTING A GRANT FROM THE SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT FOR THE REPLACEMENT OF TWO DIESEL REFUSE TRUCKS WITH TWO ZERO EMISSION ELECTRIC REFUSE TRUCKS

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

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

WHEREAS, the Sacramento Metropolitan Air Quality Management District (SMAQMD) provides funding for zero emission vehicles through the Lower Emission Vehicle Incentive Program (LEVIP); and

WHEREAS, in October 2019 the Solid Waste Division applied for LEVIP funding for the purchase of two zero emission electric refuse vehicles and disposal of two diesel refuse vehicles; and

WHEREAS, in January 2020 the Solid Waste Division was approved for grant funding in the amount of \$102,361; and

WHEREAS, the agreement will be in a form acceptable to the City Attorney:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom hereby authorizes the City Manager to execute an agreement with SMAQMD accepting LEVIP grant funding in the amount of \$102,361.

PASSED AND ADOPTED this 22nd day of September 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