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**FOLSOM**  
A COMMITMENT TO EXCELLENCE

## Folsom City Council Staff Report

<b>MEETING DATE:</b>	11/9/2020
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	Resolution No. 10745 – A Resolution Accepting a Grant from the South Coast Air Quality Management District for the Replacement of Two Diesel Refuse Trucks with Two Zero Emission Electric Refuse Trucks
<b>FROM:</b>	Public Works Department

### **RECOMMENDATION / CITY COUNCIL ACTION**

The Public Works Department recommends that the City Council pass and adopt Resolution No. 10745 – A Resolution Accepting a Grant from the South Coast 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 2020-21 the City of Folsom purchased 217,000 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.

As authorized by Resolution No. 10515, the Solid Waste Division (Division) applied for \$400,000 of Volkswagen Environmental Mitigation Trust (VW) funding on August 18, 2020. The City has been notified by the administering agency, South Coast Air Quality Management District (SCAQMD), that our project was approved for funding.

Initially, and as stated in a previous report to Council, the Division had received information that this grant was eligible to stack with a previous grant award of \$102,361 from the Sacramento Metropolitan Air Quality Management District (SMAQMD). The Division has since learned that stacking will not be available with this grant.

Due to the high cost of electric refuse vehicles, the Division is working to maximize the use of grant funding to pilot two trucks. Currently the VW grant is the single largest source that has been awarded for this project. 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 secure the funding in the event the City decides to complete the project within the specified timeframe.

In addition to the VW funding and previous award from SMAQMD, the Division has applied for two other grants to fund electric refuse trucks. In March 2021 the Division Applied for an additional \$200,000 from SMAQMD and in May 2021 the Division applied for \$240,000 from Hybrid and Zero-emission Truck and Bus Voucher Incentive Project (HVIP) funding. SMAQMD has informed the Division that both of their grants may be stacked together with HVIP funding. The Division has also received notice that the additional SMAQMD and HVIP funding have both been awarded to Folsom's project. Pending executed contracts of stackable funding, the Division will opt for the highest combination of funding available and request authorization to proceed with the best option available.

#### **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**

The Division has applied for and been awarded four grants toward the purchase of two electric refuse trucks. The VW funding is the single largest funding source at \$400,000. Since the award of the VW funding the Division became aware of other grants that may be stackable and when combined provide funding higher than VW. With this Resolution, the Division seeks to secure the VW funding; however, if the other funding sources are secured the Division will select highest combination of funding for this project and will be required to forgo the other grants.

This technology has the potential to eliminate emissions from refuse collection vehicles; however, since the technology is relatively new and very costly, the Division would like to purchase two residential side loaders, which are the largest portion of the collection fleet, 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 \$1,300,000.

The cost of the vehicles less available funding is expected to make the purchase price comparable to the amount we would pay for a residential side loader. The cost of a side loader in fiscal year 2021-22 is approximately \$400,000. The reduced cost of electricity versus fuel and lower maintenance cost are expected to provide year over year savings.

In addition to the truck purchase price, the Division would also need to invest in charging infrastructure. The Division previously reported an estimate of approximately \$93,000 as provided by an electrician Sacramento Municipal Utility District (SMUD) contracted with to provide the quote. Since then, it has been determined that an additional transformer or a transformer upgrade will be necessary for the charging infrastructure. An updated estimate is not available at this time but is expected to be much higher than the original estimate. Infrastructure planning will include conduit and power necessary to minimize the impact of expanding the electric refuse fleet in the future. SMUD has 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 VW grant does not have a direct financial impact. Upon final determination of all available funding, the Division will request approval to proceed with the purchase of two electric refuse vehicles. If the VW grant is the best option, there would be an initial outlay of Solid Waste enterprise funds of approximately \$1,300,000. After reimbursement from the grant the net cost to the City is estimated at \$900,000. The purchase price of equivalent diesel trucks is \$800,000; however, the electric vehicles are expected to have a lower overall cost of ownership because of reduced fuel and maintenance cost.

#### **ENVIRONMENTAL REVIEW**

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

#### **ATTACHMENT**

1. Resolution No. 10745 – A Resolution Accepting a Grant from the South Coast Air Quality Management District for the Replacement of Two Diesel Refuse Trucks with Two Zero Emission Electric Refuse Trucks

Submitted

A handwritten signature in blue ink, consisting of a large initial 'M' followed by a smaller 'R' and a long horizontal stroke extending to the right.

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Mark Rackovan, PUBLIC WORKS DIRECTOR

**RESOLUTION NO. 10745**

**A RESOLUTION ACCEPTING A GRANT FROM THE SOUTH COAST 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 includes a commitment to reduce 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 South Coast Metropolitan Air Quality Management District (SCAQMD) provides funding for zero emission vehicles through the Volkswagen Environmental Mitigation Trust (VW); and

**WHEREAS**, in August 2020 the Solid Waste Division applied for VW funding for the purchase of two zero emission electric refuse vehicles and disposal of two diesel refuse vehicles; and

**WHEREAS**, the Solid Waste Division was approved for grant funding in the amount of \$400,000; 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 SCAQMD accepting VW grant funding in the amount of \$400,000.

**PASSED AND ADOPTED** this 9<sup>th</sup> day of November 2021, by the following roll-call vote:

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

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Michael D. Kozlowski, MAYOR

ATTEST:

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Christa Freemantle, CITY CLERK

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