



Folsom City Council Staff Report

MEETING DATE:	8/23/2022
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10907 – A Resolution Authorizing the City Manager to Apply for a Grant for Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) Funding Through Western Truck Parts and Equipment Company, LLC for the Purchase of 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. 10907 – A Resolution Authorizing the City Manager to Apply for a Grant for Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) Funding Through Western Truck Parts and Equipment Company, LLC for the Purchase of 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 2021-22 the City of Folsom corporation yard operations purchased about 225,000 gallons of diesel fuel. About 90% of that was utilized in the City's fleet of refuse collection vehicles. Also, with the addition of weekly organics collection in July 2022 diesel fuel use has increased. The exhaust from diesel engines exposes the community to dangerous greenhouse gas emissions. Converting to electric refuse trucks has the potential to significantly reduce greenhouse gas emissions produced by City operations. The initial purchase price of electric refuse trucks far exceeds the cost of diesel trucks, but the operational cost is estimated to be much lower, so long-term savings are expected. To evaluate the effectiveness of this technology within city operations, the Public Works Department is seeking funding to purchase two electric refuse vehicles as a pilot project.

As an incentive for collection fleets to convert to clean energy vehicles, grant funding is available to assist with the initial cost. The California Air Resources Board (CARB) administers the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP). This funding is only available as a discount voucher to approved dealers. The city cannot apply directly to receive funding but can partner with an approved dealer to seek approval for discount vouchers.

On April 27, 2021, the Folsom City Council approved resolution 10616 authorizing an application for HVIP funding through The Lion Electric Co. (Lion) and the vouchers were approved. In ongoing communication with Lion, city staff were unable to obtain a final quote and ultimately learned that Lion was unable to commit to a timeframe for production. As a result, the previously approved HVIP vouchers were released for redistribution.

Staff has since selected a new vendor, Western Truck Parts and Equipment Company, LLC. (WTP) to supply electric collection vehicles for the pilot project. WTP is an approved HVIP dealer and production of the electric vehicles is estimated to begin in the Spring of 2023. The specific trucks being requested use the same body as other refuse trucks in our fleet and the chassis will be built by the same manufacturer producing our diesel-powered trucks. The similarity between the new electric trucks and our diesel fleet increases the ability of our internal Fleet Division to service and maintain these vehicles.

In March of 2022 CARB began accepting HVIP funding requests for the current funding cycle. Since funds are distributed first-come, first-served, the Public Works Department has submitted a request for the funding in advance of approval by the Folsom City Council. The requested resolution would authorize that application. In addition, grant funding requires a purchase order to prove the vehicles are being procured. CARB has temporarily accepted a letter of intent in lieu of a purchase order; however, to complete the award of grant funding the city will need to provide proof that the purchase is proceeding. Authorization to purchase one electric residential side loader and one electric rear loader, and appropriation of funds is being requested by a separate resolution.

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 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 to the waste industry 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.

Due to the high initial cost of purchasing electric refuse vehicles, the Division is seeking multiple funding sources for this project. In December of 2019, the Division applied for and was awarded \$102,361 from the Sacramento Metropolitan Area Quality Management District (SMAQMD) for the disposal of two diesel refuse trucks and the purchase of two zero emission refuse trucks. An agreement for this funding was executed in August 2020.

In March of 2021, the Division applied for a second grant from SMAQMD and was awarded \$200,000 toward the replacement of two diesel-powered refuse trucks with two electric refuse trucks. An agreement for this funding was executed in January 2022.

The requested HVIP funding of \$240,000 is eligible to combine with both grants from SMAQMD. The combined grants would offset the purchase price of the electric vehicles by \$542,361 bringing the final cost of the two electric refuse trucks to near equivalent to the cost of purchasing diesel trucks.

In addition to the truck purchase price, the Division would also need to invest in charging infrastructure. The Public Works Department is working with Sacramento Municipal Utility District (SMUD) to ensure adequate power and chargers will be installed at the corporation yard. The corporation yard does not currently have an adequate power supply and a new transformer will be necessary. The cost of infrastructure is still being determined. SMUD may 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 HVIP grant would provide the Division with \$240,000 in discounts on the purchase of two electric refuse collection vehicles. Utilizing these funds would commit the Waste and Recycling Divisions to the purchase of two electric refuse trucks for an initial capital outlay of \$1,112,661. After reimbursement from SMAQMD grant funding, the net cost to the

city would be \$810,363 for the purchase of the two vehicles. This does not include the cost of charging infrastructure, which is still being determined but is currently estimated at approximately \$160,000.

ENVIRONMENTAL REVIEW

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

ATTACHMENT

Resolution No. 10907 – A Resolution Authorizing the City Manager to Apply for a Grant for Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) Funding Through Western Truck Parts and Equipment Company, LLC for the Purchase of Two Electric Refuse Collection Vehicles

Submitted,

Mark Rackovan, Public Works Director

RESOLUTION NO. 10907

A RESOLUTION AUTHORIZING THE CITY MANAGER TO APPLY FOR A GRANT FOR HYBRID AND ZERO-EMISSION TRUCK AND BUS VOUCHER INCENTIVE PROJECT (HVIP) FUNDING THROUGH WESTERN TRUCK PARTS AND EQUIPMENT COMPANY, LLC FOR THE PURCHASE OF TWO ELECTRIC REFUSE COLLECTION VEHICLES

WHEREAS, the Public Works Department Waste and Recycling 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, in March 2022 the California Air Resources Board (CARB) opened the current funding request period and began accepting applications for the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP); and

WHEREAS, HVIP is accepting applications for up to \$120,000 per vehicle for refuse trucks; and

WHEREAS, the HVIP 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 for Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) funding through Western Truck Parts and Equipment Co, LLC for the purchase of two electric refuse collection vehicles.

PASSED AND ADOPTED this 23rd day of August 2022, by the following roll call vote:

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

Kerri M. Howell, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK