



# Folsom City Council Staff Report

<b>MEETING DATE:</b>	8/23/2022
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	Resolution No. 10909 – A Resolution Authorizing the City Manager to Execute an Agreement with Western Truck Parts and Equipment Company, LLC for the Purchase of Two Electric Refuse Collection Vehicles and Appropriation of Funds
<b>FROM:</b>	Public Works Department

## **RECOMMENDATION / CITY COUNCIL ACTION**

The Public Works Department recommends that the City Council pass and adopt Resolution No. 10909 – A Resolution Authorizing the City Manager to Execute an Agreement with Western Truck Parts and Equipment Company, LLC for the Purchase of Two Electric Refuse Collection Vehicles and Appropriation of Funds.

## **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, and to begin implementation of the California Air Resources Board fleet electrification requirements, the Public Works Department is seeking authorization to purchase two electric refuse vehicles as a pilot project.

Understanding the feasibility of electric vehicle technology in waste collection operations will also position the City of Folsom for compliance with California Air Resources Board regulations which require a progressive increase in the percentage of heavy-duty electric vehicles sold in California. By 2035, 75% of class 8 trucks sold in California will have to be electric.

There are several incentives currently available to assist fleet owners with the transition to electric technology. The Waste and Recycling Divisions (Division) have been working to secure as much funding as possible to offset the cost to the city to invest in this technology. The table below shows the status of current funding.

**Electric Refuse Vehicle Funding**

Grantor*	Funding Source*	Amount	Status
SMAQMD	LEVIP	\$ 102,361	Agreement executed. Amendment to change vehicles and timeline pending approval of purchase.
SMAQMD	SECAT	\$ 200,000	Agreement executed. Amendment to change vehicles and timeline pending approval of purchase.
CARB	HVIP	\$ 240,000	Pending approval of vehicle purchase order.
SCAQMD	VW	\$ 400,000	Agreement executed. Cannot be combined with other funding.

\*Acronyms used in the above table are as follows: Sacramento Metropolitan Air Quality Management District (SMAQMD), California Air Resources Board (CARB), South Coast Air Quality Management District (SCAQMD), Lower Emission Vehicle Incentive Program (LEVIP), Sacramento Emergency Clean Air & Transportation Grant Program (SECAT), California’s Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), Volkswagen Environmental Mitigation Trust Program (VW).

Each of the funding sources shown in the above table requires the purchase of two electric refuse vehicles. Funding from LEVIP, SECAT, and HVIP can be combined. The VW funding cannot be combined with any of the others. The Division is requesting authorization to proceed with the purchase of two electric refuse trucks utilizing the three funding sources that can be combined and forgoing the VW funding.

To use HVIP funding the city must apply for discount vouchers through an HVIP approved dealer. The Division has selected Western Truck Parts and Equipment Company, LLC (WTP) to supply the vehicles. 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.

The remaining funding for the pilot project will come from the Solid Waste Fund. The rate study conducted in 2021 included the assumption that these electric refuse vehicles would be purchased. As a pilot project, the funding amount was above and beyond that planned for the regular collection fleet. The Division did not include this funding in the fiscal year 2022-23

budget and is requesting an appropriation now that a vendor and specific vehicles have been selected.

Production of the electric trucks is anticipated to begin in spring of 2023 with receipt of the vehicles anticipated to occur in fiscal year 2023-24. This will allow adequate time to install the infrastructure needed for charging. The Public Works Department is managing the infrastructure project. Approval of the infrastructure and appropriation of funds will be submitted as a separate resolution.

### **POLICY / RULE**

Section 2.36.120 of the Folsom Municipal Code states, in part, that contracts for supplies, equipment, services, and construction with an estimated value of \$66,141 or greater shall be awarded by the City Council.

Section 2.36.170 of the Folsom Municipal Code permits cooperative purchasing agreements for the procurement of any supplies, equipment, service, or construction with one or more public procurement units in accordance with an agreement entered into or between the participants.

### **ANALYSIS**

Electric vehicle technology has the potential to eliminate emissions from refuse collection vehicles; however, it is relatively new to the waste collection industry. The Division is seeking approval to purchase two electric refuse vehicles, one side loader for residential can service and one rear loader for bulky waste collection. The goal of this pilot is to evaluate the feasibility of electric vehicle technology in Folsom's waste operation. Purchasing two types of vehicles will allow data to be collected for services with different characteristics such as miles traveled and stops per day. The Division will test the range and function of the vehicles as well as downtime and maintenance costs, which are estimated to be approximately 40% less for electric refuse trucks compared with diesel.

In addition to being an HVIP approved dealer, WTP will provide pricing through a purchasing agreement with Sourcewell, a national cooperative bidding entity of which the City of Folsom is a member. Sourcewell contract number 060920-CRN will be used for both vehicles. The cost of the side loader is \$704,230.83 and the rear loader is \$648,430.34. After all grant funding, the net cost of the two electric trucks is \$810,300. The current cost of diesel equivalents is \$810,363.

The Division will also purchase two chargers, one 50 kW and one 24 kW. Since range is a critical factor of success with electric trucks, the Division will evaluate if a fast charger is necessary for midday charging under certain circumstances or if overnight charging is sufficient to consistently meet operational needs. The two chargers needed for the pilot project are estimated to be approximately \$60,000 and are not included in the current appropriation request and also does not include the cost of the infrastructure

The Public Works Department is working with Sacramento Municipal Utility District (SMUD) on the necessary infrastructure to support the transition to electric fleet vehicles. SMUD has completed the design and the next step will be a request for proposals to upgrade the transformer and install conduit to the charger locations. The design will support the expansion of additional charging stations as the city expands its light and heavy-duty fleets. The infrastructure to support the charging stations is anticipated not to exceed \$100,000; however, a final cost will be provided when the project is awarded. The Public Works Department has also submitted a request for SMUD incentives to contribute toward the electrification project; however, at this time funding from SMUD has not been secured.

### **FINANCIAL IMPACT**

The cost of two electric refuse vehicles is \$1,352,661 and will be primarily funded by the Solid Waste Operating Fund (Fund 540) as planned in the 2021 rate study. The HVIP funding of \$240,000 will apply to the purchase price when the vehicles are ordered so the capital outlay and appropriation request is \$1,112,661. Once the vehicles are received and the expense has been incurred the Division will be eligible for grant reimbursements of \$302,361 from SMAQMD. After discounts and reimbursements, the net purchase price, not including infrastructure is \$810,300. The purchase of the two electric vehicles is contingent on the award of the HVIP grant. If the grant is not approved the purchase will be cancelled or staff will return to the council to request additional funding.

The Public Works Department is requesting an appropriation and authorization to purchase the vehicles in Fiscal Year 2022-23; however, production is not expected to begin until spring of 2023. The dealer had provided a preliminary estimate of delivery in the middle of Fiscal Year 2023-24, but this estimate is subject to change upon confirmation of the order.

### **ENVIRONMENTAL REVIEW**

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

### **ATTACHMENT**

Resolution No. 10909 – A Resolution Authorizing the City Manager to Execute an Agreement with Western Truck Parts and Equipment Company, LLC for the Purchase of Two Electric Refuse Collection Vehicles and Appropriation of Funds

Submitted,

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Mark Rackovan, Public Works Director

**RESOLUTION NO. 10909**

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH WESTERN TRUCK PARTS AND EQUIPMENT COMPANY, LLC FOR THE PURCHASE OF TWO ELECTRIC REFUSE COLLECTION VEHICLES AND APPROPRIATION OF FUNDS**

**WHEREAS**, the Public Works Department Waste and Recycling Divisions desire to purchase one electric side loader refuse collection vehicle and one electric rear loader refuse collection vehicle to pilot the feasibility of electric vehicle technology within the 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**, the Waste and Recycling Divisions have selected Western Truck Parts and Equipment Company, LLC (WTP) to supply electric refuse collection vehicles; and

**WHEREAS**, staff has secured reimbursement grant funding of \$302,361 from the Sacramento Metropolitan Air Quality Management District (SMAQMD); and

**WHEREAS**, WTP is an approved dealer for California's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP); and

**WHEREAS**, WTP will use HVIP funding vouchers in the amount of \$240,000 to discount the City of Folsom electric refuse truck purchase; and

**WHEREAS**, this purchase will be made through Sourcewell, which used its recognized cooperative purchasing agreement to award a contract to Western Truck Parts and Equipment Company, LLC in an amount not to exceed \$1,352,661; and

**WHEREAS**, sufficient funds are available in the Solid Waste Operating Fund (Fund 540); and

**WHEREAS**, an appropriation will be required in the amount of \$1,112,661; 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 Western Truck Parts and Equipment Company, LLC for the Purchase of Two Electric Refuse Collection Vehicles, for an amount not to exceed \$1,112,661 which includes the use of HVIP grant vouchers in the amount of

\$240,000

**NOW, THEREFORE, BE IT FURTHER RESOLVED** that the Finance Director is authorized to appropriate \$1,112,661 from the Solid Waste Operating Fund (Fund 540) for the Electric Refuse Collection Vehicle Pilot Project. The additional appropriation will utilize \$810,300 of current fund balance and \$302,361 will also be appropriated as grant revenue.

**PASSED AND ADOPTED** this 23<sup>rd</sup> day of August 2022, by the following roll call vote:

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

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Kerri M. Howell, MAYOR

ATTEST:

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Christa Freemantle, CITY CLERK