



# CITY OF SANTA BARBARA

## SUSTAINABILITY COMMITTEE AGENDA REPORT

**AGENDA DATE:** March 20, 2023

**TO:** Sustainability Council Committee

**FROM:** Energy & Climate Division, Sustainability & Resilience Department

**SUBJECT:** Municipal Zero Emission Vehicle Acquisition Policy

### **RECOMMENDATION:**

That the Sustainability Council Committee receive a presentation on the City's new Municipal Zero Emission Vehicle Acquisition Policy.

### **DISCUSSION:**

The transportation sector is the leading contributor to greenhouse gas emissions in the City of Santa Barbara. In order to meet Council's goal of carbon neutrality goal by 2035, the City will need to transition on-road vehicles to low or no emission options. The City has instituted a new policy, when combined with deployment of new electric vehicle charging infrastructure, will facilitate the City's phased transition to a decarbonized fleet in a fiscally sound manner while also achieving compliance with pending State Advanced Clean Fleet legislation regulating municipal fleets. Municipal Zero Emission Vehicle Acquisition Policy (Policy) that, combined with deployment of new electric vehicle charging infrastructure, will facilitate the City's phased transition to a decarbonized fleet in a fiscally sound manner. The Policy will also ensure the City's compliance with Advanced Clean Fleet Legislation currently pending at the State Legislature.

The City maintains a fleet of over 450 vehicles as well as almost every class of equipment, ranging from ride-on lawn mowers to fire trucks. Most vehicles fall within the light- and medium- duty on-road vehicle classes, which the auto industry is rapidly designing and producing new electric vehicles. These classes of vehicles represent the largest opportunity for impact to decarbonize the City's fleet in the short term. By transitioning most of the City's fleet to electric vehicles over the next several years, we can plan for common charging infrastructure with redundant fueling locations, all of which will be powered by Santa Barbara Clean Energy's carbon free electricity.

The Policy requires the purchase or replacement of all fleet vehicles with battery electric vehicles, so long as they meet the functional requirements of their intended use, are available and supported by robust part availability and technical support, are cost effective over the life of the vehicle, and can be provided with charging infrastructure to support them. Staff have developed a total cost of ownership tool to assist with this decision-

making. The tool factors in both initial costs of vehicles and costs to fuel and or power and costs to maintain them. A total cost of ownership of up to 10% above a standard internal combustion engine vehicle is considered cost effective. When the procurement of a battery electric vehicle does not meet these requirements, the policy requires either deferment of the procurement, if feasible, or purchase of the least emitting alternative option. Alternative options include plug-in hybrid electric vehicles, hybrid electric vehicles, and lastly standard internal combustion engine vehicles.

The Municipal Zero Emission Vehicle Acquisition Policy has been reviewed and approved by the Interdepartmental Fleet Advisory Committee and the Budget Steering Committee. The Policy has been incorporated into a Fleet Management Policy that Fleet Division has developed to formalize fleet procedures that standardize vehicle specifications, right size the fleet, and govern vehicle procurements and replacements.

The City has already installed a number of electric vehicle charging stations for the fleet. In 2022, Council also approved a contract with Carbon Solutions Group to install, operate, and maintain additional charging stations. Finally, the Energy and Climate Division staff have pursued and been awarded several grants for installation of electric vehicle charging infrastructure.

#### **BUDGET/FINANCIAL INFORMATION:**

There are three main financial drivers that the Municipal Zero Emission Vehicle Acquisition Policy affects: vehicle purchase cost; operation and maintenance costs; and charging infrastructure.

**Vehicle Purchase Cost:** Currently several classes of vehicles have all-electric models that are cost competitive over the life of the vehicle. However, many classes have higher purchase prices for electric models. These higher purchase costs exceed the previously anticipated allocated costs departments have built up in their fleet fund to procure new vehicles. Any incremental vehicle procurement cost for electric vehicles is proposed to be loaned from Fleet reserves and the Fleet allocation fund to cover the incremental costs. Departments will then pay back the loan throughout the life of the vehicle through monthly vehicle replacement allocations.

**Operational Costs:** Ongoing operational costs over the life of a vehicle, primarily maintenance, repair, and fueling costs, often total as much or more than procurement costs. These ongoing costs are significantly lower for electric vehicle models. In most cases, the additional up-front purchase price of an electric vehicle can be offset by operational savings, resulting in yearly cost neutral expenditures per department.

**Charging Infrastructure:** It is expected that the City will add about 100 new electric vehicles to the fleet in the next five years. Many will require new charging infrastructure. As outlined above, the City has already initiated a private-public partnership to install, operate, and maintain new chargers and we continue to aggressively pursue grant and incentive funds. The 2023-2028 Capital Improvement Program has also earmarked

\$150,000 in each FY24 and FY25, and \$100,000 in each FY26, FY27 & FY28 out of Measure C funds to help to fill in gaps for charging infrastructure not met by these grant funds, public-private-partnerships, or other traditional funding sources.

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