



**The Corporation of the Municipality of Wawa
Staff Report**

Office of Infrastructure Services

Prepared For: Council Meeting	Report No.: CS 2018-10
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Preamble

This report is a request for Council to increase capital funds over and above the 2018 Capital Budget to address short falls in our fleet.

Summary of the Recommendation

It is recommended that Council approves an increase in the 2018 Capital Budget to replace eight (8) vehicles in total to address shortfalls in our fleet. These vehicles will be sourced from three (3) local dealerships.

Summary of the Issues

There are eight (8) vehicles identified that are required to be replaced between 2008 and 2014; these vehicles have been used well beyond their expected life time indicated in the asset management plan, these vehicles range from 2003 to 2010 and serve Information Technology Admin, Infrastructure Services Admin and Staff, Community Services Admin and Staff and play a vital role in our day to day operations.

List of Stakeholders

Ratepayers
Council
Municipal Staff

Purpose of Report

The purpose of this report is to identify the fleet vehicles that are required to be replaced in accordance with the Municipal Asset Management Plan.

Respectfully Submitted By:

Prepared By:

**Cory Stainthorpe
Director of Infrastructure Services**

Analysis

The Municipality relies on its fleet for the completion of day to day tasks. Municipal staff uses our fleet daily to get from site to site, carry tools required for jobs, transport items, travel for meetings or training and patrol roads.

In the 2018 Capital Budget, Council approved \$100,000.00 to replace two (2) administration vehicles in the IS department.

An application was submitted for the GHG Challenge fund to cover a percent of the project to replace a total of eight (8) vehicles in 2018. This application was not approved and staff chose to exchange two (2) vehicles deemed to be 'worst' condition.

It was determined to move forward with the two (2) vehicles and then each year after replace 2-3 vehicles until all have been replaced. Since the Capital budget has been approved, three (3) vehicles have had maintenance issues, 2 of the 3 of these vehicles are no longer usable due to their condition. Two (2) 2003 pickup trucks in the Infrastructure Services fleet have severe rust damage; recently while repairing brake lines, it was noticed that the floor of both had corroded and would not pass a safety. A 2006 Dodge Ram used for Community Services Department rear differential broke and needed to be replaced; in addition to these there is also major body restoration to be completed on this truck if it is to be placed back in the fleet.

Repairing these vehicles is not worthwhile due to their condition and age. At the time the 2018 Capital Budget was being approved these vehicles were on the radar to be replaced however after inspection in fall 2017 it was determined we could wait. Unfortunately due to condition of vehicles during the inspection in spring 2018 and the rear differential requiring to be replaced they are no longer suitable for day to day operations.

Staff, through Direction of the CAO, has reviewed all of the fleet that was to be brought forward to Council within the next 18 months for replacement. The total number of fleet vehicles, including the two 2009 Ford Escapes already receiving approval to be replaced is eight (8) vehicles, as listed below:

Infrastructure Services Department:	Replace Year
• 2003 Ford F-150	2008
• 2003 Chevrolet ½ ton	2008
• 2003 Ford F-250	2008
• 2009 Ford Escape	2014
• 2009 Ford Escape	2014

Community Services Department:

- 2006 Dodge Ram 1500
- 2008 Ford Escape

Replace Year

2011
2013

Information Technology Department:

- 2010 Ford Escape

Replace Year

2008*

Municipal Business Plan:

This project relates to the Municipal Business Plan in section 2.4.1 Update and Implement the Asset Management Plan and 2.1.4 Key Infrastructure Priorities: Invest in the priority municipal infrastructure projects as identified in the Asset Management Plan.

The Asset Management Plan has all fleet listed above to be replaced in years that have passed. This is not uncommon as budget depends on funding and approval to complete each project and although it may be required, you can extend the life of an asset by preventative maintenance which is what occurred.

Community Strategic Plan:

In Appendix A of the Community Strategic Plan under weakness: Infrastructure has been not maintained or maintained minimally to a "Band-Aid" level due to budget constraints & limited funding from other levels of gov't. This has resulted in safety issues, poor appearance, unreliable equipment, & unusable assets.

Financial/Staffing Implications

The total cost to replace all eight (8) vehicles required is approximately **\$380,000**. The additional funds required to increase the current 2018 Capital Budget for fleet would be **\$280,000**.

Some of the fleet could be sold in an auction to regain some of these costs however the value of the fleet varies depending on condition and if sold for parts. It is estimated that the Ford Escapes can be sold as is for \$1,500.00 and the pick-up trucks for \$1,000.00 for a total of **\$10,000.00**

Exchanging eight (8) vehicles will reduce mechanic costs significantly due to warranty packages for 3-5 years approximately **\$12,000** annually excluding wages. This estimated cost savings is taken from our annual maintenance costs of each vehicle listed above in our Operating Budget

Staff has already completed an RFP and received proposals from local dealerships to provide fleet for the two (2) vehicles approved in 2018 Capital Budget. These proposals were reviewed and evaluated by staff. Each dealership was very close in scoring and benefits of each truck for different needs such as better fuel mileage for ones that travel, larger box for day to day staff and hauling equipment, etc. Staff could use the same proposals and fulfil the requirements to replace all eight (8) vehicles by selecting 2-3 from each dealership.

Alternatives

Alternative 1

Increase a portion of the 2018 Capital Budget – Fleet to replace some fleet but not all past date of replacement in Asset Management Plan. **Not Recommended** due to the current condition our fleet is in and the cost to maintain existing fleet to extend one (1) year of service.

Alternative 2

Do not increase 2018 Capital Budget, only replace the two (2) vehicles already approved and not additional six (6) requested to be added. **Not Recommended**, the costs to repair the fleet to extend one (1) year of service instead of replacing fleet would be additional costs that can be avoided.

Alternative 3

Increase 2018 Capital Budget - Fleet by adding an additional \$280,000 for a total of **\$380,000** and replace all fleet recommended in this report. **Recommended**, providing the departments with appropriate number of vehicles to complete day to day tasks and save on maintenance costs in future by preventing financial increase to maintenance in attempts to prolong one (1) more year of vehicle service.

Conclusion

By approving an increase to the 2018 Capital Budget – Fleet from \$100,000 to \$380,000 it will allow for a significant amount of the fleet to be upgraded in each department as listed in our Asset Management Plan and reduce overall maintenance costs, mechanic costs and fuel costs significantly throughout the next five (5) years.

Though purchasing eight (8) vehicles at once, it may assumed that eight (8) vehicles will have to be replaced again in the same year. Although this may be true for some of the fleet, each vehicle is used for different departments and different purposes. Administration is high KM due to traveling for meetings, training and patrol while staff is

day to day tasks and used for hauling equipment and traveling from location A to B which will not be leaving the Municipality unless training is required out of town. This extended life is seen in our 2003 trucks that are on this list to be replaced after being maintained for fifteen (15) years and others being replaced after 8-10 years.

Due to the similarity of each proposal on the RFP 2018-11 for two (2) new ½ ton pick-up trucks, it is also recommended if Council approves additional fleet to be purchased and that each local dealership will be requested to supply '2-3' fleet vehicles instead of just 1 dealership providing all eight (8) vehicles. This will benefit the local economy more equally. It also corresponds with the different needs of each department. Staff has reviewed and scored the RFP 2018-11 and they were all very close scores that were given when the RFP was completed.

Recommendation

It is recommended that Council increases the 2018 Capital Budget - Fleet by adding an additional \$280,000 for a total of \$380,000 and replace all fleet recommended in this report. These vehicles will be three (3) Ford pickup trucks, three (3) Chevrolet Silverado's, and two (2) Dodge Ram pickup trucks.

It is also recommended that Council approves to purchase fleet based off of RFP-2018-11 and that each local dealership that submitted a proposal will be requested to supply '2-3' fleet vehicles instead of just 1 dealership providing all eight (8). This will be based on the breakdown above

Attachments

There are no attachments with this report.