



# REPORT

To: Chair and Directors

Report Number: ENV-BRD-018

From: Kari Bondaroff, Environmental Services Manager

Date: October 27, 2020

**Subject: 2021 Fleet Capital Budget Pre-Approval**

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## **RECOMMENDATION #1: [Corporate Unweighted]**

That the Regional Board approve the transfer of \$28,308.83 in Capital Vehicle Funds located within the Building Inspection Function 405, to the Capital Fleet Function 160.

## **RECOMMENDATION #2: [Corporate Weighted]**

That the Regional Board approve the supplemental request to replace Unit 18, 2012 Chevrolet Equinox, Unit 20, 2012 Chevrolet Equinox, Unit 26, 2017 Dodge Caravan, Unit 9, Trailtech Trailer and Unit 16, Load Trail Dump Trailer with an all-wheel drive SUV, two small 4x4 trucks, a flatdeck trailer equivalent to Unit 9, and a tridem dump trailer.

## **RECOMMENDATION #3: [Corporate Weighted]**

That the Regional Board approve the supplemental requests to purchase additional fleet in 2021 to consist of one 4x4 ¾ tonne truck and one 4x4 service van.

## **BACKGROUND/RATIONALE:**

### 2021 Fleet Vehicle Administration Budget

In 2020, the Regional Board approved the amalgamation of fleet expenditures into one function. At that time, Administrative and Solid Waste Capital Vehicle reserve funds were transferred to the new Function – Fleet Administration. Unfortunately, the Building Inspection Capital Reserve was inadvertently missed at the time. To align with the amalgamation of fleet expenditures, the remaining vehicle capital reserve funds located within the Building Inspection function should be transferred.

In order to provide values to each of the functions with vehicle allocations, a pre-budget approval is being requested. Vehicle replacements and additions are proposed as several PRRD fleet assets have reached the end of their useful life and demand for vehicles has increased as staff are added to meet service levels. In order to secure pricing, it is necessary to proceed with the procurement process for:

- a) Replacement of three vehicles plus two equipment trailers; and further,
- b) Expansion of the fleet by two additional vehicles.

Currently, there is 1 vehicle located at the Fort St. John office being shared with 5 staff; 4 vehicles at the DC office shared with 41 staff; and 5 vehicles at the warehouse shared with 10 staff.

Vehicle replacements and additions are detailed below:

- a) Unit 18 (2012 Chevrolet Equinox) is located at the DC office and will be replaced with an all-wheel drive vehicle to be used as a highway vehicle. Estimated replacement value of \$35,000.

- b) Unit 20 (2012 Chevrolet Equinox) is located at the FSJ office for primarily Building Inspection use. This unit will be replaced with a small 4x4 pick-up for use on gravel roads and highway driving. Estimated replacement value of \$40,000.
- c) Unit 26 (2017 Dodge Caravan) is located at the DC office. This unit will be replaced with a 4x4 small pick-up for use on gravel roads and highway driving. Estimated replacement value of \$40,000.
- d) Unit 9 (2001 Trailtech Trailer) is located at the DC warehouse. This unit will be replaced with an equivalent trailer for light equipment hauling. Estimated replacement value of \$15,000.
- e) Unit 16 (Load Trail Dump Trailer) is located at the DC warehouse. This unit will be replaced with an upgraded tridem dump trailer capable of hauling heavier items such as the skid steer and other heavy equipment. Estimated replacement value of \$30,000.
- f) New Vehicle #1: 2021 ¾ tonne pick-up is needed for use at the DC warehouse to offset the costs of personal vehicle use for work by the Field Services Foreman as well as necessity for a rental vehicle through the summer months. Rental vehicle costs an additional \$7500 for 2 months use. This vehicle would also be able to tow a smaller trailer and allow for the smaller 4x4 truck at the warehouse to be available for office staff to utilize if vehicle availability becomes challenging. Estimated value of \$55,000.
- g) New Vehicle #2: 2021 4x4 Service Van. This van would house all of the necessary tools and equipment required for plumbing, electrical, and carpentry jobs that are performed in-house. Again, this added vehicle would allow for warehouse staff to have ample fleet availability applicable to the job they are performing. Estimated value of \$70,000.

The total estimated budget is \$285,000, as shown in Table 1 for Fleet Capital Replacement under Financial Considerations. If pre-approved, the estimated budget will be reflected in the vehicle allocations for all affected functions (see Table 2 for details on vehicle usage).

A supplemental request for the purchases of the fleet units is attached for Board consideration.

### **ALTERNATIVE OPTIONS:**

1. That the Regional Board approve the replacement of Fleet Units 18, 20, 26, 9, and 16; and further, approve the purchase of one ¾ tonne 4x4 pick-up.
2. That the Regional Board approve the replacement of Fleet Units 18, 20, 26, 9, and 16; and further, approve the purchase of one 4x4 service van.
3. That the Regional Board approve the replacement of Units 18, 20, 26, 9, and 16 only.
4. That the Regional Board provide further direction.

### **STRATEGIC PLAN RELEVANCE:**

- ☒ Organizational Effectiveness
- ☒ Develop a Corporate Asset Management Program

### **FINANCIAL CONSIDERATION(S):**

Table 1 outlines the 2020-2025 annual capital replacement reserve allocations, the capital reserve balances estimated to be carried forward including the current Building Inspection Capital Reserve, and the estimated purchase amounts for the current year. (For an overview of the 10-year Fleet Capital Plan, please refer to Attachment 1.) As noted for the 2021 year, the addition of two new fleet vehicles

results in the risk of a deficit. In order to prevent this occurrence, additional allocations to functions that will benefit from the use of the new vehicles is required. An addition of \$50,000 will be allocated to account for any unforeseen price increases that could occur prior to vehicle purchase.

**Table 1. 2020-2025 Annual Fleet Capital Replacement Estimates**

Financial Implications	2020	2021	2022	2023	2024	2025
<b>Annual Capital Reserve Allocation</b>	\$101,171.80	\$109,028.44	\$138,662.68	\$140,263.44	\$141,376.25	\$142,315.66
<b>Additional Reserve Dollars (carry forward)</b>	\$268,962.00	\$142,766.63	\$(33,204.93)	\$39,856.40	\$134,512.79	\$237,388.74
<b>Purchases</b>	\$255,676.00	\$285,000.00	\$65,601.35	\$45,607.05	\$38,500.30	\$112,359.80
<b>Reserve Balance:</b>	\$114,457.80	\$(33,204.93)**	\$39,856.40	\$134,512.79	\$237,388.74	\$267,344.60

\*\*\$50,000 additional capital to be added to the 2021 vehicle allocations. Table 2 includes the allocations with the two new purchases, including the additional \$50,000.

Table 2 outlines the financial implications to each of the applicable functions. These allocations include capital replacement costs, new capital purchases, and operational costs for the 2021 budget year. These values will be reflected in the 2021 budget package.

**Table 2. 2021 Vehicle Allocations per Function**

Function	2021 Vehicle Allocation	Function	2021 Vehicle Allocation
100- Admin	\$ 40,213.53	405- Building Inspection	\$ 12,029.95
200- Reg. Parks	\$ 50,682.50	430- Rolla Creek Dyke	\$ 3,615.89
210- Comm. Parks	\$ 3,426.58	500- Regional Solid Waste	\$ 151,994.84
220- Reg. Rec.	\$ 554.84	520- Invasive Plants	\$ 17,385.48
221- Sub-Reg. Rec.	\$ 136.96	525- NP TV	\$ 753.42
225- Kelly Lake Comm. Centre	\$ 136.96	601- Charlie Lake Sewer	\$ 2,385.62
245- NP Leisure Pool	\$ 264.42	602- Chilton Sewer	\$ 4,628.22
260- Clearview Arena	\$ 136.96	603- NP Airport Sewer	\$ 2,046.88
265- Buick Creek Arena	\$ 342.41	605- Harper Imperial Sewer	\$ 4,628.22
275- Grants to Comm. Org.	\$ 254.91	606- Kelly Lake Sewer	\$ 12,263.18
300- Emergency Planning	\$ 2,257.51	607- Rolla Sewer	\$ 11,157.83
315- Charlie Lake Fire	\$ 1,333.32	701- NP Airport Water	\$ 1,679.60
335- Mob. Lake Rural	\$ 136.96	702- Area B Pot Water	\$ 5,023.91
400- Management Of Development	\$ 9,011.80	<b>Total:</b>	<b>\$ 338,482.71</b>

#### OTHER CONSIDERATION(S):

1. Asset Management is a key priority for the Regional Board as outlined in the current Strategic Plan. To support this key priority, scheduling regular vehicle replacement and evaluating current needs to sustain fleet is done as follows:

- a. Budget is calculated for capital replacement based on 5 year depreciation for vehicles, 10 year depreciation for trailers and attachments, and 8 years for vehicles that have specialized use;
  - b. Vehicles remain covered under warranty and are replaced before significantly increasing maintenance costs are incurred; and
  - c. The PRRD can continue to provide safe and reliable vehicles which are intended for differing working purposes (such as off-road site inspections compared to highway travel between offices).
2. COVID-19 had implications on fleet usage in 2020. First, the onset of the pandemic saw the number of staff per vehicle restricted to one, then two persons. Second, Board meetings were restricted to the Dawson Creek office. Third, in-person non-essential meetings were cancelled. With an increase in staff in the warehouse and the DC office, and a return to off-site Board meetings, and in person meetings, there will be an increase in vehicle use as travel restrictions are lifted. Rental vehicles can cost \$3000 per month and personal use of vehicles are charged back to the organization at \$0.59/km.
3. A Request for Proposals will be issued to offer fair opportunity to vendors to bid on the capital expenditures. There may be a difference in price which could be reflected in the 2021 budget. Any unused capital funds will be placed in the capital reserve fund for future fleet replacements and/or purchases.

Attachments:

1. 10-year Fleet Capital Plan
2. 2021\_160\_Fleet\_Supplemental