



Committee Report

To:	Warden Hicks and Members of Grey County Council
Committee Date:	April 28, 2022
Subject / Report No:	TR-CW-15-22
Title:	Capital Equipment Purchase Prior to Budget Approval
Prepared by:	Jim Nicoll, Maintenance Manager Sharon Melville, Buyer
Reviewed by:	Kim Wingrove, CAO
Lower Tier(s) Affected:	
Status:	

Recommendation

1. **That Report TR-CW-15-22 be received; and**
2. **That staff be authorized to issue the tender for two tandem trucks prior to 2023 budget approval due to delivery time;**
3. **That staff be authorized to issue the tender for two electric half ton trucks prior to 2023 budget approval due to lack of mass availability.**

Executive Summary

Transportation Services staff is requesting permission to tender for two tandem trucks and two electric half ton trucks prior to 2023 budget approval.

Background and Discussion

Section 10.1 Reporting to Council of the Purchasing Procedure states that items requiring pre-budget approval must be reported to Council in order to have the expenditure authorized via resolution.

The purpose of the early tender dates is two-fold. For the Tandem Trucks, it is to expedite the delivery of the units to ensure that they are available for use for the 2023/2024 winter season. Past history has shown that delivery takes 9-12 months from the date of purchase. Recent discussion with suppliers has extended that delivery time to 18-24 months.

The two tandem trucks to be tendered will add two additional vehicles to the fleet to replace the two trucks covering the routes that were tendered to Walker Industries (Harold Sutherland Construction) in 2017. The five-year winter maintenance tender with Walker Industries RFT-TS-08-17, is complete in the Spring of 2022 and will be extended for one further year. Walker has informed Grey County they do not

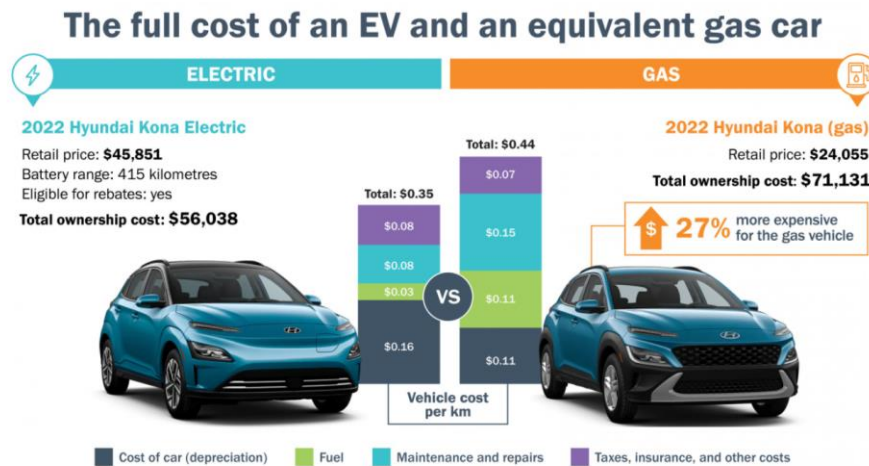
want to continue winter maintenance operations past 2023. This agreement was extended one year to the Spring of 2023, to allow Grey County to purchase the two tandems without causing an over expenditure in the equipment capital budget in 2022. Manpower will be addressed in a future report scheduled to be received in May.

A route analysis has shown that tandem trucks are the appropriate vehicle in both material space and agility to undertake winter maintenance. The two tandem trucks will be tendered with stainless steel dump bodies. Since purchasing tandem trucks with these boxes in 2017, stainless steel continues to be the preferred choice of box material.

There are currently no electric tandem snowplow trucks, they are anticipated to be available in approximately 2 years. The dealers have advised that the priority production for electric vehicles will be on those that are used the most, passenger cars, light duty trucks and then highway tandem trucks.

The request to tender the electric half ton trucks early is to ensure that Grey County is able to receive and trial the electric light duty vehicles and appropriately plan fleet renewal prior to the eventual federal requirement of 100% electric fleets. The cost per electric half ton is expected to exceed the purchase cost of the gas trucks by approximately \$15,000 per vehicle. The expectation is that the electric vehicles lifetime cost will be approximately 30% less in the 7-year cycle of ownership.

The following is a side-by-side comparison of an electric vehicle and an equivalent gas vehicle by [Clean Energy Canada](#), this infographic is based on \$1.35/litre, the higher the gas costs, the larger the % difference:



There were some announcements the week of April 1 regarding the Federal [2030 Emissions Reduction Plan](#). Included is a 2035 100% electric requirement for light-duty vehicles (half ton trucks), applying to new purchases only. The Federal Government will implement a sales mandate to ensure that at least 20% of new light-duty vehicle sales will be zero-emission vehicles (ZEV) by 2026, at least 60% by 2030 and 100% by 2035. To reduce emissions from medium and heavy-duty vehicles (MHDVs), the Government of Canada will aim to achieve 35% of total MHDV sales being ZEVs by 2030. In addition, the Government will develop a MHDV ZEV regulation to require 100% MHDV sales to be ZEV's by 2040.

The Federal government has also committed to providing an additional \$400 million in funding for ZEV charging stations, in support of the objective of adding 50,000 ZEV chargers to Canada's network and the Canada Infrastructure Bank will also spend \$500 million on electric vehicle charging infrastructure.

Staff are also investigating the need to hire a Consultant to evaluate the ability of each Grey County location to support the charging infrastructure that will be required for the vehicles. Staff has approached LAS to enquire about their ability to provide a roster of consultants who can help understand what is required along with costing the infrastructure.

Half ton trucks are typically on a 7-year replacement cycle and tandem trucks are on a 12-year replacement cycle. Keeping all of this in mind, while there are many reasons such as, financial and environmental to move to electric vehicles, we must use a careful and cautious approach as it relates to the next 12-15 years of purchasing new vehicles.

Legal and Legislated Requirements

None.

Financial and Resource Implications

These units were submitted for replacement in the Machinery portion of the approved 2022-2031 Ten Year Capital Forecast.

The amount contained in the 2022-2031 approved Transportation Services Ten-Year Capital Forecast plan in year 2023 for two tandem trucks was \$673,400, or \$336,700 each. Due to market pressures, when the 2023-2032 capital plan is formed, 5% will be added to the total of the Tandem trucks for a total of \$707,000, or \$353,500 each. The electric half-ton trucks have an estimated cost total of \$110,000, or \$55,000 each. The Transportation Services 2022 budget capital gross expenditures totaled \$33,286,200. Using this as a base, the total percentage of gross expenditures to be used before the approval of the 2023 budget would be 2.45%.

Capital Cost	
Cost per Tandem net HST (scheduled for 2023)	\$353,500
Total Tandem Cost net HST (scheduled for 2023)	\$707,000

Capital Cost	
Cost per Electric Half-Ton net HST (scheduled for 2023)	\$55,000
Total Electric Half Ton Cost net HST (scheduled for 2023)	\$110,000

Relevant Consultation

Internal

Finance Department

External

Appendices and Attachments

None.