

To:	Warden Hicks and Members of Grey County Council
Committee Date:	September 26, 2019
Subject / Report No:	TR-CW-19-19
Title:	Capital Equipment Purchase Prior to Budget Approval
Prepared by:	Pat Hoy, Director of Transportation Services Sharon Melville, Buyer
Reviewed by:	Kim Wingrove, CAO
Lower Tier(s) Affected:	
Status:	Recommendation adopted by Committee as presented per Resolution CW186-19; Endorsed by Council October 10, 2019 per Resolution CC80-19;

Recommendation

1. **That Report TR-CW-19-19 be received; and**
2. **That staff be authorized to issue the tender for two tandem trucks prior to 2020 budget approval due to delivery time constraints in accordance with Section 3.3 (c) of the Purchasing Procedure which allows the procurement of up to 50% of gross expenditures in year one of the ten-year capital forecast.**

Executive Summary

Transportation Services staff is requesting permission to tender for two tandem trucks prior to 2020 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. Section 3.0 Authorization of the procedures states that staff is authorized to procure up to fifty percent of gross expenditures contained in the first year of the Ten Year Capital Forecast Plan prior to the annual budget being approved, once Council has authorized these capital expenditures via resolution.

The purpose of this early tender date is to expedite the delivery of the units to ensure that they are available for use for the 2020/2021 winter season. Past history has shown that delivery takes seven to nine months from the date of purchase.

Staff is recommending the replacement of two tandems. The 2008 tandem trucks which are at the end of scheduled 12-year life cycle will be auctioned following the arrival of the new tandems.

A route analysis has shown that tandem trucks are the appropriate vehicle in both material space and agility to undertake winter maintenance.

Stainless Steel vs Aluminum Dump Body

The Transportation Services fleet has primarily utilized carbon steel dump bodies on our plow trucks. Maintenance costs due to corrosion of these steel boxes includes welding holes created by rusting and painting of the boxes at approximately year six of the expected 12 year life cycle.

In an effort to find a cost efficient alternative to the carbon steel boxes, on October 4, 2016 County Council as per Resolution CC123-16 endorsed purchasing stainless steel and aluminum dump bodies.

The two 2020 trucks will be tendered with stainless steel dump bodies. Since purchasing trucks with these boxes in 2017, there have been no concerns with the stainless steel.

In consideration of the aluminum boxes, they do provide a weight advantage, but operators have noted that the unit is light on the drive tires when empty with the plow equipment on the front. This is causing the tires to spin when backing up at intersections, particularly when the material load is low. Further, there have been reports from the manufacturer of issues with cracking around conveyor chain axle shaft mounts and inner liner on some older units, at about seven to ten years of age. The County has not experienced any of these issues to date as our units are three years old.

Based on consultation with staff and the manufacturer, Transportation Services has decided to proceed with the stainless steel box. Staff will continue to monitor the aluminum boxes for future consideration.

Legal and Legislated Requirements

None.

Financial and Resource Implications

These units have been submitted for replacement in the Machinery portion of the Ten Year Capital Forecast.

The gross expenditures amount contained in the first year (2020) of the current Transportation Services ten-year capital forecast plan is \$18,487,152. Each of the two tandem trucks are estimated to cost \$306,000 for a total of \$612,000, which is 3.31% of the proposed 2020 capital forecast plan. The total percentage of gross expenditures to be used before the approval of the 2020 Budget, including the two tandem trucks, would be 19.79%.

Capital Cost	
Cost of Tandem net HST (scheduled for 2020)	\$306,000.00
Total Cost net HST (scheduled for 2020)	\$612,000.00

Relevant Consultation

Internal
Finance Department

External

Appendices and Attachments

None.