



Staff Report

Report To: Dan Best, Chief Administrative Officer
From: **Mark Elston, Manager of Public Works**
Date: February 4 2019
Report: PW Report 01.19
Subject: Pre-budget Approval for the Tender of Two Tandem Axle Plows

Recommendations:

That South Huron Council receives the report from M. Elston, Manager of Public Works re: Pre-budget Approval for the Tender of Two Tandem Axle Plows, and

That South Huron Council authorizes the pre-budget approval of two tandem axle plows in the amount of \$600,000, and

That South Huron Council authorizes Staff to proceed with a request for tender for two tandem axle plows.

Purpose:

Approval.

Background and Analysis:

The proposed capital budget includes the replacement of tandem axle plow #25 and #66. There is currently an 11 month wait period between order and delivery of the units. Due to the timing of the budget process for 2019, pre-budget approval is requested in order for service delivery next winter season.

The 2017 capital budget included the replacement of Plow #25, however, it was never removed from service due to the operational demands to meet minimum maintenance standards. Both plows have surpassed their

anticipated service life of 12 years, and without significant repairs and maintenance costs will not last another winter season.

This season already, between both Tandem axle plows, we have lost 9 working days to replace various components including fuel lines and wiring issues. In addition, the tracking arms on the rear suspension were beyond repair and the sanding units needed replacement in order to be operational.

Due to the age of our fleet and our current service levels, in order to maintain MMS, it is recommended the fleet be upgraded. It should be noted that currently, staff are preparing to a fleet management strategy to be incorporated into our overall asset management plan. Proceeding with recommendations outlined in this report, does not compromise this process.

The challenge of an older fleet such as ours results in increasing maintenance costs and emergency repairs that results in operational down time. Moreover, without spare equipment, our fleet needs to be in a state of readiness at all times to ensure service levels are maintained.

It should be noted that these units are not used seasonally, but are part of our overall services to ensure the safety of our road network.

Operational Considerations:

1. Proceed with the pre-approval of the two Tandem-Axle Plows

This is the recommended action due to the concerns outlined above and the timeline requirements to meet the 2019/20 winter season.

2. Proceed with the pre-approval of the two Tandem-Axle Plows through the budget process

This is not the recommended action due to the timeline requirements to meet the 2019/20 winter season.

3. Do nothing

This is the least preferred option as this could compromise our capacity to meet current service levels and MMS. In addition, repairs/maintenance costs will continue to escalate

South Huron's Strategic Plan:

Section 6.2.2 includes strategic objectives that recommend initiatives reflecting the collective perspectives of the strategic planning process. Asset Management supports the following objectives:

- Administrative Efficiency and Fiscal Responsibility by ensuring the right amount is invested in the right assets at the right time to optimize their useful lives and reduce annual replacement costs.
- Transparent, Accountable, and Collaborative Governance through the use of data analysis to remove the subjectivity of the operational and capital budgeting processes.

Financial Impact:

The pre-budget approval request will commit \$600,000 of the existing proposed Transportation capital budget for 2019.

The current proposed budget includes funding from reserves in the amount of \$233,214 to alleviate the impact. This includes utilizing the recommended 25% of previous year contributions to the capital replacement reserve. This leaves the tax levy impact at \$366,786.

Legal Impact:

There are no legal implications as a result of this report

Staffing Impact:

There are not staffing implications as a result of this report.

Policies/Legislation:

By-Law 33-2017 Procurement of Goods and Services

Consultation:

CAO
Manager of Finance/Asset Management

Related Documents:

None

Respectfully submitted,

Mark Elston, Manager of Public Works