

Date: November 22, 2024

To: **Mayor and Council.**

Name and title: Blake Mcintosh, Director of Civic Operations

Subject: Capital Budget Addition of Motor Grader to the City's Fleet

Attachment(s): None

## Recommendation(s):

That Council APPROVE the addition of the capital project "Unit 8312 Motor Grader" to the financial plan for a budget of \$227,500 with funding from the Mobile Equipment Reserve as detailed in the report dated November 22, 2024 from the Director of Civic Operations titled "Capital Budget Addition of Motor Grader to the City's Fleet".

## Purpose:

To convert a rented grader unit to a City-owned unit as a permanent addition to the City's fleet.

## Discussion:

Currently, the City maintains a grader fleet of 7 units: 6 owned and 1 rented. The rationale behind the rented unit is to augment the City's fleet capacity during the busy snow and ice control months. The unit is then parked for the summer months and the monthly payments are suspended.

The City started renting Unit 8312 in 2021 with the understanding that the rental agreement would come to an end in October 2024 and the City would then enter into a new rental agreement on a brand new grader.

The City has spent \$242,753 renting Unit 8312 so far and has the option to purchase the vehicle outright by extending the payments on the vehicle for another 24 months. Fleet Services has analyzed the unit and because of the low amount of operating hours and excellent condition of the unit, Administration determined that it is more advantageous financially for us to purchase Unit 8312 rather than go to a tender for a new replacement unit. We have already paid for over 50% of the unit and it would cost the City \$227,500 to purchase the remainder of the unit over the next 24 months and would have an estimated disposal value of \$100,000 at the end of the unit's life. It is Administration's estimation that Unit 8312 could potentially run for another ten years with this investment of \$227,500.

## Strategic Priorities:

Purchasing Unit 8312 supports Council's objectives of Sustainable Fiscal Management, Sustainable Infrastructure and Organizational Excellence.

Summary and conclusion:

Administration is recommending Council approve the purchase of Unit 8312 as a permanent addition to the City's existing fleet.

Respectfully submitted:

Blake McIntosh, Director of Civic Operations

Prepared by Jordan B Wiseman, Manager of Roads and Fleet

Approved:

Walter Babicz, City Manager

Meeting date: 2024/12/02