



THE CORPORATION OF THE CITY OF VERNON

**MEMORANDUM**

**TO:** Patti Bridal, Chief Administrative Officer **FILE:** 1280-01  
**PC:** James Rice, Director, Operation Services **DATE:** March 28, 2023  
Debra Law, Director, Financial Services  
**FROM:** Mallory Podger, Manager Fleet Services  
**SUBJECT: FLEET VEHICLE REPLACEMENT – UPDATE**

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The purpose of this memo is to provide Council an update on the fleet replacement program and obtain Council direction regarding the anticipated 2023 vehicle and equipment replacement budget shortfall. A table is provided at the end of the memorandum that summarizes the information presented.

As part of the 2021 budget process, a tandem axle truck unit #060 was approved by Council for replacement. The replacement vehicle was received by the City in 2022 but did not meet the required contract specifications and was therefore returned to the supplier. The vehicle is scheduled for retendering in 2023; however, the estimated cost is significantly more than originally budgeted.

At its August 15, 2022 Regular meeting, Council passed the following resolution:

*THAT Council receive the memorandum titled “Specialized Enforcement Unit – Patrol Vehicle Purchase” dated August 3, 2022 and respectfully submitted by the Director, Operation Services;*

*AND FURTHER, that Council authorize the expenditure of up to \$66,000 for the purchase of a specialized enforcement unit patrol vehicle to be funded from the 2021 Unexpended Uncommitted balance.*

The purchase of the specialized enforcement unit patrol vehicle has been completed and will be placed into service by early-mid April. The total cost of the vehicle has not yet been finalized, however, it is expected that the total replacement costs will be within the available budget.

At its August 15, 2022 Regular meeting, Council passed the following resolution:

*‘THAT Council receive the memorandum titled “2023 Fleet Vehicle Replacement – Early Budget Approval” dated July 25, 2022 and respectfully submitted by the Director, Operation Services;*

*AND FURTHER, that Council authorize early budget approval for the replacement of fleet units 020, 023, 028, 054, 057, 316, 501, and 118 at a cost not to exceed \$ 1,310,000, to be funded from Vehicle and Equipment Replacement Reserve.’*

Units #316 and #501 were both midsize pick-ups and have been replaced within their respective budgeted amounts (final costs to be determined). During the detailed specification review of the replacement for unit #020 (1-ton pick-up), it was determined that a larger vehicle (2-ton pick-up) would be more appropriate for the intended use that includes snow clearing and sanding. The remaining vehicles identified for budget approval in 2023 are all larger heavy-duty vehicles and equipment that have reached the end of their useful life expectancy. The heavy equipment industry continues to be plagued with cost volatility and long purchase lead times due to global demand for heavy equipment and supply chain issues impacting production. Based on a current market evaluation and review of other heavy equipment tenders that were recently completed by municipalities in our area, Administration estimates that equipment replacement costs could be up to 30% higher than originally estimated.

At its November 22, 2022 Regular meeting, Council passed the following resolution:

*THAT Council receive the memorandum titled "2023 Electric Truck – Budget Approval" dated October 25, 2022 and respectfully submitted by the Director, Operation Services;*

*AND FURTHER, that Council authorize budget approval for the purchase of two electric pick-up trucks, should Ford be able to hold the original cited price of \$75,000 per unit (\$5,000 budgeted for lights, equipment and decaling) at a cost not to exceed \$160,000 to be funded from Vehicle and Equipment Replacement Reserve.*

Administration placed the order for the two electric trucks October 28, 2022. Expected delivery dates for these vehicles is still unknown. Administration will update Council when additional information is available.

As part of the 2022 budget process, Council authorized the expenditure of \$255,000 for the replacement of three light duty fire response vehicles (pick-ups). Three gas/electric hybrid trucks were purchased in 2022 and recently received. The vehicles will be placed into service by early-mid April and are expected to be within the available budgeted amount (final costs to be determined).

The following table provides a summary of the current vehicle and equipment purchase status and expected budget shortfall:

Unit	Description	Original Estimated Replacement Cost	Status	Actual/Revised Estimated Replacement Cost
<b>Units #702/703/704</b>	Three light duty fire response vehicles	\$255,000	Purchased/Recieved	\$255,000
<b>Additional Unit</b>	Specialized Enforcement Unit	\$66,000	Purchased/Recieved	\$66,000
<b>Unit #316</b>	Compact pickup truck	\$55,000	Purchased/Recieved	\$55,000
<b>Unit #501</b>	Compact pickup truck	\$55,000	Purchased/Recieved	\$55,000
<b>Unit #020</b>	recommened upgrade to 5500 series with plough (unit127/128)	\$120,000	preparing for tender	\$165,850
<b>Unit #023</b>	3/4 ton pick-up with service body	\$115,000	preparing for tender	\$123,000
<b>Unit #028</b>	3/4 ton pick-up	\$80,000	Ordered	\$80,000
<b>Unit #054</b>	Single axle dump truck with sander, plow, broom and water tank installation	\$370,000	preparing for tender	\$473,000
<b>Unit #057</b>	Tandem axle dump truck with plow and sander	\$400,000	preparing for tender	\$498,500
<b>Unit #060</b>	Tandem axle dump truck with plow and sander (2021 carry over)	\$300,000	preparing for tender	\$498,500
<b>Unit #118</b>	Asphalt hot box	\$125,000	preparing for tender	\$134,000
<b>Additional Unit(s)</b>	Two electric pick-ups	\$160,000	Ordered	\$160,000
	<b>Sub- Total</b>	<b>\$2,101,000</b>		<b>\$2,563,850</b>
	<b>Budget Shortfall</b>			<b>\$462,850</b>
	<b>Contingency</b>			<b>\$46,285</b>
	<b>Total Budget shortfall</b>			<b>\$509,135</b>

As detailed in the table above, the estimated 2023 vehicle and equipment replacement budget shortfall is estimated at \$462,850. Administration is recommending that an additional 10% contingency be added to this amount to account for continued market volatility for a total budget short fall amount of \$509,135. The expected shortfall could be funded by the 2022 Unexpended Uncommitted remaining balance of \$3,182,696.00. The Fleet Replacement Strategy was last updated in 2017. Administration will provide an update for Councils consideration before the 2024 budget deliberations that considers current market conditions.

**RECOMMENDATION:**

THAT Council receive the Memorandum titled "Fleet Vehicle Replacement – Update" dated March 28, 2023, respectfully submitted by the Manager, Fleet Services;

AND FURTHER, that Council authorize the additional expenditure of up to \$509,135 to fund the 2023 Fleet Vehicle Replacement expected shortfall, to be funded by the 2022 Unexpended Uncommitted balance;

AND FURTHER, that Council direct Administration to provide an update to the Fleet Replacement Strategy prior to the 2024 budget deliberations for Councils consideration.

Respectfully submitted:

**Mallory**

**Podger**

Mallory Podger  
Manager, Fleet Services

Digitally signed by:  
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