

## REPORT

### Council

Meeting Date: March 25, 2024

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**FROM:** Parks and Open Space Department

**DATE:** March 12, 2024

**SUBJECT:** Fleet Purchases - Forestry Aerial Units

**WARD:** Town-wide

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#### RECOMMENDATION:

1. That the report from the Parks and Open Space department dated March 12, 2024 be received,
2. That Table 1 in the staff report as the financing to award two (2) Forestry Aerial units as tendered in RFT-2-2024 be approved.
3. That the transfer of \$302,937 from 52292002 Parks Replacement Equipment and \$133,754 from 52292101 Parks Replacement Equipment; as well as \$80,000 from the Roads & Works and Parks Equipment Reserve to project 52292302 Parks Vehicle Replacement, to fund the shortfall for the purchase of 2 Forestry aerial units, be approved.

#### KEY FACTS:

The following are key points for consideration with respect to this report:

- As part of ongoing Fleet Replacement two (2) Forestry aerial units have been budgeted for replacement as part of the capital budget. These units are funded from the Roads & Works and Parks Equipment Reserve. These aerial trucks are fundamental for the Forestry section to maintain the Town's municipal urban forest safely and efficiently.
- RFT-2-2024 was issued through the Purchasing department as a public bid on January 5, 2024 and closed February 6, 2024. The total budget was \$800,000. Four (4) bids were received with the lowest compliant bid being \$1,206,238.49 (HST as a net recoverable @ 1.76% and licencing included). This leaves a deficit of \$406,238.49.

- In addition to the \$406,238.49 deficit, staff are recommending an additional \$110,452.51 be added to the project to fund potential increased costs related to production delays.
- Staff are recommending the deficit be funded through a combination of savings in other open Parks Vehicle replacement budgets and \$80,000 from the Roads & Works and Parks Equipment Reserve.
- These Forestry vehicles are very specialized equipment and since the pandemic, costs have escalated very significantly. These vehicles are akin to Fire apparatus both in terms of sophistication and very long delivery time. Ordering these Forestry units immediately, will allow vendors to lock into production schedules that will ensure a late 2026 or early 2027 delivery for the complete vehicle. Missing the upcoming production window would further delay delivery of these units into late 2028 or 2029 and at a higher cost.
- Through this report Council approval is requested to award two (2) Forestry aerial units as part of RFT-2-2024, in accordance with Table 1 within this report.
- As per the Financial Control Policy, when costs for a capital project exceed the original funding by more than \$350,000 Council approval must be obtained to amend the capital project budget.

## **BACKGROUND:**

On an ongoing basis fleet equipment is replaced as part of the annual capital budget. These purchases are funded through Fleet Reserves. All Parks and Open Space equipment including Forestry are funded through a combined Roads and Works/Parks & Open Space Equipment Reserve. The Forestry section has two (2) aerial units requiring replacement and were included within the fleet replacement 2023 capital budget. They were not tendered in 2023 because vendors had no quotas from their truck manufacturers and hence could not bid. As a result, staff were unable to tender these forestry units in 2023. Forestry aerial units are composed of a truck cab & chassis, aluminum body, and aerial device that allows staff to work safely at heights of 65-75 feet. Also known as “bucket trucks” they are equipped with specific safety and lighting requirements as often staff are using these trucks during extreme weather events. Additionally, these trucks are used daily in maintaining the town’s municipal urban forest.

RFT-2-2024 was issued through the Purchasing department on January 5, 2024 and closed on February 6, 2024. The budget for both units was \$800,000. Four (4) bids were received, and the lowest compliant bid was \$1,206,238.49 (including HST and licencing). That leaves a deficit of \$406,238.49.

The deficit is related to the following factors. Prices for this type of equipment has increased significantly since the pandemic. These forestry units are similar to fire apparatus in terms of technology, sophistication, safety/lighting and fire trucks have seen a similar significant increase since the pandemic. Secondly, the pricing used reflects August 2022 prices as these fleet replacement units were part of the approved 2023 capital budget. When fleet staff tried to obtain updated pricing for the 2024 budget, suppliers would not provide reliable updated costs. As a result, with no other confirmed pricing, staff retained the original estimated budget. This resulted in a significant deficit fund the replacement vehicles.

**COMMENT/OPTIONS:**

In consultation with Finance, it is recommended the \$406,238.49 deficit can be funded through savings in other Parks Replacement Equipment budgets that have not been closed. Heavy trucks with aerial components have a protracted delivery date. The chassis' will be a 2026 model year and the earliest build time of those would be June 2025 (exact timing is not predictable). Following production of the truck chassis, the vehicle proceeds to the aerial manufacturer (with their own lead time) and after that to the body builder. So optimal delivery of the entire aerial unit is likely late 2026 with a Q1-Q2 2027 quite possible.

While the deficit of \$406,238.49 can be funded from savings in open Parks Fleet Replacement budgets, as we proceed into 2026 model year a price increment is expected and very likely will be for the aerial and body products as they will be 2026 model years. The aerial vendor has already clearly stated there will be an increase in 2026. As a result, it is recommended an additional \$80,000 be transferred to accommodate any price increase during the building of the forestry aerial units. Any savings would be returned to the Roads & Works and Parks Equipment Reserve.

In consultation with Finance staff, Table 1 provides a breakdown in terms of funding the deficit and additional funds required to award the forestry aerial units in tender RFT-2-2024.

Table 1

Account Description	Total Approved Budget	LTD Actuals	Outstanding Commitments	Remaining Budget Available	Budget transfer	Adjusted Balance
52292302 Parks Vehicle Replacement	1,866,100	457,541	525,147	883,412	436,691	1,320,103
52292002 Parks Replacement Equipment	820,000	517,063	-	302,937	(302,937)	-
52292101 Parks Replacement Equipment	1,043,000	907,720	1,526	133,754	(133,754)	-
9636 R&W and Parks Equipment reserve (transfer)					80,000	80,000
<b>TOTAL</b>	<b>3,729,100</b>	<b>1,882,324</b>	<b>526,673</b>	<b>1,320,103</b>	<b>80,000</b>	<b>1,400,103</b>

It should also be noted that these two (2) new aerial units replace two (2) existing aerial units. There is no trade-in value requested in the tender because traditionally trucks such as forestry aerial units return a much higher value at auction. Fleet staff are recommending a \$60k reserve bid on each unit when they go to auction upon arrival of the new vehicles. As a result, these existing trucks will return at minimum \$120,000 to the Roads & Works/Parks Equipment Reserve.

Council does have the option to not approve the staff recommendation and not award the forestry aerial units as part of tender RFT-2-2024. If that was to occur, staff would request additional capital funds as part of the 2025 budget process to fully fund the vehicles. However, a more significant delay would occur because the cab & chassis would then be a 2027 production year and full delivery of the trucks would likely be late 2028 or early 2029.

As stipulated in the Town’s Financial Control Policy when costs for a capital project exceed the original funding by more than \$350,000, the transfer must be approved by Council. Hence, Council approval to award the two (2) Forestry aerial units as part of RFT-2-2024 in accordance with Table 1 is requested.

**CONSIDERATIONS:**

**(A) PUBLIC**

The Forestry aerial units are used by town arborists in the maintenance of the town’s municipal forest.

**(B) FINANCIAL**

The financing to award the Forestry aerial units as part of RFT-2-2024 is outlined in Table 1. Any savings will be returned to the Roads & Works and Parks Equipment Reserve.

**(C) IMPACT ON OTHER DEPARTMENTS & USERS**

This report has been prepared in consultation with the Finance department and Fleet section, Roads & Works

**(D) COUNCIL STRATEGIC PRIORITIES**

The purchase of these two (2) Forestry Aerial units assists in the safe and efficient maintenance of the town's municipal urban forest thereby in alignment with Council's strategic priority of Accountable Government.

**(E) CLIMATE CHANGE/ACTION**

N/A

Prepared by:

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Recommended by:

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