



Committee of the Whole

Meeting Date: July 17, 2023

Submitted by: Chris Traini, Deputy CAO/County Engineer

Subject: 5 Year Machinery Replacement Program

BACKGROUND:

Each year staff reviews the equipment replacement schedule and brings forward a proposed Machinery Replacement Program for approval by County Council.

ANALYSIS:

Approval of the Machinery Replacement Program does not commit the County to replace any given piece of equipment in any year. Instead, it is intended to give Council a picture of equipment purchase and replacement needs over a 5-year period. When developing the schedule, staff tried to avoid peaks and valleys in the replacement program while still meeting the equipment needs of the department. Cost estimates are also updated in the plan on an annual basis.

This year's equipment replacement schedule is based on the total 5-year expenditures of \$5,833,000, or an average expenditure of \$1,166,600 per year. The amount budgeted for equipment replacement is in accordance with sound asset management practices as described below.

A number of changes have been made to the prices and scheduling of equipment replacements. The 2023 5-year Machinery Replacement Program had a projected expenditure of \$4,845,000.⁰⁰ over 5 years. The revised 2024 5-year Machinery Replacement Program has a projected expenditure of \$5,833,000.⁰⁰ over the next 5 years. Any budgeted excess is deposited into reserves in case of an emergency equipment replacement or major unexpected repair.

The vehicle estimate costs in the revised 2024 5-year guide has an approximate increased annual expenditure of \$147,600 over the previous guide, or about a 20% increase. We have experienced not only huge rates of inflation but a limited availability in stock of vehicles which has greatly increased the purchase price of machinery for the County fleet.

The current practice would be to tender out the vehicles scheduled for replacement in 2024 in the fall of 2023. This has several cost savings advantages as traditionally the County has received very competitive pricing by tendering in the fall. The most important advantage is that the replacement equipment will be ready for the construction and winter maintenance seasons in the following year due to the typically long turnaround time between ordering and the delivery of the equipment.

County staff are reviewing and revising our methods and procedures for the purchase of small trucks in order to better maximize savings to the County as well as keeping a competitive and fair procurement process. Recent years have been challenging due to disruptions in the global marketplace and limited supply of these types of vehicles.


The equipment scheduled for replacement is at a point where any further use would risk the possibility of a major repair and seriously affect any resale value at auction. The additional costs involved with keeping this equipment operational beyond its recommended service life would have an impact on the maintenance budget. The cost of repairs is not the only concern, as the time lost while the machinery is inoperable could be critical during the winter maintenance season or during an emergency.

FINANCIAL IMPLICATIONS:

No impact on 2023 capital budget and an approximate 20% increase to the 2024 machinery replacement budget.

ALIGNMENT WITH STRATEGIC FOCUS:

This report aligns with the following Strategic Focus, Goals, or Objectives:

Strategic Focus	Goals	Objectives
Connecting Through Infrastructure 	Ensure communities are built on a sustainable foundation that is connected and thriving	<ul style="list-style-type: none">• Commit to a sound asset management strategy to maintain and fund critical infrastructure

RECOMMENDATION:

THAT the 5-year Machinery Replacement Program be approved, and that the equipment scheduled for replacement in 2024 be tendered in the fall of 2023.