



Capital Business Case

**Purchase of a 5 Tonne Tandem Axle
Plow Truck**

2023 Budget

Public Works
Purchase of 5 Ton Snow Plow Truck

Executive Summary

The Public Works Department is including the purchase of a 5 Tonne plow truck in the proposed 2023 Capital budget in order to provide residents within the T5 snow plow route, (see attached), a reliable level of snow removal service and reduce maintenance costs.

Business Need

The pandemic has caused supply chain issues for all types of vehicles. Subsequently, procurement should be considered a high priority. T5, a 2010 International 7600 Tandem Axle truck has reached full amortization and is considered to be in very poor condition from both age and milage components. The estimated useful life of a plow truck in the Township's Asset Management Plan is 200,000 Km or 12 years. T5 has accumulated a total of 222,624 km as of January 17, 2023 and is 13 yrs. old.

Currently, The Public Works Fleet maintains four tandem and two single axle trucks to undertake snowplowing operations through the Township. In order to maintain a satisfactory level of service, plow truck condition and maintenance costs should be priority considerations. On December 12, 2022, Council passed a resolution directing Staff to proceed with Pre-budget tendering for the procurement of a replacement for T5. A tender was developed and issued January 16, 2023. The Tender close date is set for February 14, 2023.

Options or Solutions Analysis

1. Remain status quo by maintaining the assigned snow plowing route with T5- Increases the potential for breakdown, inflating vehicle maintenance costs, increased burden on the rest of staff and of the fleet and potentially for reduction of service.
2. Purchase a new 5 tonne tandem axle truck to replace T5.

Financial and/or Non-Financial Benefits

The financial impacts for the options are as follows:

1. Remain status quo- This option has no direct impact on the 2023 capital budget but does have an operational budget impact through increasing maintenance costs of T5. Tracking through the Township's asset management plan indicates maintenance costs for T5 average approximately \$32,000.00/year over the last four years. There is the potential for a reduction in service resulting from breakdown.

2. Option 2 is the desirable choice from both an economical and service level perspectives. A high-level estimate for a replacement of T5 in the current market is from \$350,000.00 to \$400,000.00.

Risk Analysis

The risks associated with remaining status quo by maintaining T5 in the fleet, from both age and high kilometre perspective, are increased repair and maintenance, reduced reliability and poor public perception. Additionally, due to world-wide component shortages, there is a backlog of trucks on order. There is a greater risk of procurement delays should the choice be made to curtail replacement.

Recommendation

That Committee recommends that Council include funds for purchasing 5 Ton plow truck for an estimated \$350,000.00 in the 2023 capital budget.

Implementation Plan

A Tender was developed and issued to 6 companies. The tender closed February 14th and a report on the results and a staff recommendation to council will follow.

Acceptance Sign-off

Lead Department

Prepared By: Gord Shaw – Director of Operations **Date:** January 24, 2023

Signature: 

Approved By: Sean Nicholson, Treasurer **Date:** January 30, 2023

Signature: 

Approved By: Dave Grant, CAO **Date:** January 30, 2023

Signature: 