



TOWNSHIP OF EDWARDSBURGH CARDINAL ACTION ITEM

Committee: Special Council

Date: May 10, 2021

Department: Public Works

Topic: Grader Purchase

Purpose: To receive approval to purchase the 2020 856C AWD Case Motor Grader through J.R. Brisson Equipment for a total cost of \$300,192.00 including non-rebated HST.

Background: The replacement of the 1989 Grader has been discussed at the April 12th COW – Administration & Finance and at the Council meeting on April 25th where the resolution was defeated. Based on discussions, Council has expressed an interest in reducing the grader fleet to a single unit. As reported on April 25, we were unsuccessful in securing a short-term contract for supplemental grader maintenance services.

To rely on a single 24year old grader, approaching 10,000hrs of operation to maintain approximately 60km of gravel road is not sustainable and leaves us vulnerable to a breakdown and potential reduction in our service delivery level.

Staff recommends purchasing the 2020 856C AWD Case Motor Grader in order to have a reliable unit to maintain the gravel roads at the current service levels. Staff will return with a report in September outlining options for council consideration on reducing the grader fleet to a single unit in the future.

Policy Implications: Council approval is required to proceed with any expenditure that is not part of the current approved budget or within approved estimates. An amendment of the budget would be required to add this capital purchase.

Financial Considerations: The purchase or financing of the unit was not part of the 2021 approved budget. This capital addition would require some adjustments to the 2021 budget to finance this unit and the road resurfacing project.

Option 1: Outright purchase in 2020

The \$180,297.00 taxation supported road resurfacing funding can be used to partially fund the purchase of the grader. The road resurfacing project can be funded with the

additional 2021 federal gas tax top-up funding. The purchase of equipment is not an eligible cost under the federal gas tax agreement. The remaining \$119,895.00 could be transferred from the Public Works reserve.

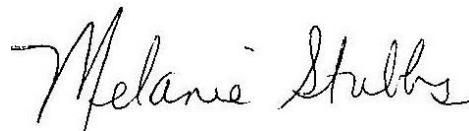
Option 2: 36month Financing purchase

Staff has received a 3year financing interest rate of 1.69% through RBC. Based on a zero-down payment, the monthly payment is \$8,557.71. This would work out to \$68,461.68 in 2021. The majority, if not all, of this payment can be covered through the savings received in the hot mix tender pricing. The total payment over the term is \$308,077.56

Recommendation: That Municipal Council amends the 2021 budget and authorizes staff to proceed with the purchase of the 2020 856C AWD Case Motor Grader through J.R. Brisson Equipment for a total cost of \$300,192.00 including non-rebated HST and fund this purchase through RBC 36month financing with the 2021 payments being covered by the savings realized in the hot mix tender pricing. And Council directs staff to return with a report by the September Council meeting outlining options on reducing the grader fleet to a single unit.



Director of Operations



Treasurer



CAO