

DATE OF MEETING MAY 3, 2021

AUTHORED BY WENDY FULLA, MANAGER, BUSINESS, ASSET AND FINANCIAL PLANNING

**SUBJECT AUTOMATED GARBAGE TRUCK – EQUIPMENT FINANCING**

## **OVERVIEW**

### **Purpose of Report**

To introduce a resolution for Council's approval, which is required for staff to undertake equipment financing through the Municipal Finance Authority (MFA) for an additional automated garbage truck.

### **Recommendation**

That Council approve the borrowing of up to \$459,600, with a maximum five (5) year term, through the Municipal Finance Authority's (MFA) Equipment Financing Program to purchase one (1) additional automated garbage truck.

## **BACKGROUND**

In the summer of 2018, the City completed the final phase of the automation of solid waste collection. This service level change required a significant investment in new automated garbage trucks and collection carts.

In the fall of 2018, a business case for the future expansion, due to growth, of the solid waste collection system was developed. The business case included the phasing in of two new refuse collectors and automated garbage trucks and was added to the 2019 – 2023 Financial Plan and included in subsequent Financial Plans.

In 2020, the first of the two new routes was added and a new automated garbage truck went into service September 2020.

## **DISCUSSION**

The 2021 – 2025 Financial Plan includes implementation of the second of the two new routes. Under the Ten-Zone Waste Collection Optimization Plan that the Governance and Priorities Committee recommend that Council endorse at the 2020-NOV-19 Governance and Priorities Committee meeting the implementation of the second route was accelerated from July 2022 to January 2021 with the new refuse collector operating one of the existing spare units until a new automated unit arrives.

The new unit is anticipated to be ordered shortly and will arrive in 9 – 12 months. As the purchase is an addition to the fleet, funding is not available in the Equipment Replacement Reserve for the purchase. Short-term borrowing through the MFA's Equipment Financing Program will be used to fund the unit with repayment from sanitation user fees. The MFA Equipment Financing Program provides short term borrowing (one to five years) under section 175 of the *Community Charter* and requires a Council resolution for each borrowing. This program offers low interest rates and no fees. The debt-servicing costs for the purchase are included in the 2021 – 2025 Financial Plan.

## **OPTIONS**

1. That Council approve the borrowing of up to \$459,600, with a maximum five (5) year term, through the Municipal Finance Authority's (MFA) Equipment Financing Program to purchase one (1) additional automated garbage truck.
  - The advantages of this option: Allows the City to proceed with borrowing when the new garbage truck is delivered.
  - Financial Implications: Funding for the new garbage truck is included in the 2021 - 2025 Financial Plan.
2. That Council request additional information.

## **SUMMARY POINTS**

- The 2021 – 2025 Financial Plan includes \$459,600 in borrowing for the addition of an automated garbage truck in 2021.
- Borrowing through MFA's Equipment Financing Program allows for short-term borrowing (1-5 years) with low interest rates and no fees.
- The MFA requires a certified Council resolution prior to fulfilling the borrowing.

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