

DATE OF MEETING DECEMBER 6, 2021

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SUBJECT AUTOMATED REFUSE TRUCKS – 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) to replace two second-hand diesel automated refuse trucks.

Recommendation

That Council approve the borrowing of up to \$975,600, with a maximum five (5) year term, through the Municipal Finance Authority's (MFA) Equipment Financing Program to purchase two (2) compressed natural gas (CNG) automated refuse trucks.

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 refuse 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 refuse 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 refuse truck went into service September 2020.

The 2021 – 2025 Financial Plan included implementation of the second of the two new routes. Under the Residential Waste Collection Optimization plan the implementation of the second route was accelerated from July 2022 to January 2021 with a new refuse collector operating one of the existing spare units until a new automated unit arrives. The Residential Waste Collection Optimization plan was implemented on January 25, 2021 and has increased capacity by approx. 20%. The new automated unit is on order and is anticipated to arrive in the summer of 2022.

DISCUSSION

The 2022 – 2026 Financial Plan includes recommendations from the Refuse Truck Life Cycle & Funding Analysis that the Finance and Audit Committee recommended that Council implement at the 2021-NOV-22 Special Financial and Audit meeting. Recommendations included replacing two of the department owned diesel refuse trucks that were purchased second-hand with two fleet owned CNG refuse trucks.

The units are anticipated to be ordered shortly and will arrive in 12 – 15 months. As the purchase is for replacement of department owned units, 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 units 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 purchases are included in the 2022 – 2026 Financial Plan.

OPTIONS

1. That Council approve the borrowing of up to \$975,600, with a maximum five (5) year term, through the Municipal Finance Authority's (MFA) Equipment Financing Program to purchase two (2) compressed natural gas (CNG) automated refuse trucks.
 - The advantages of this option: Allows the City to proceed with borrowing when the new refuse trucks are delivered. The purchases are anticipated to reduce downtime and operational costs per KM and align with the City's Green Fleet Strategy.
 - Financial Implications: Debt servicing is budgeted to begin in 2023 and will be funded by sanitation user fees. The purchase of the units and debt servicing costs are included in the 2022 – 2026 Financial Plan.
2. That Council request additional information.

SUMMARY POINTS

- The 2022 – 2026 Financial Plan includes \$975,600 in borrowing for the purchase of two automated CNG refuse trucks.
- 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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