

DATE OF MEETING SEPTEMBER 13, 2023
AUTHORED BY BRANDON MILLER – MANAGER, FLEET OPERATIONS
SUBJECT **2023 FLEET REPLACEMENT PLAN**

OVERVIEW

Purpose of Report

To seek Council approval to increase the budget for the 2023 Fleet Replacement Plan. |

Recommendation

That the Finance and Audit Committee recommend that Council increase the 2023 Fleet Replacement Plan budget by \$623,100 funded from the Equipment Depreciation Reserve Fund.

BACKGROUND

Each year the Fleet department replaces 15 – 20 vehicles as per the Fleet Replacement Plan. In addition to purchasing the vehicles, Fleet also purchases all of the customized upfitting equipment that each vehicle requires, such as work bodies, decals, radios, tool boxes, tool racks, work lights, bed rails, and fire extinguishers.

DISCUSSION

Currently, the Fleet department has 21 vehicles that are on order and need to be upfitted before they are put into service. Of these 21 vehicles, 9 were ordered in 2022 and 12 were ordered in 2023.

Due to a variety of factors, additional funding is required to complete all the planned purchases. Factors impacting the 2023 budget include:

- A vehicle supply shortage - some 2022 orders were cancelled by the vehicle manufacturer and consequently needed to be reordered at the new market price.
- Low inventory levels and an increase in the demand - vehicle and upfitting costs have risen significantly in the past few years. Reports have shown that from 2022 to 2023 new vehicle prices in Canada have risen over 21%.
- Opportunities to accelerate the implementation of the Green Fleet Strategy for units that were originally budgeted to be replaced with gas units.
- Department change requests – changes to required upfitting equipment and/or type of unit required have added to the total cost.

To date, cost increases have resulted to in the City of Nanaimo (City) delaying the replacement of two units to 2024 to help address budget shortfalls. To ensure all the remaining units planned for replacement this year can be ordered and upfitted as required, additional funding is required.

The original budget for the 21 fleet purchases totaled \$2,155,900 with the final estimated costs at \$2,779,000. The funding needed to cover the increase in fleet cost totals \$623,100.

FINANCIAL CONSIDERATIONS

The Equipment Depreciation Reserve Fund currently has a projected 2023 closing balance of \$9,483,278 for replacement of the City fleet including the Fire Fleet and Ice Resurfacers.

OPTIONS

1. That the Finance and Audit Committee recommend that Council increase the 2023 Fleet Replacement Plan budget by \$623,100 funded from the Equipment Depreciation Reserve Fund.
 - Advantages of this option: Will allow for the replacement of City fleet units as per the City's fleet replacement plan, ensuring units are available and reliable to meet operational requirements.
 - Financial Implications: The 2023 – 2027 Financial Plan would need to be amended to reflect the increased project budget.
2. That Council provide alternative direction.

SUMMARY POINTS

- Vehicle and upfitting costs have increased significantly in the past few years.
- Additional funding is required to ensure City Fleet units can be replaced as planned.
- Funding is available in the Equipment Depreciation Reserve Fund.

Submitted by:

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