



Finance, Administration and Audit Committee Report

DATE: Monday, May 06, 2019

WARD(S): ALL

**TITLE: CAPITAL BUDGET AMENDMENT FOR FL-5411-18 -
REPLACEMENT FORESTRY BUCKET TRUCK WITH CHIPPER
BODY; AND, FL-5215-19 - PKS-ADDITIONAL 2 TON 4X4 CREW
CAB DUMP TRUCK**

FROM:

Zoran Postic, Interim Deputy City Manager, Public Works

ACTION: DECISION

Purpose

The purpose of this report is to seek approval to increase the capital project budget for FL-5411-18 for the replacement of one (1) Forestry Bucket Truck with a Chipper Body; and FL-5215-19 for the purchase of a Parks and Roads Operations 2-ton dump truck.

Recommendations

1. That the approved budget in Capital Project FL-5411-18 - PKS-FORESTRY- Replace Unit #1519 with Bucket chipper truck, be increased by \$46,000 inclusive of applicable taxes and administration recovery and funded from the Vehicle Replacement Reserve;
2. That the approved budget in Capital Project FL-5215-19 - PKS-Additional 2 ton 4x4 crew cab dump truck be increased by \$55,000 inclusive of applicable taxes and administration recovery, funded 90% from City-Wide DC Public Works/Fleet Reserve and 10% from the Capital from Taxation Reserve; and
3. That inclusion of this matter on a Public Committee or Council agenda with respect to amending the capital budget as identified above be deemed sufficient notice pursuant to Section 2(1)(c) of By-Law 394-2002, as amended.

Report Highlights

- Capital Project FL-5411-18 is insufficiently budgeted to award a tender for the replacement of one (1) forestry bucket truck with a chipper body.
- The City has received new information indicating that the current approved budget for capital project FL-5215-19 is insufficiently budgeted to tender the purchase of one (1) 2-ton 4x4 crew cab dump truck

Background

Capital project FL-5411-18 funds the procurement of a bucket truck with a chipper body that will support the delivery of forestry services by City staff.

The bid response received for this equipment exceeds the available budget for the project. The budget amendment would provide sufficient funds in the project to award the contract for the replacement of one unit that has reached the end of its service life. It will also allow sufficient funding for additional equipment on the vehicle that would automate critical field maintenance, improve hydraulic equipment cold weather performance and protection, and enable supply and installation of a larger working bucket more closely matching the size of bucket in the unit to be replaced.

Capital project FL-5215-19 - PKS-Additional 2 ton 4x4 crew cab dump truck funds the procurement of one 2-ton 4x4 crew cab dump truck. The unit will be used to support growth related road and park maintenance, as well as snow operations through the winter season. In accordance with the City's procurement procedures, a budget amendment is being sought at this stage of the procurement process to ensure sufficient funding is available for the unit.

Previous Reports/Authority

N/A

Analysis and Options

The cost for the forestry bucket truck has increased in part due to steel and aluminum tariffs, as well as the addition of beneficial provisional items.

The Request for Tender for this unit was issued in Q1 2019 and was executed in compliance with the Corporate Procurement Policy assuring that award of the tender within the amended budget will represent good value to the City for this necessary equipment. The tender also informed that the following additional equipment is available:

- An automated field equipment lubrication system that will reduce productive time

loss for this function, as well as likely both reducing equipment downtime, and increasing life expectancy of the asset;

- Upgraded hydraulic fluid that provides improved wear protection, water separation and foam resistance in cold weather use; and,
- A larger aerial bucket, more closely matching the size of the bucket installed on the unit to be replaced.

The bid response received for the tender for this equipment exceeds the available budget for this project. It is believed that increases in steel and aluminum tariffs were principal drivers for the price increase above the project estimates. Selected additional maintenance equipment further increases the cost for this equipment beyond the available budget for this project.

A budget amendment is being sought for FL-5411-18 to provide sufficient funds to award this tender.

An alternative to the budget amendment for the bucket truck with chipper body is to reduce cost by altering the specifications of the unit and foregoing the addition of the provisional field maintenance equipment, upgraded hydraulic fluid, and larger aerial bucket. However, doing so would reduce the performance, flexibility, and utility of the unit, as well as potentially negatively impacting unit reliability, service delivery efficiency, and productivity. Further, the activity of re-specification would require the re-issuance of the Request for Tender and would delay the delivery of the unit.

A recent vendor inquiry has informed that the budget for FL-5215-19 is insufficient to tender the purchase of a 2-ton 4x4 crew cab dump truck.

A budget amendment is being sought to provide sufficient funds to tender a 2-ton 4x4 crew cab dump truck. If approved, the Request for Tender for the unit will be executed in compliance with the Corporate Procurement Policy assuring that the award within the amended budget represents good value to the City for this necessary equipment.

No adjustments can be made to the unit specification to tender it within the current approved project budget. One alternative to the budget amendment is to not procure this unit. Not having this unit will impact the City's ability to maintain service levels as the City grows.

Financial Impact

A capital budget amendment is required to project FL-5411-18 to enable the award of the tender for the equipment.

The recommended capital budget increase of \$46,000 is inclusive of applicable taxes and administration recovery and would be funded from the Vehicle Replacement

Reserve. Any residual funds would be returned to the original funding source.

The additional funds required in the project is summarized in the table below.

Table 1: Capital Budget Amendment Summary	
	FL-5411-18
	FORESTRY BUCKET TRUCK WITH CHIPPER BODY
Total Estimated Costs (including HST and 3% Administration Recovery)	\$337,550
Approved Budget	\$297,670
Less: Actual Costs & Commitments	(\$5,384)
Budget Available	\$292,286
Budget Amendment Required (rounded to the nearest Thousand)	\$46,000

A capital budget amendment of \$55,000 is required to increase the budget of FL-5215-19 sufficiently to enable the tendering of a 2-ton 4x4 crew cab dump truck.

The recommended capital budget increase is inclusive of applicable taxes and administration recovery and would be funded 90% from the City-Wide DC Public Works/Fleet Reserve and 10% from the Capital from Taxation Reserve. Any residual funds would be returned to the original funding source.

The additional funds required is summarized in the table below.

Table 2: Capital Budget Amendment Summary	
	FL-5215-19
	PKS-Additional 2 ton 4x4 crew cab dump truck
Total Estimated Costs (including HST and 3% Administration Recovery)	\$135,000
Approved Budget	\$80,000
Less: Actual Costs & Commitments	\$0
Budget Available	\$80,000
Budget Amendment Required (rounded to the nearest Thousand)	\$55,000

Broader Regional Impacts/Considerations

There are no regional implications from the recommendations of this report.

Conclusion

Staff recommends that:

- An increase to the approved budget in Capital Project FL-5411-18 be approved to ensure sufficient funds are available to award the tender contract for this equipment and selected provisional items; and,
- An increase to the approved budget in Capital Project FL-5215-19 be approved to ensure sufficient funds are available to move forward with a tender for this equipment.

For more information, please contact: Donald Eta, Director, Fleet Management Services.

Attachments

There are no additional attachments for this report.

Prepared by

Donald Eta, Director, Fleet Management Services, ext. 6141.