

**Report to
Rapport au:**

**Council
Conseil**

4 November 2020 / 4 novembre 2020

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2020-ICS-FLT-003

**SUBJECT: 2021 FLEET VEHICLE AND EQUIPMENT PLANS – INFORMATION
SUPPLEMENTAL TO THE BUDGET ESTIMATES**

**OBJET: PLANS 2021 DE REMPLACEMENT DES VÉHICULES ET DES BIENS
D'ÉQUIPEMENT– INFORMATION COMPLÉMENTAIRE DES
ESTIMATIONS BUDGÉTAIRES**

REPORT RECOMMENDATIONS

**That Council receive the 2021 Municipal Fleet Vehicle and Equipment
Replacement Plan, the 2021 Municipal Vehicle and Equipment Growth Plan, and**

the 2021 Transit Operations Support Vehicle and Equipment Replacement Plan as described in this report as supplemental information to the Draft Budget 2021.

RECOMMANDATIONS DU RAPPORT

Que le Conseil municipal prenne connaissance du Plan de remplacement des véhicules et des biens d'équipement municipaux de 2021, du Plan de croissance des véhicules et des biens d'équipement municipaux de 2021 et du Plan de remplacement des véhicules et des biens d'équipement pour le soutien des opérations de transport en commun en 2021 selon les modalités exposées dans le présent rapport en complément du budget provisoire de 2021.

EXECUTIVE SUMMARY

The 2021 Vehicle and Equipment Plans set out the funding requirements for replacement and growth of the City of Ottawa's Municipal Fleet as well as operational support vehicles and equipment for Transit Operations. The plans detail the needs and costs of vehicle and equipment renewal, and growth requirements for consideration and approval in the 2021 City Budget process.

The proposed funding envelope for the 2021 Municipal Fleet Vehicle and Equipment Replacement Plan is \$23,215,000, which will replace a total of 162 vehicles and equipment. The proposed 2021 Municipal Fleet Vehicle and Equipment Growth Plan includes five new vehicles with capital funding of \$445,000 and operating costs of \$294,250.

The proposed funding envelope for 2021 Transit Operations' Support Vehicle and Equipment Replacement Plan is \$985,000, which will replace a total of 12 vehicles.

SOMMAIRE EXECUTIF

Les Plans de remplacement des véhicules et des biens d'équipement de 2021 font état des besoins relatifs au financement du remplacement et de la croissance du parc automobile municipal de la Ville d'Ottawa ainsi que des véhicules et des biens d'équipement consacrés au soutien des Opérations de transport en commun. Ces plans précisent les besoins et les coûts du renouvellement des véhicules et des biens d'équipement, ainsi que les exigences relatives à la croissance du parc automobile municipal à étudier et à approuver dans le cadre du processus d'établissement du budget de la Ville pour 2021.

L'enveloppe de financement proposée pour le Plan de remplacement des véhicules et des biens d'équipement du parc automobile municipal de 2021 se chiffre à 23 215 000 \$, ce qui permettra de remplacer un total de 162 véhicules et biens d'équipement. Le Plan proposé pour la croissance des véhicules et des biens d'équipement du parc municipal de 2021 comprend cinq véhicules neufs dont le financement en immobilisations s'élève à 445 000 \$ et dont les coûts d'exploitation s'établissent à 294 250 \$.

L'enveloppe du financement proposée pour le Plan de remplacement des véhicules et des biens d'équipement du soutien des Opérations de transport en commun pour 2021 s'élève à 985 000 \$, ce qui permettra de remplacer un total de 12 véhicules.

BACKGROUND

This report sets out the consolidated 2021 Plans for renewal and growth requirements of the City's Municipal Fleet and for Transit Operations' operational support vehicles in accordance with the 2005 Council motion 27/139 directing staff to provide pre-budget reports for the purchase of any new growth or replacement fleet.

Since December 2018, procurement of Transit Operations' support vehicles – which do not generate revenue - are coordinated and procured through Fleet Services. As a result, the report content is expanded in scope to include the 2021 Transit Operations' Support Vehicle and Equipment Replacement Plan. This change ensures that both Fleet Services and Transportation Services are compliant with Motion 27/139 and reflects the new operational integration and collaboration.

The Ottawa Police, Ottawa Public Library, and OC Transpo revenue-generating vehicles and growth programs are addressed by their respective organizations and are not discussed in this report. Further, leased and rental vehicles are not part of these replacement and growth requirements.

Consistent with previous budget years, an advance purchase against the 2021 budget was authorized to primarily allow for the ordering of specialized winter equipment due to the long build time required.

In 2011, Council provided Community and Protective Services Committee with the delegated authority to consider donations of surplus vehicles which was exercised once in 2020. Council directed at that time that the exercise of delegated authority be reported on an annual basis ([ACS2011-COS-DCM-0001](#)). The donation of one piece of equipment was approved in 2020.

This report is provided for information purposes as support to the Draft 2021 Budget. As such, all 2021 Budget documentation and decisions in the Budget process supersede the content in this report. The Draft 2021 Operating and Capital Budgets will include the replacement and growth expenditure items and will be tabled per the usual budget process. The purchase of these vehicles and the associated costs are subject to the approval of Council as part of the 2021 City Budget approval.

DISCUSSION

2021 Fleet Vehicle and Equipment Replacement and Growth Plans

2021 Municipal Fleet Vehicle and Equipment Replacement Plan

The City's Municipal Fleet consists of 2,783 vehicles and equipment grouped into five operational classes: ambulances, fire trucks, heavy vehicles, light vehicles and equipment. The fleet is relied on to deliver municipal services every day. The fleet includes a wide variety of units ranging from compact by-law cars to the compactor at Trail Road landfill weighing in at just over 60 tons. The current replacement value of the fleet is estimated at approximately \$330 million. The detailed breakdown of the existing fleet is shown in Table 1 below.

Table 1 2020 Municipal Fleet Breakdown by Classification

Classification	Total Number of Fleet Units	Total Current Replacement Value
Ambulances	82	\$13,000,000
Fire Trucks	105	\$85,000,000
Heavy Vehicles	452	\$108,000,000
Light Vehicles	928	\$42,000,000
Equipment	1,216	\$82,000,000
Total	2,783	\$330,000,000

To ensure the Municipal Fleet is made up of the right number, size and type of vehicles and equipment to support City operations, Fleet Services completed a project whereby every vehicle and piece of equipment in the fleet was reviewed. Going forward, analysis to right-size the fleet will be undertaken through a comprehensive review at each annual client meeting. This review will consider the age, use, and maintenance costs of the service's existing fleet, the future needs of the service, and consideration of marketplace availability.

In addition to this regular review to ensure the Municipal Fleet is made up of the right numbers and types of vehicles and equipment, it's critical to ensure vehicles and equipment coming to the end of their lifecycle are replaced at the optimal point.

The replacement at the optimal point in the lifecycle has many benefits: total funding which includes capital and operating costs, is at its lowest point; and vehicle reliability is protected, minimizing on-the-road failures and maximizing vehicle availability. Replacements also typically have lower green house gas emissions.

Conversely, deferring vehicle replacements beyond the optimal lifecycle has negative impacts: annual operating costs increase rapidly, and dramatically for heavy equipment; capital investment for required replacements is only deferred, not eliminated; vehicle resale value declines or is eliminated; and vehicle downtime increases.

All of the units to be replaced in 2021 are at end of life, with the life cycle of ambulances regulated by the Province. Without the 2021 capital investment the Fleet Replacement Model projects an increase in direct maintenance costs of \$3 million in the first year. There would also be costs associated with units that cannot be kept in service along with impacts to service delivery. Any vehicles flagged for 2021 replacement would join the next plan resulting in a total capital requirement of more than \$50 million in the 2022 Budget.

Fleet Services uses the Fleet Funding Model that considers age, usage, and maintenance costs to identify the optimal replacement point each type of unit in the Municipal Fleet to determine optimal replacement timing and cost for the upcoming years. Currently the expected life point for the Municipal fleet varies and ranges between 4.5 – 18 years because of the differences in units and class, maintenance of the units and specific uses.

For example, this year, the following types of vehicles are being proposed for replacement as they exceed the following examples of minimum standards.

- Snowplows: 10 years old, 250,000 kilometers, or to-date maintenance cost exceeds the cost to replace (~\$300,000). Note: snowplows travel about 20,000 kilometers per year, and maintenance cost in their last few years exceeds \$50,000 per year.
- Light Vehicles: 12 years old, 225,000 kilometers, or to-date maintenance cost exceeds the cost to replace (~\$25,000 to \$40,000). Note: light vehicles travel about 10,000 to 20,000 kilometers per year.
- Heavy Equipment (graders, front end loaders): 15 years old, 12,000 engine hours, or to-date maintenance cost exceeds the cost to replace (~ \$350,000 to \$400,000).

Note: heavy equipment works about 900 hours per year, and annual maintenance cost approximates \$20,000 to \$25,000.

The Fleet Funding Model's calculation of optimal replacement cost/benefit this year has resulted in a recommended 2021 funding envelope of \$23,215,000 to replace a total of 162 vehicles and equipment in the municipal fleet. Of note, there is a green option for 12 of the light vehicles, of these 12, all will be replaced with hybrid options. Specific vehicles and equipment are set out in detail in Document 1 – 2021 Municipal Fleet Vehicle and Equipment Replacement Plan and summarized in Table 2 below.

Table 2: Municipal Fleet Vehicle and Equipment Capital Replacement Summary

Classification	Total Number of Fleet Units	Total Current Replacement Value
Ambulances	16	\$2,600,000
Fire Trucks	5	\$2,900,000
Heavy Vehicles	46	\$12,015,000
Light Vehicles	61	\$2,600,000
Equipment	34	\$3,100,000
Total	162	\$23,215,000

2021 Municipal Fleet Vehicle and Equipment Growth Plan

Fleet Services worked with City departments to identify new growth to the Municipal Fleet required to meet the City's service delivery requirements. The 2021 Municipal Fleet Vehicle and Equipment Growth Plan for all departments totals five units. These new units are reflected in the Draft Budget 2021 and represent an additional \$445,000 in capital costs and annual estimated operating costs of \$294,250. The attached Document 2 – 2021 Municipal Fleet Vehicle and Equipment Growth Plan provides the estimated capital acquisition cost as well as the estimated annual operating cost for each of the units.

2021 Transit Operations' Support Vehicle and Equipment Replacement Plan

Transit Operations manages 324 support vehicles and equipment. These units include vehicles and equipment used for security, supervision, bus maintenance, winter maintenance, and stores. The proposed 2021 funding envelope to support Transit Operations' Support Vehicle and Equipment Replacement is \$985,000, which will replace a total of 12 vehicles. Of note, 9 of the 12 vehicles were part of the approved 2020 budget and funds returned as part of a deferred capital funds review. Further detail is attached in Document 3.

Report of Donations by Community and Protective Services Committee in 2020

In the last year, the Community and Protective Services Committee ([ACS2020-CCS-CPS-0002](#)) approved the donation of one (1) snowmobile, in accordance with the City of Ottawa's Disposal of Fleet Vehicle and Equipment Policy, for a total estimated value of \$250.

Advanced Funding Exercised in 2020

Under delegated authority exercised by the City Treasurer, early procurement of up to \$8,465,000 worth of vehicles and equipment identified in the replacement plan will be placed in late 2020.

The advance order includes 33 vehicles, 24 of the vehicles are combination plow and spreader heavy trucks which require advance ordering to accommodate for long build times. These heavy trucks are essential to winter operations and must be ordered before December 2020 in order to be in service before Winter 2021/2022. The purchase also includes nine mowers which must be ordered before December 2020 in order to be in service by April 2021. This will result in cost avoidance as the existing equipment will be retired before the season and will not be refurbished in anticipation of deployment.

RURAL IMPLICATIONS

This report has no rural implications.

CONSULTATION

This report did not require public consultation and is subject to the overall consultation processes of the Draft 2020 Budget process.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a City-wide report.

ADVISORY COMMITTEE(S) COMMENTS

No advisory committee comments were collected for the purposes of this report

LEGAL IMPLICATIONS

There are no legal impediments to receiving the information in this report.

RISK MANAGEMENT IMPLICATIONS

Risk considerations have been addressed in the recommended plan within the 2021 Draft Budget process.

ASSET MANAGEMENT IMPLICATIONS

The recommendations documented in this report are consistent with the City's [Comprehensive Asset Management \(CAM\) Program](#) objectives. The implementation of the Comprehensive Asset Management program enables the City to effectively manage existing and new infrastructure to maximize benefits, reduce risk, and provide safe and reliable levels of service to community users. This is done in a socially, culturally, environmentally, and economically conscious manner.

FINANCIAL IMPLICATIONS

The Draft 2021 Operating and Capital Budgets will include these expenditure items and will be tabled following the 2021 City of Ottawa Budget Process. The purchase of these vehicles and the associated costs are subject to the approval of Council as part of the 2021 City Budget.

ACCESSIBILITY IMPACTS

Staff will ensure that applicable accessibility standards are adhered to during the execution of the Municipal Vehicle and Equipment Capital Replacement Plan.

ENVIRONMENTAL IMPLICATIONS

The replacement of old vehicles has a positive impact on the environment because new vehicles are more fuel efficient and built to conform with current emissions standards.

TERM OF COUNCIL PRIORITIES

This report supports key priority areas of Sustainable Infrastructure, Integrated Transportation, and Environmental Stewardship.

SUPPORTING DOCUMENTATION

Document 1 – 2021 Municipal Fleet Vehicle and Equipment Replacement Plan

Document 2 – 2021 Municipal Fleet Vehicle and Equipment Growth Plan

Document 3 – 2021 Transit Operations' Support Vehicle and Equipment Replacement Plan

DISPOSITION

The Innovative Client Services Department will implement the recommendations as approved by Council.