



**TOWN OF BLACKFALDS
REGULAR COUNCIL MEETING
REQUEST FOR DECISION**

MEETING DATE: November 25th, 2014

ORIGINATED BY: Preston Weran, Director of Infrastructure and Property Services

SUBJECT: Fleet & Equipment Replacement Policy # 113/14

BACKGROUND:

The Town of Blackfalds owns and employs a fleet of equipment to meet the diverse municipal operational needs of the Town. The equipment varies in types, use, life expectancy and costs and all are considered as a tangible asset of the Town. The Town's fleet of equipment generally is considered to be newer and in good condition which in most part can be credited to the care and maintenance provided by staff.

Many municipalities struggle to maintain, replace and add the needed equipment. Some Municipalities contract out some equipment functions due to the minimal use that does not justify ownership as was the case in past years when the Town contracted out street sweeping and hydro-vac functions. Other communities lease some equipment especially larger more expensive units while others settle with purchasing used equipment which sometimes leads to higher repair costs that can outweigh the capital purchase savings.

DISCUSSION:

The purpose of adopting a Fleet & Equipment Replacement Policy and Procedure is to define criteria and processes that allow for timely replacement or addition of municipal equipment and to determine estimated funding dedication to Equipment Reserves to fund the purchase at the established timelines. The 10 year capital plan for fleet and equipment supplements the tangible asset data system and provides a foundational document for decision making relative to equipment needs. This capital plan is segmented into two (2) divisions; one being fleet units which include cars and light trucks up to and including 1 ton and the other division being other mobile equipment, some being heavy duty and other smaller utility type of equipment. This division also includes single axle 3 ton trucks as well as tandem axle trucks.

This plan establishes useful service life which is used as a guideline for equipment replace. This can be kilometers or years for fleet units or it can be years or hours on the mobile equipment. Due to the type of use for equipment in municipal operations the replacement is normally gauged on years of service and this criteria may vary dependent on the unit and the type of service it's been used for. Opportunities exist for aged equipment to see limited or seasonal use with an example being units which are older, but considered safe and reliable and utilized for summer work crews.

Other than determining an estimated replacement schedule, the plan also projects capital costs throughout the 10 year period so that those total values can be amortized to predict an annual amount for new and replacement fleet units as well as mobile equipment. A similar capital plan has been created for equipment employed in the fire service.



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The draft Fleet & Equipment Replacement Policy was brought forward to the Standing Committee on November 17th where there was a good exchange of dialogue relative to this subject. Through these discussions a suggestion was made to have Administration consider building an inflation factor into the annual funds placed in Equipment Reserves. Wording has been incorporated into sub-section 2.2 to build in the inflation factor (shown shaded). Also the table in section 2 has been amended with the removal of the Emergency Equipment category due to the fact that this area of Municipal operation will have its own plan and policy.

FINANCIAL IMPLICATIONS:

The Mobile Fleet & Equipment 10 Year Capital Plan will assist in current and long term budget forecasting and establish an annual reserve dedication amount required to meet purchase needs.

ADMINISTRATIVE RECOMMENDATION:

That Council approve the adoption of the Fleet & Equipment Replacement Policy # 113/14.

ALTERNATIVES:

A) That the Town Council refer this item to Administration for further consideration.

Attachments:

- Fleet & Equipment Replacement Policy & Procedure # 113/14
- Mobile Fleet & Equipment 10 Year Capital Plan (revision- 11/19/2014)

Approvals:

CAO Myron Thompson

Department Director/Author



POLICY

<p>Policy No.: 113/14</p> <p>Policy Title: Fleet & Equipment Replacement Policy</p> <p>Department: Infrastructure & Property Services</p> <p>Council Approval: November 24, 2014</p> <p>Reviewed: November 17th, 2014</p> <p>Revised:</p> <p>Supersedes Policy/Bylaw: New</p>	<p>M#</p> <p>Date: November 24, 2014</p>
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Policy Statement

The Municipality shall utilize the Fleet & Equipment Replacement Policy and Procedure to assist in procuring and maintaining sufficient equipment resources required to meet service levels and determining the Capital Equipment Reserves funding required to fund future new and equipment replacement.

1. Reason for Policy

1.1 To provide a process that forecasts the replacement and addition of mobile fleet and equipment units to the various Municipal departments through a capital replacement schedule. This schedule will forecast useful service life of equipment, approximate replacement values of equipment, and timelines for purchase. Annual determination of funding required to be placed in reserve will allow the Town to be better prepared to finance the equipment at intervals identified.

2. Related Information

- 2.1 The attached procedure outlines the areas of responsibility, considerations, and processes to meet the requirements of the policy.
- 2.2 Appendix "B" is the "10 Year Capital Plan – Fleet & Equipment Replacement" and is utilized as a guide to determine timelines and budget implications relative to replace and addition of equipment resources for the Municipality and will be updated annually.
- 2.3 The Municipality's overall Asset Management data base will be synchronized with the Fleet & Equipment Replacement plan.

3. Definitions

- 3.1 **Equipment** shall mean mobile units that are not licensed, fulfil a specific purpose for Municipal operations and have a value exceeding twenty five thousand dollars (\$25,000). The exception is for heavy trucks which are included in this category and require licensing.
- 3.2 **Fleet** includes automobiles and light trucks up to a category of 1 ton.
- 3.3 **Policy** is a guide to decision-making, proscribes limits and assigns responsibilities within an organization and is accompanied by procedures.
- 3.4 **Procedure** gives directions according to which operations are conducted within the framework of policy guide for how things will be done.

4. Responsibilities

4.1 Municipal Council to:

- 4.1.1 Approve by resolution this policy and any amendments.
- 4.1.2 Consider the allocation of resources for successful implementation of this policy in the annual budget process.

4.2 Chief Administrative Officer to:

- 4.2.1 Implement this policy and approve procedures.
- 4.2.2 Ensure policy and procedure reviews occur and verify the implementation of policies and procedures.

4.3 Director of the Department to:

- 4.3.1 Ensure implementation of this policy and procedure.
- 4.3.2 Ensure that this policy and procedure is reviewed every three years.
- 4.3.3 Make recommendations to the Chief Administrative Officer of necessary policy or procedure amendments.

4.4 Manager to:

- 4.4.1 Understand, and adhere to this policy and procedure.
- 4.4.2 Ensure employees are aware of this policy and procedure.

4.5 All Employees to:

- 4.5.1 Understand and adhere to this policy and procedure.

5. Exclusions

- 5.1 None

6. Special Situations

6.1 None

7. Appendix

7.1 Appendix "A" – Procedure

7.2 Appendix "B" - 10 Year Capital Plan – Fleet & Equipment Replacement

8. End of Policy

PROCEDURE

Policy No.: 113/14 Policy Title: Fleet & Equipment Replacement Policy Department: Infrastructure & Property Services	
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1.0 Preamble

The purpose of the Fleet and Equipment Replacement Procedure is to provide Administration and Council with a plan and process to assist in determination of equipment needs into the future and to ensure adequate funding is made available through annual dedication to the Equipment Replacement Reserve.

Identifying useful life expectancy and planned replacement schedules for each equipment and fleet unit classification will ensure equipment is reliable and available when needed, reduce operating cost, improve safety of operators, public safety, and maintain the corporate image of the Municipality. The fleet and equipment allocation needs and assigned values will be reviewed and updated annually and will also be reviewed and align with the asset management data base. The policy and procedure and capital replacement plan will provide increased accuracy and accountability in determining and securing the fleet and equipment requirements for the Municipality as a whole.

2.0 Procedure

2.1 Infrastructure & Property Services Department is responsible for procurement, disposal, and maintenance of all Municipal fleet & mobile equipment assets.

2.2 Useful life expectancy for fleet units as well as light and heavy equipment will be established through industry standards and practises. This will allow the Municipality to determine when equipment will be added or replaced and to determine costs associated with the new or replacement purchase. The 10 Year Capital Fleet & Equipment Replacement Schedule will establish the replacement year for each unit and identify the estimated cost for that replacement with input from key staff members. An inflation factor equal to the Consumer Price Index (CPI) for that given year will be applied annually to the amount being placed in reserve.

The Municipality funds capital equipment purchases through Capital Equipment Reserves which is funded annually from the operational budget. Amortizing the total replacement cost over the life expectancy of each unit provides an annual value for each unit which when totaled provides an annual aggregate total value required to be put towards the Capital Equipment Reserve in order to allow sufficient funding to meet anticipated capital purchases. The objective will be to have the annual transfer to Capital Equipment Reserve consistent on an ongoing basis and not dependant of the value of the specific capital requirements for that given year.

2.3 Mobile equipment and vehicles will be inventoried and classified general accounting principles and practises and be maintained current in the asset management data system. Estimated replacement value and estimated useful life will be established utilizing a number of considerations including type and conditions of use and other factors relative to municipal operations. Replacement will be considered after a specific time period, kilometers on

odometer, or hours on the hour meter and is dependent on the type of unit and the service climate in which it is utilized.

Category		No. of Units	Code	Annual Reserve Commitment	Estimated Useful Life
Fleet Units	Enforcement Vehicles		EV	\$54,000	150,000 kms or 7 years
	Light Trucks (general duty up to 1 ton)		LT		240000 kms or 12 years
	Light Trucks (high usage)		LTH		100,000 kms or 5 years (re-purposed)
Equipment Units	Heavy Trucks (single/tandem axle with attachments)		HT	\$210,000	300,000 kms or 20 years
	Motor Grader		GR		15,000 hrs or 15 years
	Wheel Loaders		L		15,000 hrs or 20 years
	Rubber Tired Backhoe		B		10,000 hrs or 15 years
	Street Sweeper		SW		5,000 hrs or 10 years
	Skid Steer Loader		SS		5,000 hrs or 10 years
	Municipal Tractor		MT		10,000 hrs or 15 years
	Ice Resurface		IR		8,000 hrs or 15 years
	Boom Man Lift		ML		5,000 hrs or 10 years
	Mowers (wide cut)		M		5,000 hrs or 10 years
	Utility Vehicle		UV		5,000 hrs or 10 years

2.4 Where feasible and conditions allow fleet vehicles may be transferred to another department or re-purposed where functional requirements are met or specific use allows unit to be utilized beyond the estimated useful life. This determination will be made by the Director of Infrastructure & Property Services and through input provided by members of Administration and department managers.

2.5 Senior Administration will annually review the 10 year Capital Fleet & Equipment Replacement Plan as part of the budget process and incorporate any changes and updates as necessary. Allocation for fleet and equipment needs for each department will also be reviewed on an ongoing basis.

2.6 Fleet and equipment units shall be purchased new and will follow the Town of Blackfalds Purchasing Policy – 232/11. Consideration to purchase used may take place where

circumstances exist and overall benefits, including significant cost savings warrant this consideration.

2.7 Fleet & equipment units included in this policy & procedure includes only those units owned and operated by the Municipality that exceed \$20,000 in value at time of purchase.

2.8 Any items scheduled for purchase but deferred in that given year will have those funds added to that current year's capital reserve budget allocation for the purchase which will be carried over to the next budget year as a capital purchase.

2.9 Disposal of assets will take place in accordance with Equipment Disposal Policy 211/11. Preference will be for disposal through a non-local public dispersal process. Funds from the sale of assets will be placed into Capital Equipment Reserves. These funds will assist in offsetting the difference between estimated replacement costs and actual purchase costs at the time of purchase.

3.0 Fleet & Equipment Inventory & Allocation

Department	Type of units	Number of Units
Public Works	Light Trucks	7 – light trucks (incl. ½, ¾, 1 tons)
Community Services	Light Trucks	10 – light trucks (incl. ½, ¾, 1 tons and 1 van)
Enforcement Services	Cars/Light Trucks	1 – car, 1- SUV
Department	Type of units	Number of Units
Loaders	Heavy Equipment	2 units
Motor Graders	Heavy Equipment	1 unit
Backhoes	Heavy Equipment	0 units
Hydrovac Units	Heavy Equipment	1 unit
Street Sweeper	Heavy Equipment	1 unit
Snow Blower	Heavy Equipment	1 unit
Tandem Trucks	Heavy Equipment	3 units
3 Ton Truck	Light Equipment	1 unit
Municipal Tractor	Light Equipment	1 unit
Boom Man Lift	Light Equipment	1 unit
Ice Re-surfacer	Light Equipment	1 unit

Utility Vehicle	Light Equipment	2 units
Mower Units	Light Equipment	4 units

5. End of Procedure

Approval

Chief Administrative Officer

Date

Ten Year Capital Plan - Mobile Fleet & Equipment (Public Works & Community Services)																			
Year	Description	Unit ID.	(Lifecycle Yrs) Repl. Year	Asset Type	Fund source	Replacement Capital Cost	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Notes	
Mobile Fleet Units																			
2005	Chev Impala (Parks Bylaw)	V-26-LC-002	Not Replaced	Equip. & Mach.	N/A														
2013	Ford Taurus (Enforcement)		(7) 2020	Equip. & Mach.	Equip. Reserve	50,000	0					50,000							
2014	Ford Explorer (Enforcement)		(7) 2021	Equip. & Mach.	Equip. Reserve	60,000							60,000						
2014	Ford 1/2 ton Crew 4x4 (PW)		(12) 2026	Equip. & Mach.	Equip. Reserve														
2002	Ford 1/2 ton (PW)	V-32-LT-051	(12) 2014	Equip. & Mach.	Equip. Reserve	32,000		32,000											
1994	GMC 1 ton (PW)	V-32-LT-053	(12)2015	Equip. & Mach.	Equip. Reserve	43,000	43,000												
2008	Ford 3/4 ton 4x4 (PW)	V-32-LT-002	(12) 2020	Equip. & Mach.	Equip. Reserve	40,000						40,000							
2011	Ford 1/2 ton 4x4 - Ext. (PW)	V-23-LT-001	(12) 2023	Equip. & Mach.	Equip. Reserve	38,000									38,000				
2012	Ford 1 ton (PW)		(12) 2024	Equip. & Mach.	Equip. Reserve	43,000					fe32w						43,000		
2008	Ford F350 1 ton (PW)	V-43-HT-046	(12) 2020	Equip. & Mach.	Equip. Reserve	43,000						43,000							
2008	Ford 1 ton- Crew-4x4 (CSD)	V-31-LT-025	(15) 2023	Equip. & Mach.	Equip. Reserve	52,000						52,000							
2003	Ford F150 1/2 ton (CSD)	V-31-LT-024	(12) 2015	Equip. & Mach.	Equip. Reserve	32,000	32,000			32,000									
2005	Dodge 1/2 ton (CSD)	V-31-LT-021	(12) 2017	Equip. & Mach.	Equip. Reserve	38,000			38,000										
2010	Ford 1/2 ton Crew 4x4 (CSD)	V-72-LT-002	(12) 2022	Equip. & Mach.	Equip. Reserve	32,000								32,000					
2006	Chev Van (CSD)	V-72-LT-004	(12) 2018	Equip. & Mach.	Equip. Reserve	36,000				36,000									
2001	Chev 1/2 ton (CSD)	V-31-LT-023	(12) 2013	Equip. & Mach.	Equip. Reserve	32,000	32,000												
2014	Ford 3/4 ton 4x4 (CSD)		(12) 2026	Equip. & Mach.	Equip. Reserve	40,000													
2014	Ford 3/4 ton 4x4 (CSD)		(12) 2026	Equip. & Mach.	Equip. Reserve	40,000													
	Additional light truck(s)								40,000		40,000								
Total Capital Cost each year - Mobile Fleet							107,000	32,000	78,000	68,000	40,000	135,000	0	32,000	38,000	43,000	0		
Total Annual transfer to Fleet Reserve							54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	
Notes: All new light trucks are 4 wd units																			
Costs for repalcement are estimated and will be updated annually																			
1 ton trucks may have flat decks or dump bodies																			
Units that surpass replacement criteria may be retained and re-purposed																			
Some units indicated for 2015 budget year may be units that exceed repalcement date																			
Note -Truck values vary depending on units being 1/2 ton up to 1 ton, cab configuration and whether regular box, deck or other configuration																			
Year	Description	Unit ID.	(Lifecycle Yrs) Repl. Year	Asset Type	Fund source	Replacement Capital Cost	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Notes	
Mobile Equipment Units																			
2000	John Deere Wheel Loader	M-31-HL-047	(20yrs/15k.hrs) 2020	Equip. & Mach.	Equip. Reserve	190,000						190,000							
2015	Wheel Loader (additional) -new purchase		(20yrs/15k.hrs) 2035	Equip. & Mach.	Equip. Reserve	225,000	225,000												
2008	Volvo Motor Grader	M-32-HG-001	(15yrs/15k hrs) 2023	Equip. & Mach.	Equip. Reserve	280,000									280,000				
	Motor Grader (additional)			Equip. & Mach.	Equip. Reserve	280,000							280,000						
	Backhoe Excavator (fleet addition)		(15yrs/15k hrs)	Equip. & Mach.	Equip. Reserve	160,000				160,000									
2010	HydroVac Unit Tandem Truck (PW)		(15) 2025	Equip. & Mach.	Equip. Reserve	330,000											330,000		
2012	Elgin Street Sweeper	M-32-HG-003	(10yrs/5k hrs) 2022	Equip. & Mach.	Equip. Reserve	240,000								240,000					
2012	Snow Blower - Loader mount	M-32-HG-002	(10) 2022	Equip. & Mach.	Equip. Reserve	105,000								105,000					
2007	International Tandem Truck (PW)	M-32-HT-001	(20) 2027	Equip. & Mach.	Equip. Reserve	160,000													
2000	International Tandem Truck (PW)	V-31-HT-049	(20) 2020	Equip. & Mach.	Equip. Reserve	160,000						160,000							
2015	International Tandem Truck (PW)		(20) 2035	Equip. & Mach.	Equip. Reserve	160,000													
2012	International 3 Ton Truck		(20) 2032	Equip. & Mach.	Equip. Reserve	120,000													
2003	John Deere 4600 Municipal Tractor	M-72-ST-085	(20) 2023	Equip. & Mach.	Equip. Reserve	55,000									55,000				
201??	Boom Man Lift	M-72-SP-003	(15) 2025	Equip. & Mach.	Equip. Reserve	50,000											50,000		
2000	John Deer Mower c/w sweeper	M-32-LM-001	(6)2006	Equip. & Mach.	Equip. Reserve	25,000		29,000											
2011	Mower - 1445	M-72-LM-002	(6)2017	Equip. & Mach.	Equip. Reserve	80,000			80,000										
2004	Toro 4000 D Mower	M-72-SM-081	(6)2010	Equip. & Mach.	Equip. Reserve	80,000	80,000												
2011	Groundmaster 4WD 5910 Mower	M-72-LM-004	(6) 2017	Equip. & Mach.	Equip. Reserve	110,000			110,000										
2010	Zamboni Ice Resurfacers	M-72-FA-062	(10yrs/5k hrs) 2020	Equip. & Mach.	Equip. Reserve	110,000						110,000							

