



TOWN OF NEWMARKET
395 Mulock Drive
P.O. Box 328
Newmarket, ON L3Y 4X7

www.newmarket.ca

January 5, 2015

**JOINT DEVELOPMENT AND INFRASTRUCTURE REPORT – PUBLIC WORKS SERVICES
AND CORPORATE SERVICES – FINANCIAL SERVICES REPORT - 2015-08**

TO: Committee of the Whole
SUBJECT: 2015 Pre-Budget Approval for Vehicles and Equipment
ORIGIN: Director, Public Works Services

RECOMMENDATION

THAT Joint Development and Infrastructure Services – Public Works Services and Corporate Services – Financial Services Report 2015-08 dated January 5, 2015 regarding 2015 Pre-Budget Approval for Vehicles and Equipment be received and the following recommendation(s) be adopted:

- 1. THAT Council provides pre-budget approval for the replacement of the vehicles and equipment in the attached list (Appendix 1).**
- 2. AND THAT staff be authorized and directed to do all things necessary to give effect to these recommendations.**

COMMENTS

Purpose

The purpose of this report is to provide additional information and seek pre-budget approval of the listed vehicles and equipment replacement, as the budget will not be approved until the second quarter of 2015.

Summary

Some vehicles and equipment in the Public Works Services Department need to be replaced in 2015. These vehicles and equipment are used for roads, water and wastewater, facilities and parks daily maintenance purposes. Due to the election, the 2015 budget will not be approved before April 2015; however, tenders are best to go out in January 2015. Therefore, pre-budget approval is required for these items.

BACKGROUND

Joint Development & Infrastructure Services and Corporate Services Report 2014-40, *2015 Interim Appropriations* (Appendix 4) indicated Recommendation for Council to provide pre-budget approval for the replacement of the vehicles and equipment. During the Committee of the Whole discussion, additional information was requested before approval was to be given. This Report provides the requested information about rationale for vehicle replacement, vehicle replacement guidelines, maintenance hours and proceeds from disposed assets. This information is presented in Appendices 1, 2 & 3.

Early approval of a portion of the 2015 Capital Budget to accommodate these requested fleet and equipment orders is essential. Early approval is required to ensure tenders can be issued and equipment ordered as soon as possible to receive delivery in a timely way for seasonal needs (e.g., spring/summer sod maintenance). If tenders are delayed and requests are approved only after other corporations have already placed their orders, further delay of the equipment could result in missing the machinery's operating season altogether.

Delays also increase the maintenance costs for older equipment with a longer replacement lead time (e.g., Zamboni). Early approval reduces the risk of the replacement machine becoming inoperative and increases the chances of favorable pricing pending other orders. Early approval will also ensure operational efficiencies are maintained. As an example, having the new equipment in place before the spring season starts ensures start-up maintenance is performed on one piece of equipment rather than two.

Additional consideration is also given to the balance of receiving the most for trade in value of used vehicles versus the estimated cost to maintain the vehicle over the next year. If it is expected that maintenance cost will be minimal, equipment replacement is delayed and analyzed over the next operating year. The Supervisor of Fleet, along with the Supervisor of the user group area determines the need for replacement on an annual basis. Further information is included in the Vehicle and Equipment Replacement Scheduling Guidelines attached.

With respect to the methodology, pre-budget approval means Council is authorizing the expenditures, but it is not formal budget approval, which requires appropriate public notice. Council has approved the Operating and Capital Financial Policy (FIN 2-01) which provides for these circumstances. In section B part 5 of the document: Capital Budget Financial Controls, it states:

Until the Capital Budget has been approved by Council, no department will commence any Capital project that was not authorized in prior years unless: Approval was granted by Council through a report outside the budget process;

Procedures for obtaining services/materials for the above will be in accordance with the Town's Purchasing Bylaw.

All capital projects in accordance with 5 above will be included in and be part of the Capital Budget.

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

This report links to Newmarket's key strategic directions in being Well Managed through fiscal responsibility.

CONSULTATION

The Director, Financial Services/Treasurer had previously included this equipment in Joint Report 2014-40, 2015 Interim Appropriations.

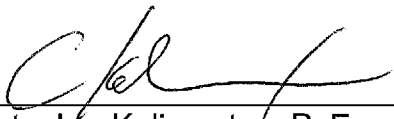
BUDGET IMPACT

The Town's usual practice is to adopt its budgets prior to the start of the fiscal year. When this has not been possible, Council has approved the Operating and Capital Financial Policy (FIN 2-01) which provides for prior approval when requested.

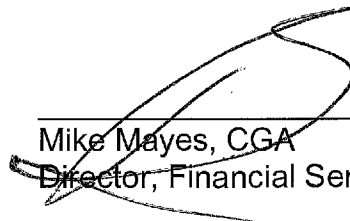
The listed vehicles and equipment are due to be replaced in 2015 for a total of \$1,363,200 and will be included in the formal 2015 Capital Budget requests. All equipment listed is to be funded by the Asset Replacement Fund.

CONTACT

For more information on this report, contact: Christopher Kalimootoo at 905-953-5300, ext. 2551 or via e-mail at ckalimootoo@newmarket.ca



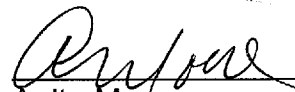
Christopher Kalimootoo, P. Eng.
Director, Public Works Services



Mike Mayes, CGA
Director, Financial Services/Treasurer



Peter Noehammer, P. Eng.
Commissioner,
Development & Infrastructure Services



Anita Moore,
Commissioner,
Corporate Services

Attachment

- Appendix 1 – 2015 Vehicles & Equipment Replacement Requests – Public Works (1 pg.)
- Appendix 2 – Vehicle and Equipment Replacement Scheduling Guidelines
- Appendix 3 – Disposed Assets Net Proceeds 2012 – 2014
- Appendix 4 – Joint Report D&IS and CS 2014-40