



Date: April 11, 2022

To: Mayor and Council

Author: Shaun Martinho, Manager of Public Works and Environmental Services

RE: Fleet Procurement Report

Report No.: IED 2022-18

RECOMMENDED ACTION

1. That the purchase of one (1) Chevy Silverado 1500 LTD for the Public Works Department at a cost of \$51,349.00 (excluding HST) **BE APPROVED**; and,
2. The Director of Finance and IT Services **BE DIRECTED** to use \$9,349.00 in unallocated fleet reserves to cover the additional expenses.

BACKGROUND

Included in the Public Works 2021 Capital schedule was the replacement of a light-duty pick-up truck that had reached the end of its useful service life. The Infrastructure and Engineering Department prepared tender documents, as per the Town's procurement policy, to solicit bids to replace the vehicle. Council approved utilizing \$37,679.29 from Fleet Management Reserves to purchase a 2021 Dodge Ram 1500, but due to supply chain issues, the manufacturer issued a letter at the end of 2021 canceling orders.

Administration pushed the replacement of this vehicle into the 2022 Capital schedule. Tender documents were issued using the Town's electronic bidding system, but the Town did not receive any vendor submissions. Dealerships state that supply chain issues have resulted in low inventory, making it extremely difficult to source new vehicles. Additionally, high vehicle demand has resulted in the discontinuation of municipal incentives and discounts.

DISCUSSION

The Town's Asset Management Plan uses an age-based approach for determining the service life of fleet assets. The goal is to set a lifespan that minimizes the total maintenance costs of the vehicle while maximizing the asset's resale value when it is liquidated. The asset that needs to be replaced has approximately 330,000 km and is now two years beyond its useful life. The Town's Fleet Service Contractor has assessed

the vehicle and substantiates that it is in poor condition. As such, staff in Infrastructure and Engineering began reaching out to local dealers to try to find a replacement vehicle. Jeff Smith's County Chevrolet in Essex, Ontario, has found a truck that is a suitable replacement for the Town's aging asset.

FINANCIAL CONSIDERATIONS

As noted in the background, the current market provides little incentive for dealerships to offer significant municipal discounts, especially on such a small order. The cost of the replacement vehicle is outlined below, and the estimated trade-in value is based on historical sales figures and advice from the Town's Fleet Service Contractor. Administration recommends using unallocated fleet reserves to fund the budget deficit.

| Unit | Cost | Trade-in | Net Cost | Approved Funding | Balance |
|----------------|-------------|-----------|-------------|------------------|--------------|
| Chevy 1500 LTD | \$51,349.00 | \$2000.00 | \$49,349.00 | \$40,000.00 | (\$9,349.00) |

ENVIRONMENTAL CONSIDERATIONS

The truck is equipped with features that mimic the existing asset and that meet the goals and objectives of the Town's Efficient Vehicle Policy.

CONSULTATIONS

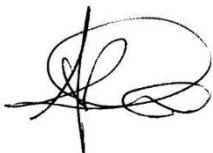
Financial and Information Technology Services
Sam's Service Facility

PREPARED BY:



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LINK TO STRATEGIC PLAN

Effectively manage corporate resources and maximize performance in day-to-day operations.

Link to Council 2021-2022 Priorities

- ☐ COVID-19 and the health and safety of the community
- ☐ Customer Service: Training, Technology, Staff, Review Standards/Level of service
- ☐ Housing: Affordability (lot sizes, developer incentives, second dwellings, density, etc.)
- ☐ Greenhouse: lights & dark sky, odours (site plan compliance, bylaws, other tools)
- ☐ Programming Increase: Youth and Seniors
- ☐ A development plan for Downtown Kingsville / Main Street
- ☐ Financial savings: Schools closings, Migration Hall
- ☐ Economic Development: strengthen tourism/hospitality
- ☐ COVID - economic recovery
- ☐ Communications: Strategy – Policy (social media), Website refresh and other tools, Public engagement
- ☐ Housing: Migrant Worker Housing – Inspections (Building/Fire), regulate, reduce, or increase
- ☐ Committees / Boards: Review and Report
- ☐ Policy Update: Procedural Bylaw
- ☐ Economic Development: diversify the economy, create local jobs, industrial, Cottam
- ☐ Infrastructure (non-Municipal): Union Water expansion & governance
- ☐ Infrastructure (Municipal): Asset Management Plan update, the infrastructure funding deficit
- ☒ No direct link to Council priorities