

# DECISION/DIRECTION NOTE

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**Title:** Funding for Fleet Renewal – Waste Collection

**Date Prepared:** December 12, 2024

**Report To:** Committee of the Whole

**Councillor and Role:** Councillor Ron Ellsworth, Finance & Administration

**Ward:** N/A

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## Decision/Direction Required:

Review and acceptance of additional funding for the fleet asset management strategy for waste collection vehicles for 2025.

## Discussion – Background and Current Status:

A comprehensive asset management strategy for Phase 1 Fleet Assets – Waste Collection and Sanders was approved in summer 2023. The transitional phase of the plan has already seen positive impacts on equipment downtime and reliability, as well as decreased maintenance.

The implementation of the plan is underway, and RFP for the acquisition of new units was recently issued which came in \$2.5M over expected pricing for 17 units. The following reasons have been identified for the shortfall:

1. At the time the plan was developed, estimates were obtained from current vendors and the cost of a truck ranged from \$400-420k. The plan included a contingency and built in anticipated inflation which still fell short of the bid results which are now estimated to be in the \$500-510k range, an increase of approximately 19%. With an estimated increase of \$95k per truck, and the requirement to purchase 17 units this year, the estimated incremental impact on cost is approximately \$1.6M.
2. A contract with which the City had 6 trucks on order prior to the development of the plan is cancelled. This means the City has to re-order with the new RFP at a significantly higher cost. While staff were able to mitigate some of the cost increases by purchasing off lease vehicles with the same model year as were expected, the closure will still impact purchasing by \$880k.

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# ST. JOHN'S

As most of the current waste collection fleet is on lease while awaiting delivery, the timely award of the RFP is critical to maintaining residential collection in 2025. The entire asset management strategy will be reevaluated in 2025 to reflect the industry change and price adjustment, and the impact will be reported back to Council as part of the final phase of the fleet strategy.

At a previous meeting, Council approved the use of \$10M from surplus be directed to reduce future debt. It is proposed that a portion of these funds be repurposed to allow for the additional \$2.5M in funding required to award the purchase of waste collection vehicles.

To provide some timing information in relation to the RFP process for the waste collection vehicles, the RFP closed on November 26<sup>th</sup>. Evaluation of bidders' spec and pricing information was completed on December 2<sup>nd</sup>. In the following days Public Works and Finance staff met to evaluate budget impact and identify possible mitigation measures and sources of funding. Senior staff met on December 6<sup>th</sup> to discuss options and a way forward.

### **Key Considerations/Implications:**

1. Budget/Financial Implications:

As discussed above

2. Partners or Other Stakeholders:

Citizens of St. John's are key stakeholders. The City provides waste collection and snow clearing/ice control which are critical services to citizens; these services would not be provided without waste collection vehicles.

3. Is this a New Plan or Strategy: No

If yes, are there recommendations or actions that require progress reporting?

If yes, how will progress be reported? (e.g.: through the strategic plan, through Cascade, annual update to Council, etc.)

4. Alignment with Strategic Directions:

A Sustainable City: Be financially responsible and accountable.

Choose an item.

5. Alignment with Adopted Plans:

6. Accessibility and Inclusion:
7. Legal or Policy Implications:
8. Privacy Implications:
9. Engagement and Communications Considerations:
10. Human Resource Implications:
11. Procurement Implications:

Timeliness of approval of the funding to award waste collection vehicle RFP.

12. Information Technology Implications:
13. Other Implications:

**Recommendation:**

That Council approve the use of \$2.5M of surplus previously allocated to lower future borrowing for the 2025 waste collection vehicle funding deficit.

**Prepared by:** Melanie Shea

**Approved by:** Kris Connors/Derek Coffey

**Report Approval Details**

Document Title:	Funding for Fleet Renewal - Waste Collection.docx
Attachments:	
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This report and all of its attachments were approved and signed as outlined below:

**Kris Connors - Dec 12, 2024 - 12:36 PM**

**Derek Coffey - Dec 12, 2024 - 12:41 PM**