



Subject: Excavator Purchase for Municipal Drains

To: Council - Public Meeting

From: Engineering and Operations Department

Report Number: 2021-72

Meeting Date: March 8, 2021

Recommendation:

That Engineering and Operations Department Report 2021-72 be received;

That the Director of Public Works be directed to issue a tender for the purchase of an excavator; and

That the Director of Public Works be directed to award the tender if equal to or less than the current monthly cost.

Purpose:

The purpose of this report is to seek approval from Council to formally release a tender to receive pricing for a new excavator which will replace the rental equipment currently being utilized for the municipal drain program.

Background:

In 2019, a two-year contract for the supply of rental equipment to complete the municipal drain program was awarded through a tender process. The contract outlined the supply of two pieces of equipment for specific periods of each year. The first piece of equipment was for the municipal drain program, and the second for the roadside ditching program. The two-year contract is set to expire in 2021 leading to Public Works researching alternative, innovative ways to complete the program in the future.

During the 2021 budget approval process, staff brought forward the need for a comprehensive capital asset replacement program for the City's fleet. This fleet replacement program is still planned to be completed in 2021. Due to the expiry of the two-year rental contract, staff are recommending to proceed with investigating the

purchase of this excavator which will have a cost savings over continuing to rent the existing, or a similar, piece of equipment

Discussion:

Due to the rental equipment contract expiring in 2021, staff have been researching and field-testing multiple pieces of equipment that have the potential to better suit the needs of the municipal drain program.

The ideal piece of equipment has been identified as a small excavator agile enough to maneuver along the tree lined drains while also incorporating an extendable boom to maximize the equipment's reach. This piece of equipment has been presented to all divisions of the Public Works Department to ensure maximum usability throughout. The divisions, including Roads & Parks, Water/Wastewater, and Fleet Mechanics, all agree that this piece of equipment will not only be a great tool for the municipal drain program but will also be utilized throughout the department to increase productivity and open new possibilities in repair and maintenance operations.

Financial Implications:

Staff received budgetary estimates for a new excavator from multiple equipment dealers. Although prices varied depending on brand, standard versus optional equipment, and standard warranties, the financing options presented were well below the monthly rental contract currently in place which is \$16,400 per month. The current piece of equipment is rented for 8 months per year which equates to an annual total rental cost of \$131,200. It is recommended that upon completion of a formal tender process, staff will analyze the financial benefits and enter into an agreement to purchase this equipment if annual cost is the same, or below current costs. If costs are above the current rental price, staff will report back to Council with respect to the award recommendations.

Conclusion:

Staff have determined there is the potential for cost savings in the municipal drain program through the purchase of a new excavator versus continuing to rent the existing piece of equipment. As the residents of each watershed directly fund this program, these saving would be passed directly on to them.

Approval of this report will allow staff to start a tender process which will determine the actual costs for a new excavator which can then be evaluated by staff and either awarded or presented to Council for approval depending on pricing submitted.

Respectfully submitted,

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Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final approval is by the Chief Administrative Officer.