

11.3.10

Halifax Regional Council
May 7, 2002

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


George McLellan, Chief Administrative Officer


Brian T. Smith, Director of Solid Waste Resources

DATE: April 30, 2002

SUBJECT: Capital Project CWI00272, Otter Lake Equipment Replacement

ORIGIN

The 2002-03 approved capital budget.

RECOMMENDATION

It is recommended that:

Halifax Regional Council adjust the capital account CWI00272, Otter Lake Equipment Replacement for 2002-03 from \$318,000 to an upset amount of \$332,000 with funding as a withdrawal from the Waste Resources Reserve, Q123, as per the budget implications section of this report.

BACKGROUND

The Municipality has a long term agreement with MIRROR NS for the operation of the Otter Lake Waste Resource Management Facilities. As part of this agreement, equipment (both mobile and stationary) used at the site for processing the materials is replaced according to an agreed schedule related to the useful life of the particular piece(s) of equipment. For Fiscal 2002-03, the equipment to be replaced is two tractor trucks, one utility vehicle and one forklift. The amount budgeted for this replacement was \$318,000.

DISCUSSION

In replacing the equipment, MIRROR NS obtains competitive quotations for the equipment from two or three vendors based on the required specifications for the equipment and often a trade-in of the old piece of equipment.

In this case, the two existing tractor trucks are 1990 models (Freightliners) with a high number of kilometres logged. The residual trade-in value is low for these tractors and in speaking with Procurement, the auction price (if that option were used) is not likely to be higher given current market conditions. As well, the replacement tractors are all wheel drive to help ensure all weather and all conditions operation in the heavy use and slopes of the Residuals Disposal Facility. For these reasons, the net price of the replacement tractor trucks after competitive pricing is somewhat higher than anticipated. For comparison, the net prices of the other equipment (one utility vehicle and one forklift) for 2002-03 are on budget or below and the actual cost for the 2001-02 equipment replacement for the site is less than budgeted.

BUDGET IMPLICATIONS

Funds for Otter Lake Equipment Replacement, CWI00272, are from the Waste Resources Reserve, Q123. Staff from Finance have confirmed the additional \$14,000 for this project is available from this Reserve.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN IMPLICATIONS

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve policies and procedures regarding withdrawals from the utilization of capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

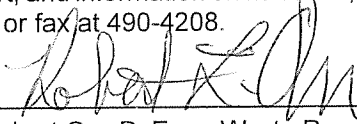
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ATTACHMENTS

N/A

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210 or fax at 490-4208.

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490-6606