



Legislation Text

File #: 22-639, **Version:** 1

AGENDA REQUEST GENERAL DISCUSSION ITEM

Subject:

Discussion concerning revisions to the Heavy Equipment capital plan.

Background:

With the change of demands on the Highway Department, and the increased capital costs of different types of equipment that also require heavy life-cycle maintenance costs, the Public Works Department has realigned its plan for its in-house heavy equipment fleet. This move has been alluded to in the last two budgets.

Sweeping and catch basin cleaning services are seasonal and are on the lower end of the cost-benefit scale of maintaining required equipment in-house. These services may be suitably accomplished/acquired either through contracting out or rental of equipment. Our catch basin cleaner and sweeper are 20 and 22 years old, respectively, and though still in fairly good working order will need costly refurbishment again relatively soon, if not replacement. Thus, we have decided to liquidate them through GovDeals while there is still significant residual value.

On the other hand, the addition of a rubber-tired excavator would expand our capacity for handling many routine infrastructure needs. We have rented such a unit each of the last two fiscal years to handle specific needs but have a number of typical tasks for which this unit will be more consistently utilized.

With the auction income and other ongoing revenue to supplement the present account balance, we anticipate adequate funding to purchase the excavator now. Additionally, these moves will not alter the required long-term appropriations plan for this fund for the life-cycle needs of the heavy equipment fleet in general.

Department Comment/Recommendation:

This item is informational simply to keep the Town Council informed as to actual actions that have now been taken in keeping with previous general references.

Meeting Action Details:

Finance Committee Meeting 10/19/2022:

File #: [22639](#) Version: 1

Type: General Discussion-Agenda Item

Title: Discussion concerning revisions to the Heavy Equipment capital plan.

Moved: Seconded

Action: Discussed

Minute Note:

Public Works Director/Town Engineer Steve Masalin explained with the change of demands on the Highway Department, and the increase in capital costs for the different types of equipment, which require life-cycle maintenance costs, that the Public Works

Department has realigned its plan for their in-house heavy equipment fleet. He stated this change has been alluded to in the last two budgets.

Mr. Masalin presented and reviewed the Public Works Department’s Heavy Equipment Capital Plan as noted below:

| Capital Account # 21040101-57311 | | | | | | | | | | | |
|----------------------------------|----------------|-------|------------|-----|---------------|----------|-----------|--------------|---------------------|-------------------|-------------------|
| FY 22 | Equipr | ID # | Model Year | Age | Original Cost | Mis. Inc | Out Years | Act/Est Cost | Projected Appropria | Projected Balance | Reserve \$135,562 |
| 2023 | Loader | 16-LD | 2018 | 5 | \$35,48 | \$15,000 | 0 | \$35,484 | \$85,000 | \$235,562 | \$200,077 |
| 2023 | Multi-l Tracto | xx-LD | 2023 | 0 | \$31,69 | | 0 | \$31,692 | | \$200,077 | \$168,385 |
| 2023 | Sweep | 30-LD | 2000 | 23 | \$132,9 | \$50,690 | 0 | | | \$219,075 | \$219,075 |
| 2023 | CB Cle | 33-LD | 2002 | 21 | \$159,2 | \$60,000 | 0 | | | \$279,075 | \$279,075 |
| 2023 | Wheel Excava | xx-LD | 2023 | 0 | \$275,8 | | 0 | \$275,862 | | \$279,075 | \$3,213 |
| 2024 | | | | | | | | | \$85,000 | \$88,213 | \$88,213 |
| 2025 | Mowe (arm) | 32-LD | 2012 | 13 | \$110,0 | | 2 | \$114,444 | \$85,000 | \$173,213 | \$58,769 |
| 2026 | | | | | | | | | \$90,000 | \$148,769 | \$148,769 |
| 2027 | Chippe | 62-LD | 1997 | 30 | \$18,56 | \$2,000 | 4 | \$114,866 | \$90,000 | \$240,769 | \$125,903 |
| 2028 | | | | | | | | | \$90,000 | \$215,903 | \$215,903 |
| 2029 | | | | | | | | | \$90,000 | \$305,903 | \$305,903 |
| 2030 | Back H | 34-LD | 2005 | 25 | \$82,89 | \$10,000 | 7 | \$171,962 | \$95,000 | \$410,903 | \$238,942 |
| 2031 | | | | | | | | | \$95,000 | \$333,942 | \$333,942 |
| 2032 | Mowe | 32-LD | 2012 | 20 | \$117,8 | \$2,000 | 9 | \$241,795 | \$95,000 | \$430,942 | \$189,146 |
| 2032 | Skid st | | 2017 | 15 | | | 9 | \$101,583 | | \$189,146 | \$87,564 |
| 2033 | Loader | 16-LD | 2018 | 15 | \$176,0 | \$25,000 | 10 | \$298,654 | \$95,000 | \$207,564 | (\$91,090) |
| 2034 | | | | | | | | | \$95,000 | \$3,910 | \$3,910 |
| 2035 | | | | | | | | | \$100,000 | \$103,910 | \$103,910 |
| 2036 | Roller | | 2006 | 30 | \$27,36 | \$2,000 | 13 | \$64,397 | \$100,000 | \$205,910 | \$141,513 |

| | | | | | | | | | | | |
|--------------|-----------------|-------------|-----------------------|------------|------------------------|-----------------|------------------|---------------------|--------------------------------|------------------------------|---|
| 2037 | | | | | | | | | \$100,000 | \$241,513 | \$241,513 |
| 2038 | | | | | | | | | \$100,000 | \$341,513 | \$341,513 |
| 2039 | | | | | | | | | \$100,000 | \$441,513 | \$441,513 |
| 2040 | | | | | | | | | \$105,000 | \$546,513 | \$546,513 |
| 2041 | | | | | | | | | \$105,000 | \$651,513 | \$651,513 |
| 2042 | Mini Excava | | 2017 | 25 | \$103,4 | \$10,000 | 19 | \$218,522 | \$105,000 | \$766,513 | \$547,991 |
| FY 22 | Equipr | ID # | Model Year | Age | Origin Cost | Mis. Inc | Out Years | Act/Est Cost | Projected Appropria | Projected Balance | Reserve \$135,562 |
| 2043 | Sweep | 30-LD | 2023 | 20 | \$275,8 | \$25,000 | 20 | \$409,916 | \$105,000 | \$677,991 | <i>would rent instead of purchase</i> |
| 2044 | Wheel Excava | xx-LD | 2024 | 20 | \$260,0 | \$20,000 | 21 | \$394,073 | \$105,000 | \$393,075 | (\$999) |

Mr. Masalin went on to explain that sweeping and catch basin cleaning were seasonal services and were on the lower end of the cost-benefit scale for maintaining the required equipment in-house. He stated going forward that sweeping and catch basin services could be accomplished/acquired either through contracting out the work or through the rental of equipment with Public Works doing the work. He stated the catch basin cleaner and the sweeper were 20 and 22 years old, and although these pieces of equipment were still in fairly good working order that they would need some costly refurbishment work relatively soon, if not have to be replaced. Therefore, he stated they have decided to liquidate them through GovDeals while there was still significant residual value. He went on to note that he was disappointed that the bids to-date were not reaching the \$25,000 reserve value they had hoped to receive thru GovDeals, and as he has noted in the miscellaneous column of the spreadsheet. He stated if they do not receive acceptable bids that they would look at other ways to find a better value. He stated the on June 8, 2022 the Town Council adopted a “Resolution Regarding Revenues Received From Beverage Container Surcharges”. He stated the funding received from the “Bottle Bill” (Public Act No. 21-58 - An Act Concerning Solid Waste Management”) required the funding be used for specific uses, which included the purchase of a streetsweeper. However, he stated going forward they would be using a rental unit rather than purchasing a new streetsweeper, and therefore, he would be removing the streetsweeper from the spreadsheet.

Mr. Masalin went on to explain liquidating the sweeper and catch basin cleaner were key to the purchase of a rubber-tired excavator. He stated adding the rubber-tired excavator to their inventory would provide more flexibility explaining that the tractor /excavator/backhoe, which was currently their multiuse machine, was not as nimble as rubber-tired machine in the way it operated. He stated they have rented a rubber-tire excavator unit the last two years to handle specific needs, and he explained that they have a number of tasks where this type of unit would be used more consistently.

Mr. Masalin stated the Age Factor column would be adjusted as some pieces of equipment may stay in the fleet longer than the projected lifecycle. He also stated the Cost Estimate numbers would be adjusted as the actual cost numbers come in. He stated in the Replacement Costs column that he factored in a 2% inflation rate to today’s present value. However, he stated as the Replacement Plan evolved that adjustments would be made.

Councilor Saums questioned the reason the town would rent the equipment and operate it ourselves, rather than

hire a company to do the job for them. Mr. Masalin stated for the streetsweeper the town would rent the equipment and operate it ourselves; however,

he stated for the catch basin cleaning that they would hire a company to do work. He stated in addition to off-loading capital and maintenance costs that would come with owning these pieces of equipment, that they would also be increasing their efficiency to do the things they do best in-house. He also stated that these moves would not alter the required long-term appropriations plan to the Capital Fund for the heavy equipment lifecycle needs.

Councilor Rodriguez questioned whether the state funding received from the “Bottle Bill” (Public Act No. 21-58) could be used to rent a streetsweeper rather than purchasing a streetsweeper.

Finance Director Matthew Bonin stated that he would look into Councilor Rodriguez’s question regarding the renting of a streetsweeper.

Councilor Saums noted the dramatic difference in the number of nip bottles on the roads since the state implemented the surcharge.

Mr. Masalin stated in preparation for the upcoming Fiscal Year 2023/2024 Budget that he wanted to present the Public Works Heavy Equipment Capital Plan to the Finance Committee, noting that it would also be presented during the budget process.