

HALIFAX

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Item No. 12.1.1
Audit & Finance Standing Committee
July 20, 2016

TO: Chair and Members of Audit & Finance Standing Committee

Original Signed

SUBMITTED BY: John Traves, Q.C. Acting Chief Administrative Officer

Original Signed

Peter Stickings, Acting Director, Operations Support

DATE: June 13, 2016

SUBJECT: Budget Increase to CV000004 – Transit Support Vehicle Replacement

ORIGIN

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Council approved, Dec 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

Halifax Charter, section 93(1) - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year; Halifax Charter, section 79(1) - Specifies areas that the Council may expend money required by the Municipality; Halifax Charter, section 35(2)(d)(i) - The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy; Halifax Charter, section 120(6) - The Municipality may maintain other reserve funds for such purposes as the Council may determine; Halifax Regional Municipality policy on Changes to Cost Sharing for Capital Projects - Changes requiring Council approval; and the Halifax Regional Municipality Reserve Policy - No reserve funds will be expended without the CAO's recommendation and Council approval.

RECOMMENDATION

It is recommended that the Audit & Finance Standing Committee recommend to Regional Council:

1. Approve a budget increase of \$29,200 to Project Account CV000004 – Transit Support Vehicle Replacement.
2. Approve an unbudgeted withdrawal in the amount of \$1,488 from General Fleet Reserve Q204, as outlined in the Financial Implications section of this report.

BACKGROUND

Corporate Fleet received a request from Metro Transit to replace Halifax Transit Vehicle, HRM unit number 31CZ028, as it was involved in a motor vehicle accident on December 28, 2015, and the vehicle was written off, leaving Halifax Transit down one (1) vehicle in their fleet. This vehicle was not scheduled for replacement prior to the accident.

Quotation Number Q16J3013, for a replacement AWD Sedan, was posted to the procurement website on April 8, 2016, and closed on April 22, 2016. An award has been given to MacPhee Ford, in the amount of \$28,400 (net HST included) for a 2016 Interceptor Sedan AWD, due for delivery the week of June 23, 2016.

DISCUSSION

The Project Budget CV000004, Transit Support Vehicle Replacement, was allocated \$140,000 for fiscal budget 2016/2017. These funds are to cover the purchase of a Bus Stop Repair Truck estimated at \$75,000 and two (2) Sedans estimated at \$35,000 each. Funds included a carry forward amount of \$5,000 from fiscal 2015/2016, for a total of \$145,000.

The damaged vehicle was sent to surplus on January 29, 2016, and was sold at auction on March 17, 2016, for \$1,488. The proceeds of \$1,488 have been deposited to HRM's General Fleet Reserve, Q204.

Risk Management put through a claim for this accident and received payment from the insured in the amount of \$27,712. In order to compensate for the replacement purchase and still be able to accommodate the budget plans, Corporate Fleet requires the increase to the capital project CV000004 – Transit Support Vehicle Replacement Account by the amount of the insurance proceeds. As well, staff seeks approval for the withdrawal of the sale proceeds to fund Project No. CV000004 as the replacement purchase is greater than the insurance proceeds.

Remaining funds will be used towards the up-fitting cost of the new Transit Vehicle.

FINANCIAL IMPLICATIONS

The impact of the recommended budget increase and withdrawal from the General Fleet Reserve is as follows:

Budget Summary: Project No. CV000004 – Transit Support Vehicle Replacement

Cumulative Unspent Budget	\$ 127,717
Plus: Funding from Q204	\$ 1,488
Plus: Insurance proceeds for Unit No. 31CZ028	<u>\$ 27,712</u>
Balance	\$ 156,917

Budget Summary: General Fleet Reserve, Q204

Balance available May 1, 2016	\$ 2,663,825
Projected revenue to March 31, 2017 as at May 1, 2016	\$ 93,720
Commitments to March 31, as at May 1, 2016	\$(1,700,000)
Withdrawal per recommendation	<u>\$(1,488)</u>
Projected balance, March 31, 2017	\$ 1,056,057

General Fleet Reserve, Q204 (1997)

Reserve is to provide for replacement of vehicles and equipment with a useful life of less than 10 years. Reserve is funded by the proceeds of sale of vehicles. This recommendation does not have a negative impact on the reserve to be able to complete the budgeted withdrawals approved in the 2016/17 reserve budget.

RISK CONSIDERATION

The vehicle is used by the Transit Service Supervisors and not having a vehicle available could impose the risk of not having a Supervisor available during an emergency situation.

COMMUNITY ENGAGEMENT

Communality engagement was not undertaken as part of this report.

ENVIRONMENTAL IMPLICATIONS

None Identified

ALTERNATIVES

Should the request not be approved, Corporate Fleet will be unable to keep the budget plans for the Transit Service Vehicle Fleet. The operational deployment plan for Mobile Supervisors requires eight vehicles to support both normal and surge requirements; the loss of this vehicle has negatively impacted operations to date and this impact will be made permanent if the vehicle is not replaced.

ATTACHMENTS

None

A copy of this report can be obtained online at <http://www.halifax.ca/boardscom/SCfinance/index.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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