

Report to Council

Report Title:	Thomas Solutions Rental vs Purchase		
Prepared By:	Chris Wells, Director of Fire and Emergency Services		
Department:	Fire		
Date:	November 28, 2023		
Report Number:	FIRE2023-05	File Number:	C11FIRE
Attachments:	N/A		

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number FIRE2023-05 – Thomas SolutionS Rental vs. Purchase, prepared by Chris Wells, Director of Fire and Emergency Services and in doing so provides staff further direction on the preferred option to ensure the Municipality is meeting its goals both from a financial and sustainability point of view: _____

Report:

Background:

In the Fall of 2019, the Walkerton Fire Department entered into a rental agreement with Thomas Solutions for new red F-250 required to pull the rescue UTV and trailer. This new truck was provided at a cost of \$1,046.38 per month. The truck was decaled, a light package was purchased and winter tires and rims were purchased at the cost to Walkerton Fire.

In 2020, a work cap was generously donated by Gail Voisin in memory of her father Irwin Lobsinger and her husband John Voisin, both of whom were long-serving members of the Walkerton Fire Department.

To date the Municipality has payed \$51,272.62 in rental fees for the use of this truck. The contract offers no buy out option, and no termination date. Therefore, the fire department will continue to pay \$1,046.38/month for years to come while maintaining the truck in like new condition with low kms at which point the truck will have to be returned to Thomas Solutions.

Analysis:

The Walkerton Fire Department has invested in tires, rims and a National Fire Protection Association (“NFPA”) approved light package coupled with the addition of a work cap that was donated at a cost of over \$10,000. Brockton staff would remove all of these items from the current truck to reuse on the recommended

purchase. Staff recommend proceeding with the purchase of a Ford F-250 that will accommodate the current department assets. As per the Purchasing and Procurement Policy, staff have obtained the following 3 quotes:

- Leslie Motors Ford - \$74,527 (excl. HST)
- Montgomery Ford - \$75,174 (excl. HST)
- Peninsula Ford - \$79,590 (excl. HST)

As such staff recommend that Council approve ordering a truck through Leslie Ford due to the lowest quote and Section 13 of the Brockton Purchasing and Procurement Policy regarding local considerations.

Further, staff have provided payment options below for council's consideration:

Option A) Lease financing internally through Leslie Motors

60 Month term at 7% with a buy out option of \$27,000 at the end of the lease

Monthly payments of \$1,240.78

Total Cost \$104,956.80

Option B) Purchase financing internally through Leslie Ford

72 Month term at 8.49% with a monthly payment of \$1,496.52

Total Cost \$107,749.44

Option C) Purchase financing through CIBC

60 Month term at 5.866% with a monthly payment of \$1,622.58*

Total Cost \$97,354.80

Option D) Purchase with financing through CIBC

84 Month term at 6.007% with a monthly payment of \$1,230.32*

\$103,346.88

*Pricing through CIBC is quoted however subject to approval and change.

Based on these options staff recommend option "C". Although the monthly payments are slightly higher than our current payment with Thomas Solution (\$576.20/month), the total cost of the new, municipally owned vehicle is lower than the other options presented. In addition, at the end of the 5-year term it is estimated that the Municipally owned truck would have less than 10,000kms; which provides the Municipality options to keep the truck – with only minimal maintenance costs or take advantage of the resale value of a low kilometer truck.

Strategic Action Plan Checklist:

What aspect of the Brockton Strategic Action Plan does the content/recommendations in this report help advance?

- | | |
|---|-----|
| • Recommendations help move the Municipality closer to its Vision | Yes |
| • Recommendations contribute to achieving Heritage, Culture, and Community | N/A |
| • Recommendations contribute to achieving Quality of Life | N/A |
| • Recommendations contribute to achieving Land Use Planning and the Natural Environment | N/A |

- Recommendations contribute to achieving Economic Development
- Recommendations contribute to achieving Municipal Governance

N/A

Yes

Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective?
Yes.

Investing into a Municipal owned asset will provide long-term benefits, the Thomas Solution lease agreement served as a short-term solution. Staff have reviewed this strategy and feel that there is better value for investing into Municipally owned infrastructure and maintaining long lasting assets.

It is likely that the new truck will be available in 6-8 months, such that the increased monthly payment corresponding to the option chosen by Council will be incorporated into the 2024 Municipal Budget.

Reviewed By:



Trish Serratore, Chief Financial Officer

Respectfully Submitted by:



Chris Wells, Director of Fire and Emergency Services

Reviewed By:



Sonya Watson, Chief Administrative Officer