



Engineering and Public Works
Memorandum

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To: Chief Administrative Officer
From: Superintendent of Utilities
Date: December 15, 2009

Subject: Replacement of Parks Tractor – Unit 5288

Recommendation

That the 2010 Equipment Replacement Budget, Account Number 50910, be increased by \$30,000 to be funded by the Equipment Replacement Reserve Fund for the replacement of unit 5288 a Parks Tractor, which malfunctioning transmission that is too expensive to repair based on the age of the tractor.

Background

Unit 5288 was damaged when a transmission case cracked due to excessive stress on the supports. District Staff obtained an estimate to repair the tractor, which was \$7,500; however due to significant of the costs to repair, staff determined it was not appropriate invest this amount in a 10 year old tractor.

Funding

The 20 year capital replacement plan shows that this vehicle was planned for replacement in 2012. To replace it in 2010 requires an approval to change the plan and budget for the replacement estimated at \$44,990 in 2012. In addition to the changes to the replacement budget, an increase in the operating costs from \$ 8,500 to approximately \$9,650 from account 34010-240 is required. The increase in operating cost reflects:

- a) The increase annual depreciation for a new vehicle versus a ten year old vehicle.
- b) The current maintenance costs compared with repair rates established 10 years ago, which have not kept pace with inflation.

The increased operating costs of \$1,150 per year will result in a 0.005% increase in the general tax rate.

Greg W. Giles

Ken Bjorgaard, I have reviewed the financial aspects of this report.