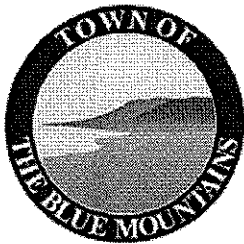


STAFF REPORT: Building & By-law Department



REPORT TO: Finance & Administration
Committee

MEETING DATE: February 17, 2009

REPORT NO.: SRB.09.03

SUBJECT: Building Inspection Vehicle
Specifications

PREPARED BY: D. Finbow, Director, Building &
By-law/CBO

A. Recommendations

THAT Council adopt the following revised specifications as they relate to Building Inspection Vehicles:

1. Automatic Transmission
2. Air Conditioning
3. Minimum Ground Clearance 145 cm (approximately 5.75")
4. AWD/4x4
5. NRC Fuel Consumption Rating of no greater than 9.35 l/100 km based on 55% City and 45% Highway (15% reduction)
6. NRC CO₂ Emissions of no greater than 4,400 kg/yr based on 20,000 km/yr (15% reduction)

B. Background

1. Council at its meeting of January 23, 2006 adopted certain policies and minimum specifications as they relate to Building Inspection Vehicles (Addendum "A").
2. Building Inspection Staff have utilized a Ford Escape AWD and a Jeep Liberty 4x4 since the adoption of the policies and specifications in 2006. The leases for the two vehicles noted expire in March and September 2009.
3. With the pending expiration of the leases, Staff undertook a review of Building Inspection Vehicle Specifications with the intent to move toward more fuel efficient vehicles and to reduce our CO₂ emissions. This review is summarized below:

A. Minimum Ground Clearance

Notwithstanding the requirement for Building Inspection Staff to transverse construction sites that may be deeply rutted, "bogged" and/or snow covered, Staff are of the opinion that a reduction in the minimum ground clearance from 200 mm to 150 mm is warranted

provided the vehicle is equipped with AWD/4x4. The reduction of the minimum ground clearance affords an opportunity to consider more fuel efficient vehicles.

B. AWD/4x4

The need for an AWD/4x4 continues as Building Inspection Staff are required to enter sites that are frequently "bogged" and/or snow covered. In addition, Building Inspection Staff are required to travel at times when roads are more than centre bare. With the consideration of lowering the minimum ground clearance as noted at Item C so that more efficient vehicles are possible, Staff is of the opinion that an AWD/4x4 vehicle is required.

C. Hybrid vs. Gasoline

During the development of the 2009 Building Inspection Operating Budget consideration was given to moving toward Hybrid vehicles. Upon review, and considering the current challenges in the construction industry and the related decrease in permit revenue, it was concluded that the cost premium for a Hybrid at approximately 23 - 30% and the recent downward turn in gasoline prices did not support the move to Hybrid vehicles at this time. This matter will be further reviewed at a later date.

D. Fuel Consumption/CO2 Emissions

As noted above, the principal purpose of the review was to move toward more fuel efficient vehicles and to reduce our CO2 emissions. Currently, the Council approved specifications reflect:

- 11.0 l/100 km combined @ 55% city and 45% highway
- CO2 emissions of no greater than 5,100 kg/year/vehicle based on 20,000 km per year

Upon reviewing the class of vehicle available that would meet our expressed needs (AWD/4X4), and to ensure that "sole sourcing" of a vehicle type did not occur, Staff recommend a reduction in the fuel consumption and CO2 emission specifications of approximately 15% (9.35 l/100km and 4,386 kg/year).

4. A summary of the recommended specifications are found below:

SUMMARY OF BUILDING INSPECTION VEHICLE SPECIFICATIONS

Specification	Current	Proposed
Transmission	Automatic	Automatic
A/C	Yes	Yes
Drivetrain	AWD/4x4	AWD/4x4
Min. Grnd Clearance	200 mm (8")	145 mm (5.75")
NRC Fuel Consumption Rating (@ 55% City & 45% Hwy)	11.0 l/100 km	9.35 l/100 km
NRC Rated CO2 Emissions (20,000 km)	5,100 kg/year	4,386 kg/yr
Doors	N/A	4

5. All other specifications found in Staff SRB.06.02 will remain the same (Provision of vehicle, 3 year lease, and white in colour).
6. Provision has been made in the 2009 Building Inspection Operating Budget for the replacement of the two vehicles previously noted by way of further leases at a rate of approximately \$500/month/vehicle (exclusive of GST).
7. Vehicles that meet the recommended specifications and fall within the Draft 2009 Building Inspection Budget include:

Subaru Impreza 2.5i
 Toyota RAV4 4WD
 Toyota Matrix AWD
 Pontiac Vibe AWD

D. Environmental Impacts

The revised specifications will result in a reduction in Green House Gas Emissions for Building Inspection Vehicles as follows:

	2008	2009	2010
CO2 Emissions	16,080 kg	14,778 kg (8.1% Reduction)	13,716 kg (14.7% Reduction)

Note: The Building Inspection Vehicle Group includes a 2005 Ford Escape AWD.

E. Budget Impact

1. Lease rate at \$500/month exclusive of GST included in 2009 Building Inspection Operating Budget.
2. Anticipate reduced fuel usage and therefore costs.

Note: The Draft 2009 Building Inspection Gasoline Budget was prepared in October '08 at a time of higher fuel prices (+/- \$1.20/l) and anticipated approximately 2,500 l/vehicle. Based on an approximate reduction in fuel of 15% for the 2 new vehicles for 3 and 9 months respectively in 2009, and an estimated gas price of \$0.85/l, a savings of approximately \$3,000.00 should be realized over that stated in the Draft 2009 Building Inspection Gasoline Budget.

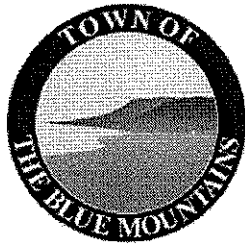
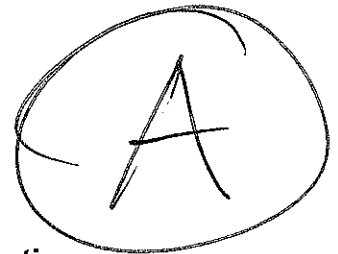
F. Attached

- A. Staff Report SRB.06.02, Vehicle Acquisition - Building

Respectfully submitted,

STAFF REPORT:

BUILDING & BY-LAW DEPARTMENT



REPORT TO: Finance and Administration
MEETING DATE: January 17, 2006
REPORT NO.: SRB.06.02
SUBJECT: Vehicle Acquisition – Building
PREPARED BY: D. Finbow, Director of Building & By-law/CBO

A. Recommendations

1. THAT the Finance and Administration Committee recommend to Council that the Town adopt the following policies as they relate to Building Inspection vehicles:
 - A. That Town vehicles be provided for Building Inspection purposes with the use of the vehicle by Building Inspection Staff being in accordance with the Town's Personnel Policy related to same.
 - B. That Town vehicles utilized for Building Inspection purposes have the following minimum attributes: four doors; minimum ground clearance of 200 mm (8'); AWD/ 4 wheel drive; automatic; A/C; NRC fuel consumption rating of no greater than 11.0 l /100 km (25 mpg) combined (55% city + 45% highway); and, NRC rated CO2 emissions of no greater than 5100 kg per year (based on 20,000 km/year).
 - C. That Building Inspection vehicles be white in colour.
 - D. That Building Inspection vehicles be replaced on a 3 year term.
2. THAT the Finance and Administration Committee recommend to Council that the Town Treasurer and the Director of Building & By-law be authorized to complete lease arrangements in advance of the consideration of the Town's 2006 Operating Budget for a vehicle for the new Building Inspector as contemplated above, with the source of funding being the Building Inspection Annual Operating Budget.
3. THAT the Finance and Administration Committee recommend to Council that the 2004 Building Inspection Ford F150 ½ Ton Pick-up be reallocated to another Town service group via the 2006 Budget process, if possible, and, upon same being completed, that the Town Treasurer and the Director of Building & By-law be authorized to complete lease arrangements for a replacement to this vehicle with the source of funding being the Building Inspection Annual Operating Budget.

B. Background

1. The Building Inspection Program currently utilizes a 2005 AWD Ford Escape and a 2004 Ford F150 ½ Ton Pick-up. Both of these vehicles are owned by the Town.
2. The Town recently hired a further Building Inspector who is currently utilizing his own motor vehicle on an interim basis.

3. Historically the Town has provided motor vehicles for Building Inspection and other field related purposes.
4. A survey of neighbouring municipalities has found that the majority of them provide full size pick-up trucks and/or small SUV's for Building Inspection purposes.
5. On average, Town Building Inspectors travel approximately 20,800 km per year to address inspection requests (with it being noted that a round trip from Lora Bay to Osler Bluff Ski Club is approximately 55 kilometers).
6. Building Inspection travel includes traveling in inclement weather and on roads and job sites that regularly require a vehicle with a ground clearance greater than that of a standard car (150 mm/6") and AWD/4 wheel drive capability.

C. Type of Vehicle and Vehicle Provision Considerations

Type of Vehicle

The type of vehicle deemed necessary by Building Inspection Staff is one that can negotiate roads and job sites in all weather conditions; follow an off road track set by a pick-up truck; have interior storage space adequate for a minimum of two passengers plus inspection files, drawings/plans, safety equipment, inspection related equipment, and, be compliant with Section 3.1 of the Town's Strategic Plan ("Green"). Vehicles that appear to fit these attributes at the present time include a Ford Escape, Jeep Liberty, Honda CRV, various Subaru products, etc.

With respect to the colour of the vehicle, recently acquired Town vehicles, save for the Fire Department, have tended to be green or white. It is recommended that for continuity, visibility and professionalism, Building Inspection vehicles be a consistent colour and that colour be white.

The move from a ½ ton pick-up to the recommended vehicle would achieve savings of approximately \$750.00 per year in fuel (based on 20,000 km per year) and CO2 emissions would decrease by approximately 2000 kg per year (approximately 30%).

The type of vehicle recommended would ensure that all Building Inspection employees have an appropriate vehicle to do the job and present a consistent and professional appearance to the public.

Vehicle Provision:

With respect to vehicle provision, the following options were considered:

1. Status Quo – Town vehicle provided for Building Inspection purposes.
2. Building Inspector's providing their own vehicles for Building Inspection purposes and being remunerated for same in accordance with the Town Policy (\$0.38/km).
3. Building Inspector's providing their own vehicles for Building Inspection purposes and being remunerated for same in accordance with a monthly flat rate plus a mileage rate.

Option 1:

Option 1 was determined to be the most equitable for Building Inspection Staff and least obtrusive from an administrative point of view and therefore is recommended. This is consistent with current Town practice and those of neighbouring municipalities.

Option 2:

Based on the Town's current remuneration rate for mileage, Option 2 would equate to approximately \$7,904 per year/Building Inspector. Given the annual capital and/or lease cost associated with the type of vehicle deemed necessary, and the associated operating and insurance costs, this was not seen to be equitable for Building Inspection Staff given an approximate annual operating cost of \$9,645 (see below).

Option 2	
Approximate Annual Cost	
Capital/Lease Payments	\$7,140
Running Repairs	\$1,500
Insurance	\$1,500
SUB TOTAL	\$10,140
SUBTOTAL x 75%	= \$7,605 (est. business use)
Gas	\$2,040
TOTAL	\$9,645

Further, Option 2 potentially creates a scenario whereby Town Building Inspection Staff would be obliged to own a vehicle to specifically address Town business needs.

With respect to utilizing a different mileage rate for Building Inspection purposes given the cost differences for the nature/type of driving and total mileage, this has been previously considered by the Town and not seen to be practicable, fair and/or advisable.

Option 3:

Option 3, being a monthly flat rate plus a mileage rate, could adequately address capital/lease/insurance remuneration as well as operating costs however, only through a detailed analysis, potentially via a consultant, could appropriate rates be established for our specific use. As an example, the Town of Markham utilize a methodology developed by Runzheimer International specifically for the Town of Markham to remunerate Building Inspection staff for use of their own vehicles. Comments on this methodology from Town of Markham staff include the following:

- flat rate is deemed to be a Taxable Benefit by the Canada Revenue Agency and therefore tax implications for staff;
- due to the Tax implications and the various Personal Tax rates of staff, staff are weary as to whether the established rate is truly equitable for all;
- flat rate is a Taxable Benefit and therefore included in their pensionable earnings (seen as good for staff contributing to OMERS and approaching retirement age);
- mileage rate needs to be more flexible and be tied to actual gasoline and operating costs; and,

- system provides for a flat rate and therefore addresses mileage disparity from one Inspector to another.

Given the detailed analysis required to arrive at Town of The Blue Mountains specific flat and mileage rates, and the number of employees potentially affected by it, it was felt that pursuing a detailed analysis was not advisable and/or warranted.

C. Town Purchase Versus Town Lease

Purchase Versus Lease Review

1. Based on three quotes received in the month of November, the estimated purchase price of a vehicle with the attributes recommended is \$26,000.00 (PST not included).
2. The Canada Revenue Agency utilize a capital cost allowance of 30% per year (accounting depreciation). If this is applied to a vehicle with a purchase price of \$26,000, the residual value after three years would be \$8,918 and after 7 years \$2,141 (see Table 1). Based on a seven year depreciation period and the resultant residual value, plus replacement costs, the costs for the noted vehicle would be in the order of:
 - First 3 Years = \$9,408/Year (\$17,082 depreciation + \$11,142 replacement/3)
 - Full 7 Year Term = \$7,124/Year (\$23,869 + \$26,000 replacement/7)

Annual maintenance and repair costs have not been considered but, based on experience, it can be concluded that annual maintenance and repair costs increase significantly after three years. The Building Department has previously budgeted approximately \$2,000 per year/vehicle after the first three years. If added to the costs previously noted, the average annual vehicle cost over a seven year period on a purchase scenario increases to approximately \$8,267 (\$7,124 + ((\$2000 x4)/7)).

3. The estimated annual lease cost @ 9.95% for the vehicle noted, based on a three year lease with 25,000 km per year, is in the order of \$7,140.00 (PST not included). *(It is noted that more attractive lease rates than that utilized are available.)*

**TABLE 1
PURCHASE VERSUS LEASE REVIEW - VEHICLE @ \$26,000**

	PURCHASE			LEASE	
	Residual Value	Annual "Cost"	Cumulative Purchase Cost	Annual Lease Cost (9.95%)	Cumulative Lease Cost
Year 1	\$18,200	\$7,800	\$7,800	\$7,140	\$7,140
Year 2	\$12,740	\$5,460	\$13,260	\$7,140	\$14,280
Year 3	\$8,918	\$3,822	\$17,082	\$7,140	\$21,420
Year 4	\$6,242	\$2,676	\$19,758	-	-
Year 5	\$4,369	\$1,873	\$21,631	-	-
Year 6	\$3,059	\$1,310	\$22,941	-	-
Year 7	\$2,141	\$928	\$23,869	-	-

Based on the above analysis, it is recommended that the Finance and Administration Committee recommend to Council that Building Inspection vehicles be leased on a 3 year term.

The Director of Financial Services has reviewed this Report and supports proceeding with lease arrangements for required vehicles for Building Inspection purposes. In this regard, he advises that it would be practical to have the lease experience for actual comparison to our historic practice of purchasing vehicles.

D. Compliance - The Blue Mountains Strategic Plan

1. The type of vehicle recommended is consistent with Section 3.1 of the Plan ("Green Strategy").

E. Budget/Financial

1. Funding by way of the Annual Building Inspection Operating Budget with Building Permit Revenues addressing same. This practice would directly assign current operating costs to the current operating year and be consistent with Bill 124 and the related required annual reporting of Building Department revenues and expenditures.

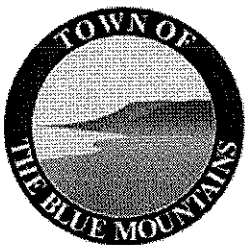
F. Attached

N/A

Respectfully submitted,

STAFF REPORT:

**BUILDING & BY-LAW DEPARTMENT
SUPPLEMENTAL REPORT TO THE FINANCE &
ADMINISTRATION COMMITTEE MINUTES
G.4 (RECOMMENDATION 3)**



REPORT TO: Council
MEETING DATE: January 23, 2006
REPORT NO.: SRB.06.02(S)
SUBJECT: Vehicle – Building
PREPARED BY: D. Finbow, Director of Building & By-law/CBO

A. Recommendations

1. THAT Council receive Supplemental Report SRB.06.02(S) for information purposes.

B. Background

1. The recommendations contained within Staff Report SRB.06.02 were considered and adopted by the Finance & Administration Committee on January 17, 2006 and appear on this evening's Consent Agenda.
2. The Director Building & By-law undertook to acquire firm lease quotes prior to Council's consideration of this matter.

C. Budget Impact - Lease Rates

1. Firm quotes in the magnitude of \$350.00 per month, exclusive of taxes, have been received from two dealers for vehicles that substantially meet the criteria identified in SRB.06.02.
2. The annual lease cost would therefore be in the magnitude of \$4,200 versus the \$7,140 identified in SRB.06.02. The principal difference between the estimated and the actual are:
interest rate (1.5/1.8% lease rate versus the 9.95% utilized)
MSRP versus Corporate/Fleet Rate
3. Annual operating costs will be borne by way of building permit revenue.

D. Attachments

1. N/A

Respectfully submitted,