



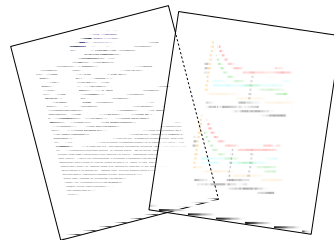
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## INTRODUCTION

In 2024, and through an internal asset audit in preparation of the Town of Tillsonburg's 2025 Budget Consideration, Town Staff have identified historical omissions/trends that are being managed/corrected in addressing continued improvements within the Fleet Department.

Through accepted best practices in managing (a) fleet, the Town must generally consider a number of industry standards (i.e. vehicle optimization, preventative maintenance programs, etc.), but in contrast there must also be localized considerations (i.e. engine hours vs mileage travelled in disseminating useful life expectancy).

Nevertheless, the Town of Tillsonburg's current policy was formed through *OPS 15-33 Fleet Replacement Strategy*.



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# ANALYSES

At the time of preparing this review, the Town's current fleet inventory roughly includes the following segments:

Actual Segments	Total
Attachments	51
Fire Trucks	4
Generators	12
Heavy Duty	10
Light Duty	22
Medium Duty	14
Off-Road Equipment	27
Small Equipment	83
Trailers	11
<b>Total</b>	<b>234</b>



Off-Road



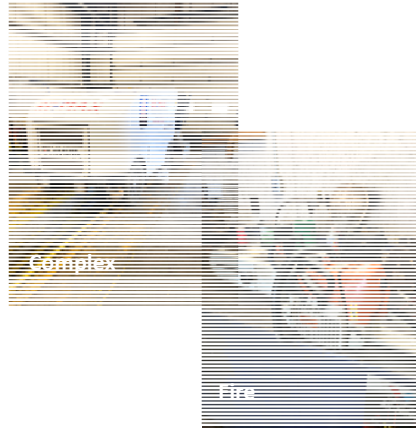
Heavy Duty

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# ANALYSES

The following breakdown represents the same segment by Department:

Actual Segment	Total
Airport	1
Building	4
By-Law	2
Cemetery	17
Complex	7
Engineering	3
Fire	20
Fleet	4
Hydro	20
Parks	30
Roads	111
Water	16
<b>Total</b>	<b>234</b>



Complex

Fire

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# BUDGET ANALYSES

The annual Fleet Budget generally consists of trends reflecting the following:

- **Leases:** 12 vehicles are leased through the Town's Enterprise Lease Agreement
- **Debentures:** At the time of preparing this analyses, **35 vehicles** are financed through debt
- **Rent Revenue:** Internally, and as charged to departments, "Rent Revenue" is collected
  - **Rent Revenue** is intended to "offset" regular operating and maintenance costs and, most importantly, is intended to dedicate a prorated reserve allocation towards replacing each unit (as based off given life expectancy) within the Fleet reserve overall.

7046 Pks - 16 Ram 3500 Dump		1) Segment or Unit #
5001 F/T Reg	2,000	
5110 Fuel & Oil	5,239	
5120 Licence Exp	453	
5310 Equip S&R	2,260	
5330 Insurance	807	
5900 Debt Interest	142	
5905 Debt Principal	3,300	
Total Expense	14,201	2) Total Operating Cost
3500 Rent Rev	18,400	
Total Revenue	18,400	3) Rent Revenue
Total	(4,199)	4) Dedication to Reserve

\*Note: as prepared in 2024 Budget

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# PROBLEM STATEMENT

Through Town Staff's 2025 budget preparation, staff identified the following, **historical** issues:

1. Accurate inventory was greatly missing per the following:

2024 Segments	Corrected Segments
112	234

2. Rent Revenue was not appropriately allocated (+/-) or in some instances was missing altogether:

7089 Pks - 17 John Deere 4066R		1) Segment or Unit #	7085 Fire-22 Chev Silverado 2500	
5001 F/T Reg	1,000		5001 F/T Reg	
5110 Fuel & Oil	1,946		5110 Fuel & Oil	1,497
5310 Equip S&R	2,826		5120 Licence Exp	339
5330 Insurance	388		5310 Equip S&R	566
5900 Debt Interest	905		5330 Insurance	
5905 Debt Principal	3,300		5900 Debt Interest	1,080
Total Expense	10,365	2) Total Operating Cost	5905 Debt Principal	19,800
3500 Rent Rev	8,700		Total Expense	23,282
Total Revenue	8,700	3) Misallocated Rent Revue	3500 Rent Rev	
Total	(1,665)	4) Funding DEFICIENCIES	Total Revenue	

\*Note: as per the 2024 Budget

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# PROBLEM STATEMENT

Essentially, the issue now revolves around the following:

- Segments not accounted for (or grouped) in the past, but were in use, still incurred costs (mainly applicable to small equipment and attachments).
- For some time, Rent Revenue allocations were not set at the appropriate amounts.
- The Fleet Department's overall Operating Costs were "offset" by some departments disproportionate Rent Revenue allocation/contribution.
- Some Fleet Capital costs are still being financed through debt and historically were not allocated within the overall Fleet Budget.
- The opening, uncommitted Fleet Reserve balance for 2025 is \$495,042.

Therefore when we consider the corrected segment count, current debt repayment and future replacement cost through appropriate rent revenue, the following estimate reflects best practices:

2025 Control Budget <small>(full lifecycle recovery)</small>	2024 Actual Budget	Difference/ Adjustment Req.	Sum of Replacement Value
\$3,012,671	\$1,757,850	\$1,279,310*	\$18,911,906

**\*Note: Town Staff is not proposing a \$1,279,310 budget increase.**

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# SCENARIO EVALUATION

Where Town Staff has identified the financials of the Fleet Department through historical trend analyses and the corrective actions necessary, but being mindful of the tax base, the following scenarios emerge for Council's consideration:

1. To cover a realistic operating budget, including overhead costs, the 2025 budget would need to be adjusted **\$1,942,323** (this includes lease payments)
2. Being one of the highest depreciating assets THI's vehicles may be reallocated (i.e. sold to THI), thus eliminating the burden of future funding
3. The vehicles allocated to Water/Wastewater are a source of true revenue from Oxford County through the applicable agreement
4. The useful life of vehicles/segments are extended in order to gradually phase in the appropriate financing (short term 2-3 years)
5. An ice resurfer for RCP and an ATV for Fire Dept are greatly needed where in 2025 this is proposed to be the Town's **ONLY** fleet capital expenses at an estimated cost of **\$290,000** (less \$30,400 funded from DCs for ATV).

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# SCENARIO APPLICATION

Therefore with a minimal Rent Revenue contribution and in stretching the fleet's current useful life expectancy the following impacts are observed in 2025 as compared to 2024:

Department	Proposed 2025 Budget	Actual 2024 Budget
Airport	\$5,825	-
Building	\$25,236	\$26,700
By-Law	\$41,712	\$8,100
Cemetery	\$68,836	\$60,500
Complex	\$52,752	\$57,700
Engineering	\$64,490	\$8,700
Fire	\$323,032	\$362,000
Fleet	\$25,578	\$25,000
Hydro	\$205,145	\$211,000
Parks	\$141,385	\$107,500
Road	\$805,899	\$726,000
Water	\$182,411	\$164,650
<b>Total</b>	<b>\$1,942,331</b>	<b>\$1,757,850</b>

# SCENARIO APPLICATION

If Council is in favor of the proposed application the Fleet 2025 Budget would require a contribution of **\$184,473** as denoted below:

Proposed 2025 Budget	Actual 2024 Budget	Difference/ Proposed Increase
<b>\$1,942,323</b>	<b>\$1,757,850</b>	<b>\$184,473</b>

For simplicity, and through the Town's Operating Budget, an increase of \$184,473 from the tax levy, the 2025 budget would reflect the following:

Proposed Tax Levy	Proposed Operating Budget Increase	Ending 2025 Contribution
<b>\$184,473</b>	<b>\$184,473</b>	<b>\$0</b>
Fleet Reserve – Unallocated	Ending 2025 Contribution	Closing 2025 Fleet Reserve Balance
<b>\$495,042</b>	<b>\$0</b>	<b>\$228,218</b>

# 2025 IMPACT

If Council is in favor of the proposed application the Fleet 2025 Operating & Capital Budget would reflect the following:

Levy increase to 2025 Operating Budget	Contribution to Fleet Reserve
\$184,473	\$0

2025 Capital:

2025 Fleet Capital	
Ice Surfer \$250,000	ATV \$40,000 (\$30K DCs)

Total:

Proposed 2025 Capital Budget	Proposed 2025 Operating Budget	2025 Capital & Operating Budget
\$290,000*	\$1,967,900	\$2,192,331

\*Note: Covered by Fleet Capital Reserve and Development Charges

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# Thank You

Questions?

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