

## Staff Report

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**Report To:** Service Review Implementation Ad Hoc Committee  
**Report From:** Greg Nicol, Fire Services Administrator  
**Meeting Date:** July 9, 2025  
**Report Code:** OP-25-026  
**Subject:** Project 1d1 – Fleet Replacement Update

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### Recommendations:

THAT in consideration of Staff Report OP-25-026 respecting Project 1d1 – Fleet Replacement Update, the Service Review Implementation Ad Hoc Committee recommends that City Council direct staff to bring forward a report to Council on a capital lease program.

### Highlights:

- Records indicate that vehicles more than seven (7) years old cost significantly more to maintain. This lifespan coincides with the existing informal fleet replacement schedule.
- A detailed review of vehicle usage suggests with some minor modifications to current work habits; expansion of vehicle sharing can reduce the need for costly long-term rentals.
- In the spirit of the City’s Climate Adaptation Plan and to reduce fuel costs, staff recommend the pursuit of a pilot project using electric vehicles for two key units in Water Distribution and Public Works.

### Strategic Plan Alignment:

[Strategic Plan](#) Priority: This report supports the delivery of Core Service.

## **Climate and Environmental Implications:**

This supports the City's Climate Mitigation Plan objective to optimize and innovate the City's fleet and equipment through right-sizing, technology and the use of alternative fuels.

## **Previous Report/Authority:**

[Service Review Report CR-24-110 Re: Draft Fleet Management Strategy](#)

[Owen Sound Corporate Fleet Efficiency Strategy 2024](#)

## **Background:**

The City fleet is a part of the Service Review Project 1d1. A draft Fleet Strategy was brought forward in October 2024 that identified 32 recommendations for the City Fleet. The recommendations aimed to make vehicles and equipment more efficient, cost-effective, and safer for staff to operate.

The City's fleet comprises a range of vehicle classes, which staff utilize for various tasks throughout the City of Owen Sound. While an informal replacement schedule (fleet reserve continuity plan), established on best practices and corporate experience has been used to plan out replacement needs in the 10-year Capital Forecast, there was previously no formally adopted fleet replacement schedule or service level established to set Council's expectations surrounding the replacement of vehicles and equipment. In light of this, staff delayed the replacement of vehicles pending the release of the draft Fleet Strategy.

The City now has Automatic Vehicle Locators (AVLs) installed in 57 vehicles to monitor, among other things, fleet utilization. This data will help the project team determine the correct number and type of assets.

## **Analysis:**

### **Replacement Schedule of City Vehicles**

The existing fleet reserve continuity plan proposes a 7-year replacement schedule for light-duty and passenger trucks. Several light-duty trucks have been kept in service beyond their planned replacement date. It is interesting to note that the informal replacement frequency appears to be accurate, as according to the repair records, seven (7) years of age appears to be a

critical tipping point for these vehicles at which the annual repair expenses significantly increase, rendering the ongoing retention of these units less financially viable. Records indicate that light-duty vehicles less than seven (7) years old had, on average, \$2,147 in repairs in 2024. In 2024, the average repair cost for older vehicles in the fleet was \$5,800.

### **Alternative Fuel Vehicles**

The City's fleet currently has three (3) plug-in electric compact sedans for use by the By-law and Building Divisions. Recently, staff have been exploring the use of these vehicles by other staff, in lieu of logging mileage on their personal vehicles, which is more costly to the Corporation than using a fleet vehicle.

When analyzing the vehicle usage data, several units emerge as excellent candidates for hybrid or plug-in electric vehicles. These would be vehicles with high idling usage, primarily in-town usage, many short trips, or that spend a significant amount of time in traffic. Hybrid or electric vehicles will switch to electric-only mode or spend a higher percentage of time in electric mode when travelling at low speeds, idling and waiting at intersections – thereby significantly reducing fuel costs and greenhouse gas emissions.

A pilot of two (2) electric vehicles should be undertaken to trial this type of vehicle for suitability for the jobs they are expected to perform. Chiefly, reliability in cold weather, torque and power when required, efficiency in completing the task and range versus charging time.

It is recommended that staff investigate leasing these vehicles as part of a capital lease program.

The cost, including installation, of a charging system for the vehicles is currently being researched.

### **Fleet Lease Program**

A contracted fleet management program that includes the potential for management, maintenance, and leasing of municipal vehicles for some or all of the City's light and medium duty vehicles should be further explored. This may have minor savings of staff time for procurement, as a capital lease agreement would essentially specify the number of vehicles in bulk, rather than one or two at a time. The company may be able to assist with data collection and costing of individual vehicles. They would also make recommendations on the best time to cycle out the vehicles to maximize resale value and minimize repair costs.

Several nearby municipalities are currently engaged in a capital lease program.

### **Temporary Vehicle Rentals**

Multiple work units have been renting vehicles to supplement their fleet numbers, so staff can deploy to multiple locations simultaneously. Vehicle rentals, by their nature, are significantly more expensive than purchasing over the long term.

The table below lists two of the vehicles that are currently long-term rentals. It is recommended that staff investigate purchasing or leasing these vehicles instead of renting. The first vehicle in the list below would be shared across departments.

Current vehicle in Fleet	Division	Proposed Replacement
Rental 3500HD	Works/Parks	1 Ton Reg Cab 4x4 flat deck
Rental Sierra 1500 – valve maintenance trailer	Water	Valve turning truck

### **Financial Implications:**

Despite not replacing the scheduled fleet, the funding had nonetheless been transferred to the Fleet Reserve as part of the annual budget. As such, funding exists for the seven (7) vehicles planned for 2022-2025 in the 25-year fleet schedule.

In addition to the planned purchases, staff propose to add two additional units to replace long-term rentals in the Water, Parks, and Public Works Divisions, which have a cumulative annual cost of \$41,340.

Although the two additional vehicles are not explicitly funded in the Fleet Reserve, as the rental cost of the units has been carried in the Operating Budget under various budget lines, the expense is being transferred from one budget to the other to offset the draw on the Reserve for the upfront cost. It should be noted that, according to Asset Management Best Practices, funds should be set aside annually for the future replacement and end-of-life costs. The Water and Parks rentals were specifically designated in the operating budget, whereas the annual reserve contribution for the new 3500

HD was funded through the winter control budget, where that expense was carried.

## **Communication Strategy:**

Review and communication with the Service Review Implementation Ad Hoc Committee.

## **Consultation:**

- Joe Bumstead, City Mechanic
- Phil Eagleson, Fire Chief
- Bryce McDonald, Manager of Water and Wastewater
- Matt Scheifele, Parks & Cemetery Supervisor
- Eckhard Pastrik, Manager of Parks & Open Space
- Kate Allan, Director of Corporate Services
- Pam Coulter, Director of Community Services
- Bradey Carbert, Manager of Corporate Services

## **Attachments:**

Recommendations for Fleet Efficiency Strategy 2025

### **Recommended by:**

Greg Nicol, Fire Services Administrator

Lara Widdifield, Director of Public Works and Engineering (Project Sponsor)

### **Submission approved by:**

Tim Simmonds, City Manager

For more information on this report, please contact Greg Nicol, Fire Services Administrator at [gnicol@owensound.ca](mailto:gnicol@owensound.ca) or 519-376-4440 x 2243.