
HALDIMAND COUNTY



Memorandum FLE-M01-2023 Unscheduled Replacement Purchase of Damaged Roads Operations Vehicle

For Consideration by Council in Committee on May 23, 2023

To: Mayor Bentley and Members of Council
From: Mike Fagan, Manager, Fleet Operations

On March 7, 2023, a 2019 County-owned Dodge pickup truck assigned to Roads Operations, unit #18-0389, was involved in a not-at-fault accident. The County pickup truck was at a complete stop on McKenzie Road at 5th Line heading north. The third-party vehicle was travelling at a significant speed south/east on McKenzie Road and failed to negotiate the corner and drove into the side of the County pickup. Thankfully, no injuries were reported. The insurers of the striking vehicle accepted full liability for the accident which engaged the County's Direct Compensation insurance coverage, meaning that as the County was not-at-fault, there is a zero-dollar deductible. The County's insurer has deemed the truck a total loss as repairs are not feasible. The insurer initially offered the County a settlement amount of \$25,000. Staff found this settlement unreasonable citing that the County's policy has a 20-Year Cost Deficiency Endorsement which entitles Haldimand to replace an automobile with a new automobile of like kind and quality, providing that Haldimand is the original purchaser and the automobile was new at the time of delivery – Haldimand was the original purchaser and the pickup was new at the time of delivery. As a result, the insurer applied its vehicle valuation methodology which includes sourcing the current purchase price of vehicles that most closely resembles the insured vehicle that was damaged (make, model, etc.). As a result, the insurer offered a settlement of \$53,853 which staff feels aligns with the true replacement cost based upon the three quotes that the County sourced independently from local dealers (Chevrolet and Ford) and as explained further below.

Staff identified that replacement of this vehicle is required as soon as possible as the Roads Operations Division utilizes this truck for transporting personnel and tools to and from job sites, executing contractor performance inspections, responding to after-hour emergencies, completing road inspections, supervisory duties, etc.; all while meeting council-approved service levels and ensuring compliance to O.Reg. 239/02 Minimum Maintenance Standards for Municipal Highways for risk mitigation. To offset this vehicle gapping, Fleet temporarily reallocated one of their assigned vehicles; however, this is not a sustainable option and has resulted in a negative impact on the support services that Fleet provides to other divisions.

In discussion with Legal and Support Services, replacement of this truck falls within an emergency purchase as outlined within Procurement Policy 2013-02, being that destruction has occurred to real County property and the pickup is elemental in providing County services as outlined above.

Due to the important functions required of the vehicle, the current supply chain issues, and the significant cost increases the market is seeing, staff could not delay the replacement of the truck until the approval of the 2024 Tax Capital Budget.

On March 20, 2023, a Request for Quotation FLE-10-2023 was issued for one, Four Wheel Drive Crew Cab Pickup Truck with a closing date of March 28, 2023. Three quotes were received and the lowest bid was received from Dennis Searles Chevrolet Ltd (Caledonia) for \$57,221 excluding taxes.

A purchase order in the amount of \$57,221 (licensing included, taxes excluded) was issued to Dennis Searles Chevrolet Ltd. on April 12, 2023, with an estimated delivery date of July 12, 2023. Capital

Project C-315163 in the amount of \$65,000 was initiated, which includes the minimum cash payout of \$53,853 from the County's insurer, with the remaining expense offset through identified savings realized in other Fleet projects funded from CRR Roads Equipment. The total of the insurance payout and savings is sufficient to cover the emergency purchase, therefore no additional funding from the reserves is required.

All County vehicles and equipment are assigned to a vehicle class with an appropriate lifecycle and replacement cost. All vehicles and equipment are fully evaluated before replacement is recommended. The vehicle that was in the accident was a Class 3c with a lifecycle of seven (7) years and a capital replacement cost of \$65,000 and was scheduled to be replaced in 2025. This unit will be removed from the 2025 forecast and the replacement unit will be added to the forecast. Based on a seven-year life cycle, the new unit will be scheduled for replacement in 2030. To mitigate the cost of the emergency purchase, the Fleet Division will ensure any undamaged accessories removed from the damaged vehicle, such as the toolbox, and emergency lighting will be reinstalled on the new vehicle.

In accordance with Section 4.03 k (ii) of the Procurement Policy, this memo is being presented to advise Council of this emergency purchase and the associated funding sources.

REFERENCES:

1. Procurement Policy No. [2013-02](#).

ATTACHMENTS:

None.