



INFORMATION ONLY COUNCIL REPORT

To: Paul Gipps, CAO

Date: January 12, 2021

From: Stacey Harding, Parks & Fleet Operations Manager

Subject: **In-House Mowing Program Trial – Year 1**

STRATEGIC AREA(S) OF FOCUS

- **Economic Growth and Prosperity** – to advance opportunities to expand our economy, increase employment, and develop the community in ways that contribute toward prosperity for all.

BACKGROUND

In November of 2019, Council was presented with a business case and a staff report recommending that contracted turf mowing for the City's large inventory of parks, sport fields, facility grounds and boulevards be provided in-house.

The business case presented to Council outlined how an in-house model would provide an improved level of service at a reduced cost.

An in-house program would require the hiring of a mowing crew and the purchase of equipment. Council supported staff and the Finance Department supported Parks in acquiring the equipment through a Municipal Finance Authority loan. Our Human Resource team supported Parks by hiring a four (4) person crew.

Note: A 5 person crew was supported by Council, however, a Covid hiring freeze resulted in some belt tightening and the program proceeded with four (4) staff. Park Operations supplemented the mowing crew by adding an additional person.

The in-house program was supported as a 5 year trial with Council requesting annual reporting. Council will recall that the in-house provision of service was to be compared to tendered contract costs. An industry expert suggested the first year of contracted costs to be in the \$425,000 range. The actual low bid came in at \$435,173 with a 2% annual increase. (Approximately \$9,000 increase in years 2 and 3).

By comparison, staff suggested that the in-house model could be provided at approximately \$285,000. It was estimated, at a minimum, the in-house model would result in \$150,000 annual savings with an improved quality of service, given that staff, as part of our community, had a vested interest in their product.

FINANCIAL RESULTS – YEAR 1 COMPLETE

Year	Contracted Costs	In- House Actual or Forecasted Costs	Savings	Notes
2020	\$ 435,178	\$ 230,328.77	\$ 204,458.16	One less crew wages (4) & 7 months loan payment
2021	\$ 443,881	\$ 307,059.77	\$ 136,821.79	Full 5 man crew & 12 months loan
2022	\$ 452,758	\$ 311,646.35	\$ 141,112.85	Full 5 man crew & 12 months loan + 2% CoL
Total			\$ 482,392.80	

The rather dramatic cost reduction in 2020 should be tempered by the following:

- future years will see the employment of a 5th staff member, add \$44,000.
- future years will see the full 12 month loan payments as 2020 only had 7 payments, add \$26,000,
- total additional expenses estimated at \$70,000 (these additional costs having been factored into the calculations above),
- the estimated program operational costs such as fuel consumption and tools and supplies overall came in lower than estimated.

COUNCIL REPORT / RESOLUTION HISTORY

Date	Report Topic / Resolution	Resolution No.
November 26, 2019	Turf Mowing Equipment THAT the Council of the City of West Kelowna authorizes up to \$365,000 be borrowed, under Section 175 of the <i>Community Charter</i> , from the Municipal Finance Authority, for the purpose of Turf Mowing Program Equipment Purchase; and THAT the loan be repaid within 5 years, with no rights of renewal. CARRIED UNANIMOUSLY	C380/19

The success of the program may warrant staff looking at other traditionally contracted services to identify other sources of operational savings. Council will again be updated following the 2021 season.

REVIEWED BY

Allen Fillion, Director of Engineering & Public Works

Lisa Siavashi, Financial Services Manager/Deputy CFO

Shelley Schnitzler, Legislative Services Manager/Corporate Officer

APPROVED FOR THE AGENDA BY

Paul Gipps, CAO

Powerpoint: Yes ☐ No ☒