

MEMORANDUM

To: RDCO Chair and Directors

From: Anna Warwick Sears and James Littlely

Date: December 13, 2016

Subject: Milfoil Equipment Replacement Plan 5-Year Schedule

As one of its core services, the Okanagan Basin Water Board provides milfoil control in valley lakes on behalf of local governments. The program uses large machinery to remove aquatic weed material during the summer, and to de-root the weeds during the winter months. The program prioritizes public beach areas, boat launches and marinas, recognizing the value of these areas to our local economy and way of life. In recent years, increased development has led to more calls for milfoil control, while more stringent environmental regulations have decreased treatment timing windows and overall control flexibility.

In 2016, the OBWB adopted an asset management plan for the milfoil program, and a 5-year equipment replacement plan for 2017-2022 (see following page). Our asset management plan uses significantly longer anticipated equipment lifespans than those recommended by the B.C. Ministry of Finance, because of our successful history of repair and maintenance. The plan identifies the minimum annual reserve budget to meet the needs of the milfoil program to maintain a consistent level of service. All assets will be purchased using capital reserves, with no borrowing. The plan accounts for 3% annual inflation.

Major equipment purchases of the OBWB are subject to approval of the Regional Districts, and this plan will serve to streamline that process for the next 5 years by pre-approving all major equipment purchases over that period. Individual equipment purchases within the plan will be subject to a procurement process, including requests for multiple bids or proposals, and final approval by the OBWB Board where necessary in accordance with the OBWB purchasing policy.

The funds for 2017 have already been included in the OBWB budget for the coming year, which has been circulated to your board.

Requested Resolution:

THAT the Board approves the OBWB 5-year Asset Replacement Plan as presented.

Asset replacement schedule – 5-Years

Replacement Year	Assets	Cost with inflation	Age	OBWB Lifespan*	Years past lifespan	Lifespan at replacement
2017-18	Harvester	\$225,000	39	35	4	111%
	OBWB Staff Car	\$25,000	11	7	4	157%
	Shop Truck	\$30,000	0	5	0	New
	Total 2017-18	\$280,000				
2020-21	Rototiller - Blue	\$382,500	36	35	1	103%
	Pickup Truck	\$32,800	5	5	0	100%
	Total 2020-21	\$415,300				

* Replacement Schedule based on extended OBWB Lifespan, not on Ministry of Finance Lifespan.

Milfoil equipment reserve Balance with 5-year replacement plan

Year	Add to reserve	Equipment Expenditures	Reserve Balance
Current			\$373,000
2017-18	\$150,000	\$280,000	\$243,000
2018-19	\$150,000	\$0	\$393,000
2019-20	\$150,000	\$0	\$543,000
2020-21	\$150,000	\$415,300	\$277,764
2021-22	\$150,000	\$0	\$427,764*

*Reserve balance to cover future asset replacements beyond 5 year plan.