

## **Long-term planning keeps town fleet costs in balance**

The blizzard earlier this month gave us all ample opportunity to see the Town’s plowing crews and trucks in action. The Town of Pittsford has 17 plows, comprising part of a fleet of 95 service trucks, sidewalk plows, mowers, and specialized vehicles for roadwork, sewer work and parks maintenance. Altogether these vehicles represent a \$12.8 million investment in upkeep and safety of our roads, parks and sewer system. Maintaining this fleet is expensive. We minimize that expense and relieve its impact with long-term planning and budgeting.

To ensure the vehicles in our service fleet are in good working order and can be replaced when necessary in the most cost-effective manner, the Town has adopted a detailed Fleet Replacement Schedule. This long-range financial planning tool represents the culmination of substantial research and analysis.

Determining the Fleet Replacement Schedule involves estimating the effective life of a vehicle, determining the peak time for trade-in with regard to return on investment and market activity, identifying seasonal purchasing trends, and assessing repair and upkeep costs. Analyzing this information allows us to take a long-term view that results in lower expenditure. For example, certain types of equipment are subject to seasonal demand. Similarly, it may not make sense to put new tires on a vehicle if it’s near the end of its useful life. Compiling and using the Fleet Replacement Schedule not only minimizes spending, both expected and unexpected, but helps the Town to avoid spikes in spending that could affect our budget adversely.

Major expenditures – such as a plow and salting truck or a front loader used to pick up yard debris – don’t happen frequently, but when they do there are significant consequences for our budget. To avoid spending peaks that throw our budgeting off, we rely on the Fleet Replacement Schedule to determine a long range budget for replacing service vehicles, budgeting 1% in the growth of fleet expenses for each year. During years in which the funds earmarked for vehicles aren’t spent, they go into capital reserve. That capital reserve cushions or entirely mitigates the effects of unanticipated expenses that can occur from time to time. This process is very much like budgeting your home heating and cooling bill month by month. By paying a consistent budgeted amount each month, you avoid having to pay a high heating bill during the winter months. We update the Fleet Replacement Schedule yearly as part of our regular budget preparation. We do something very similar for office equipment and technology needs, with replacement schedules designed to minimize expense over time.

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