



Plant & Property Committee

**Tuesday
20th November 2012
(immediately following the Works & Planning
meeting scheduled at 1pm)**

Members: Cr J Crighton (Chairman)
Cr J Dwyer
Cr P Dwyer
Cr R Howard
Cr M Ireson
Cr R McGrath
Cr M Rutledge
Cr R (Bill) Sheaffe

AGENDA

1. Depot Amenities
2. Park Plant Replacement

A Dwyer
GENERAL MANAGER

20 November 2012

C1 - Depot Amenities

REPORTING OFFICER	Bill Moore – Director of Technical Services
ATTACHMENTS	Concept Plan
FILE NUMBER(S)	

INTRODUCTION

As discussed at the recent Council workshop funds are available in this years budget to improve the amenities at Council's Works Depot.

COMMENTARY

The proposed improvements to the Depot amenities include:

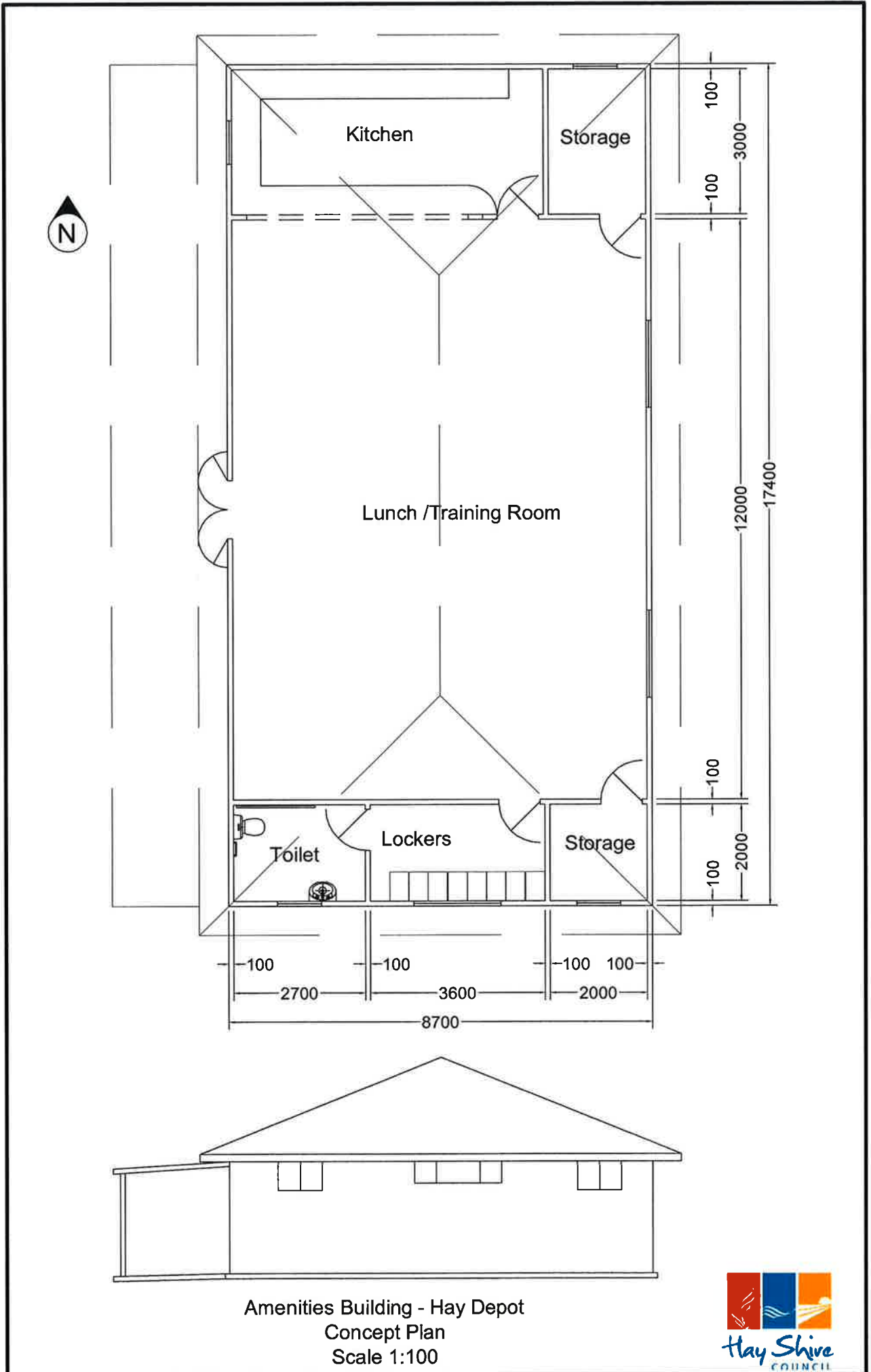
1. Construction of a new lunch & training facility including a basic kitchen, personal locker spaces, Unisex disabled toilet and adequate furniture to accommodate 40 or more people for meetings and training; and
2. Upgrade the existing male toilet block to provide an improved standard of hygiene and amenity.

The plan attached provides one concept of the proposed new building.

To further progress this project it would be appropriate to have it driven by a small working party consisting of staff and elected members.

RECOMMENDATION

That a working party be established to oversee the provision of new and the upgrading of existing amenities at the Council Works Depot; such party to consist of three (3) elected members and three (3) staff.



20 November 2012

C2 - Park Plant Replacement

REPORTING OFFICER	Bill Moore – Director of Technical Services
ATTACHMENTS	Memo re: plant replacement etc
FILE NUMBER(S)	

INTRODUCTION

The replacement of some items of plant used in the parks and reserves has become a matter of some urgency.

COMMENTARY

As reported to the October Works & Planning Committee meeting, the decision to not let the park mowing and maintenance to contract triggered a need to purchase some major items of plant.

A small staff committee was set up to review the range of equipment needed to maintain the parks and reserves into the future. This committee prepared a report, a copy of which is attached.

The existing Iseki mower, which is the work horse for maintenance of all the park areas outside the main ovals, continues to have mechanical issues and has reached the end of its effective life.

The replacement strategies suggested in the committee's report should provide for quality, reliable equipment into the future. It envisages the replacement or purchase of two smaller mowers using reserve funds and the provision of one large mower by external finance .If adopted the replacement program would cost an estimated \$28,000 to \$30,000 in outright purchases and a further \$20,000 per annum in lease (or other finance) costs.

RECOMMENDATION

It is recommended that:

1. The Agrifarm mower be replaced with a machine of similar capacity;
2. A new mower of similar capacity to the Toro 4010-D be purchased;
3. A new zero turn ride on mower with catching capacity be purchased;
4. The existing Iseki mower be sold; and
5. The General Manager determine the most suitable means of financing the various purchases

Memo to: Bill Moore
 Re: Park and Property Plant Requirements
 From: Ken Cunningham
 Date: 26/10/2012

Bill,

Megan Ruska, Steve Bate, Greg Stewart and myself have meet and discussed maintenance strategy, plant requirements and plant replacement in relation to the Parks and Gardens and associated operations.

A figure of \$170000 was mentioned as being available. I'm not sure where that comes from other than it is mentioned in the Mowing Contract report to Council. The amounts shown in the plant replacement program are different and spread out over a number of years. In a separate discussion with the GM he mentioned to me that he favoured a lease arrangement for the 'big mower' for the park operation due to the relatively short life expectancy. We will need to have this arranged before we proceed to ensure the correct purchase process is followed. I believe for a lease arrangement the lessor makes the purchase and owns the equipment and the lessee (Council) pays a fee. Therefore Council will need to determine the type, size, model etc of the preferred machine so that we get the machine we want.

Due to staff reductions there is a need to improve efficiency by improving productivity. Use of improved performance equipment will reduce mower operating time but correspondingly increase non-use time for some equipment. This may increase operational/ownership unit rate costs as the same cost must be spread over less operational hours however correspondingly improved productivity means less time is taken to do a job resulting in less cost. To achieve increase in productivity requires a combination of equipment (ie horses for courses). One style of mower does not necessarily suit all situations nor provide sufficient plant hours to accomplish all the mowing.

The consensus on major plant requirement to meet the perceived method of operation is set out below:

Plant 4101	Case Tractor	Retain this tractor for broad area mowing and general use and review its condition and usage hours closer to current nominated changeover (14/15). There is currently some unreported use (to be addressed by P & G Supervisor and others). More comprehensive reporting of use will justify retention. The optional equipment ie front bucket, forks and 3 point linkage attachments capability are used extensively within the work place including the Depot. This unit is the only tractor with potential capacity (time) for slashing road shoulders and aerodrome (particularly the runways). For the foreseeable future the other tractors are committed to roadworks. The Case tractor is also used for 3 point linkage attachments such as
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		<p>brooming, aerating, fertilising harrowing etc.</p> <p>If this tractor is not retained then either other plant has to be reallocated (not suitable or already committed) or contract services engaged (not always available at call, may not have appropriate equipment due to infrequent demand). Hence due to the irregular and/or on demand usage many of the function cannot be performed by reallocating other Council plant or use of contract equipment.</p> <p>This unit is approximately 56kW which is adequate to perform all the current functions and operate the proposal in relation to Plant 4202.</p> <p>RETAIN AND MONITOR USAGE AND REVIEW REPLACEMENT CLOSER TO14/15. Maintain budget figure of \$75000 in 14/15.</p>
Plant 4202	Agrifarm Mower. (3 Point linkage mower.)	<p>This item has a 3.4m cut. It is not a slasher and is only suited to broad area mowing of improved areas not slashing undeveloped area. This type of machine is suitable for maintenance of the 4 main Ovals and aerodrome runways. The height can be set to provide the quality of surface required for summer and winter sports. The rollers also provide a levelling process to the disturbed surfaces. It requires a tractor similar in performance to the existing Case (PI 4101) ie minimum 40kW.</p> <p>'At a pinch' it can also be used in other areas but the tractor is a hindrance and causes surface damage and due to configuration requires follow up with hand mowing and or other hand work.</p> <p>There have been some maintenance and operational issues with the existing Agrifarm mower (in the past) which have been addressed to prolong the life of any replacement unit. The existing unit is listed for replacement in 14/15.</p> <p>It is proposed to retain this style of mower and bring forward the replacement (refer to discussion below). An Agrifarm APM361 roller mower (approx. 3.4m cut) is the preferred model. It has improved features such as fixed drive shafts that do not have to be removed when the wing units are folded up, high quality gear boxes, improved hydraulic folding wing arrangement in lieu of manual assist operation and sloped upper deck to reduce collection of debris.</p> <p>A quotation has been obtained from the manufacturer (no middle man) for \$20705 GST Excl.</p> <p>It is not considered that the existing unit will attract much of an offer as a trade or as a private sale. Therefore it is suggested that it be retained and reallocated to the aerodrome (permanently) where it can be used to mow the grassed runway negating the need to</p>

		<p>transport a mower to/from the site with risk of damage as a result of bouncing around on the rear of the tractor. The aerodrome runway surface is suitable for light plane take-off and landing so are 'improved' surfaces. This will reduce wear and tear on the new replacement unit prolonging its life to a possible situation where as it approaches the end of its use cycle it is transferred to the aerodrome. Use of this mower will reduce mow time at the aerodrome by an estimated 50% due to wider cut width. This is a significant saving in plant and manpower time.</p> <p>Due to restricted work areas this style of mower is not suitable for general mowing around the Terminal building. This are will continue to be mowed with an out-front style mower.</p> <p>It is envisaged that with better planned usage and improved maintenance/care this unit should last at least 20years.</p> <p>BRING FORWARD THE PURCHASE OF A NEW AGRIFARM MOWER DIRECT FROM THE MANUFACTURER. ESTIMATED COST \$20,705 (EXCL GST), FURTHER RETAIN THE EXISTING AGRIFARM MOWER AND TRANSFER TO AERODROME.</p>
Plant 4201	Iseki Out-front Mower	<p>This unit was purchased in February 2007 It has done approximately 3300 hours. It has a 72 inch (1.8m) cut and is generally used on the passive areas. It is not suitable for unimproved areas. It is listed for replacement in 2012/13. The allowance in the plant replacement budget is \$50,000. It has had significant repairs in the past 12 months but has reached the end of its economic life. This type of mower (out-front) has high wear rate and limited economic life (usually about 4 years). It is not suitable for use on the internal swimming pool area, areas at the library and has limitation at the Lawn Cemetery. Production is limited due to the width of cut which gives high usage but reduced output.</p> <p>It is suggested that this machine be upgraded to a Toro 4010-D which has 3 cutting decks, with versatility to use either left or right deck, centre , centre and either left or right deck or all 3 simultaneously to provide cut widths from 0.8 to 3.4m. The offset decks are mid-mounted. The offset decks will improve ability to mow close to trees and reduce damage as the machinery can be operated clear of obstacles (trees). Not possible with the current machine. Due to limitation on access to some areas due to the configuration of the current machine it has to be supported by an additional person hand mowing and /or whipper snipping around vegetation etc. The proposed machine will significantly reduce the need for support. Whilst improving production (improved output with lower hours)</p>

elsewhere and freeing up staff for other duties it is considered unsuitable for use on the internal area at the Swimming Pool (need to pick up clipping to prevent carry over into the pool), Library (many small and odd shaped areas) and Lawn Cemetery (in accessible corners) and Aerodrome runways.

Toro are recognised as market leaders in mowing technology. Whilst this style of mower will mow the sporting fields the Agrifarm style is preferred for the ovals (due to lower cut height, finish and rollers) and the out-front style is preferred for the many improved passive areas.

A quotation has been obtained from the Toro agent (Bayldon Ag) who is responsible for southern New South Wales. Indicative price is \$74,363 (GST EXCL). It is anticipated that the existing Iseki will attract trade in/purchase offers of only \$5,000. Hence if an outright purchase was made the anticipated net changeover price would be approximately \$70,000. Toro have also provided some details on Toro in house Operational leasing. Any lease arrangement would be based on the new purchase price which may increase slightly on above figure due to need to increase warranty for the lease period. Indicative price for leasing is \$ 77057.85 which includes extended warranty.

This type of mower, (even the good ones), have limited life (4years is considered desirable). Options for upgrade include :

- Outright purchase (as normal for plant with a changeover of say 4 years). Council uses its own funds up front to purchase. Disadvantages: loss of capital, loss of opportunity cost may exceed residual value, responsible for repairs. Benefit: Some resale value toward next purchase. Estimated initial cost \$70000.
- Council borrow funds and make purchase. Disadvantages: Interest cost, cost of interest may exceed residual value, extended warranty is optional. Limit period to 4 years. Benefit: Some resale value toward next purchase. Estimated cost assuming 5% interest \$90388.
- Operating Lease from Toro. Advantages: Fixed term, fixed cost, Toro responsible for major repairs, Council only responsible for routine servicing. Disadvantages: some additional cost due to need to include extended warranty, no residual resale value toward next purchase. Monthly cost \$1603.5. Refer to detailed proposal attached.

		<ul style="list-style-type: none"> • Operating Lease from Financial Institution. Fixed term, fixed cost, need to include extended warranty, Financier responsible for major repairs, Council responsible for routine servicing. Proposal would need to be sourced. Make be some residual resale value toward next purchase depending on style of lease or residual payout to obtain ownership. Not costed. <p>A copy of Toro documentation explaining the Toro Finance arrangements is attached.</p> <p>The current machine averages approximately 684 hours per year but this is likely to reduce with the higher capacity machine. The anticipated operational hours allowing for improved efficiency may be in the order of 450 hours. This would incur a fixed operational cost of approximately \$43.00 per hour based on the monthly lease cost. This is not unreasonable for this type of plant and similar to Councils current operation cost for the Iseki when consumables are taken into account.</p> <p>COUNCIL FURTHER ASSESS THE IMPLICATIONS OF ENTERING INTO A TORO OPERATING LEASE ARRANGEMENT WITH TORO FINANCE FOR SUPPLY OF A 4010-D OUT-FRONT MOWER FOR AN APPROXIMATE NET COST OF \$77057.85 OVER 4 YEARS. SELL THE EXISTING UNIT.</p>
	Ride-On with Catcher	<p>At present the internal area at the Swimming Pool is mowed by hand by the Pool staff with a push mower and catcher and can take up to 7 hours with minimum 5.5hours achievable under favourable operator/operational conditions. It is proposed that this process be upgraded to a ride-on mower with a catcher system. This will significantly reduce mower time thus freeing up staff for other maintenance and/or supervisory duties at the Swimming Pool. This mower would also be suitable for use on the areas such as around the Library and at the Lawn Cemetery where it would provide increased efficiency and higher level of service. A trailer for transporting the ride-on exists within the existing fleet (subject to slight modifications). Therefore this mower would not be a 'Pool Mower' rather an additional item in the Parks and Garden fleet available for use elsewhere as discussed above.</p> <p>It may be that as a result of efficiencies achieved elsewhere, due to upgraded plant in the Parks and Gardens area of operation, the Parks and Garden staff could take on the responsibility of lawn maintenance at the pool thus relieving the current pool staff of that function and making them available for other duties.</p> <p>A 48inch cut Husqvarna Ride-on is the preferred model and type.</p>

		<p>(Similar brand to the Booligal mower.) Multi bag style catcher is preferred as it permits dumping directly into a receptacle/trailer for disposal. There is a local dealer for support.</p> <p>Preliminary quotations have been obtained for a tractor style unit and a zero turn units. Indicative prices are:</p> <ul style="list-style-type: none"> • Husqvarna, zero turn, 48" cut, fabricated deck with a blower and 3 collection bags - \$7376.45 (GST Excl.) • Husqvarna, tractor style, 48" cut, fabricated deck with blower and 3 collection bags - \$5649.37(GST Excl.) • Kubota, tractor style, 48" cut, fabricated deck with blower catcher - \$8630 (GST Excl.) <p>PURCHASE A HUSQVARNA, 48" CUT, ZERO TURN MOWER FOR \$7376.45 (CURRENT PRICE) FOR THE PRIMARY INTENT OF MOWING THE SWIMMING POOL INTERIOR AND FOR USE ELSEWHERE WITHIN PARKS AND GARDENS OPERATIONS.</p>
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Summary

Replace PI 4101 – Maintain tractor in 14/15 replacement cycle - \$75000

Replace PI 4202 - Agrifarm Mower -\$20705.

Replace PI 4201 –Sell the Iseki Out-front Mower outright and enter into a Toro Operational Lease.

Purchase -Zero turn Mower - \$ 7376.45

The total estimated value of purchases required to up-grade the park and gardens plant to an acceptable level in the current year is \$28081.45. Estimated monthly payment for the lease of the Toro mower is \$1603.50 which will be a direct charge against the various locations where it is used.

Leasing Plant 4101 replacement rather than purchasing has a significant positive impact on the available funds in the plant replacement program.

Ken Cunningham

Ken Cunningham

From: Andy Skirka <andy.skirka@toro.com>
Sent: Thursday, 1 November 2012 12:49 PM
To: Ken Cunningham
Cc: manager@bayldonag.com.au
Subject: Toro Finance quote - Hay Shire Council (via Bayldon Ag)
Attachments: Hay Shire Council - Toro Finance quote 01 Nov 2012.pdf; Operating Lease Overview - Toro Dealerships.pdf

Hi Ken, I've attached a finance quote based on the Govt. Procurement pricing discussed earlier. The attached pricing includes the extended warranty, matching the finance term (48 months/3600 hours).

The total finance cost over the 48 month period is less than the outright purchase price of the machine. This is based on a non-maintained Operating Lease contract.

The Operating Lease/Rental contract offers excellent value, as at the completion of the finance term you have the following options:

- Hand the equipment back to Toro, with nothing further to pay
- Upgrade the equipment (exchange old for new), and commence a new finance term
- Make an offer to purchase the equipment

As you are upgrading your equipment regularly, the cost of maintenance & repair decreases dramatically. (Not to mention the time you save by not having the equipment constantly in the workshop)

Golf Clubs, Councils, Sporting Grounds, Universities etc are increasingly seeking out this method of finance, with the following benefits in mind:

- Conserve cash for appreciating assets
- Pay down existing debt (as the Operating Lease has a minimal interest rate factor)
- Contain operating expenses through decreased repair & maintenance costs
- Accurately forecast expenses
- Reduce depreciation on their balance sheets
- Always have access to modern technology, without the cost associated with outright purchase
- Reduce mowing and maintenance hours (newer machines equate to fewer man hours)
- Preserve existing credit and funding lines, as Toro Finance doesn't impact existing finance facilities

Toro case studies have shown that Operating expenses associated with equipment under our rental program reduce by anything from 60 to as much as 80%.

If the warranty period aligns with the finance term, the only spend on the equipment in addition to the finance cost is grease and oil changes, blade maintenance, and regular scheduled servicing.

Please phone or e-mail me anytime you would like to discuss Toro Finance programs in more detail, or to consider other finance terms or structures.

All the best,
Andy

Andy Skirka
Manager Customer Financing Solutions
Toro Finance



Quote date: 1st November 2012
Hay Shire Council

48 month term

Equipment description	Qty	Equipment Cost	Less Trade	Net price (ex GST)	Operating Lease
TORO GM4010 (includes 48 month/3600 hours warranty)	1	\$ 84,763.63	\$ -	\$ 77,057.85	\$ 1,603.50
Residual to be paid at contract maturity:					\$0.00

All amounts are indicative until finance approval is in place

Pricing is valid for the month of November 2012, and may need to be renewed if quote is older than 14 days

Pricing is based on monthly repayments, payable by Direct Debit and is exclusive of GST

Operating Lease/Rental contracts have no residual due at contract maturity.

Toro can finance single machines or structure a program to refresh your complete shed

Repayment structures can be tailored to suit your cashflow requirements:

- Monthly, quarterly or annual payments
- Seasonal, irregular (skip months where your income is traditionally lower) or delayed repayments
- Contract terms to match your equipment usage

To progress your finance quote, please contact your Toro account manager, or

andy.skirka@toro.com

Ph: 0800 350 331



Toro Finance
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GPO Box 1540 SYDNEY NSW 2001 AUSTRALIA
PHONE 0408 350 331

TORO Australia offers a wide range and choice of financing plans that will deliver the best finance solutions for your golf course.

TORO will evaluate your priorities and provide a solution with the most competitive payment options. Whether you're buying, leasing or renting, you can count on TORO to deliver the right financial options for your budget.

An Operating Lease (Rental) product is a great way to get the latest equipment into your business without having to allocate large amounts of capital into a single purchase.

You pay to use the equipment but you don't have to worry about the residual value or ownership of the machine at the end of the term - you can return the asset, upgrade to a new machine or continue the existing rental - whichever suits your individual business requirements.



An operating lease for your business also has the following benefits:

- Controls Equipment costs and enables budgeting year on year
- Improves ability to maintain cash reserves and conserve capital
- Increases the ability to maintain other credit lines with alternative financing
- Reduces repair costs by having a warranted and TPP supported fleet
- Operating lease payments are fully tax deductible and generally significantly exceed standard tax depreciation.

For more information, contact your local TORO Australia representative.