



## MEMORANDUM

**DATE:** November 6, 2025

**TO:** CVRD Board of Directors

**FROM:** Neil Forrest, Manager, Asset Systems, Asset Management Section

**SUBJECT:** Fleet Reserve Contributions

### Purpose

This memorandum has been developed to recommend the need to contribute to capital reserves to support sustainable capital fleet renewals.

### Background

In the 2023-2026 Corporate Strategic Plan, there is a strategic objective to demonstrate strong fiscal stewardship.

STRATEGIC OBJECTIVE 12 To demonstrate strong fiscal stewardship.		
ACTIONS	BOARD	EAD*
12.1 Fully implement an asset management program, including all asset groups and natural assets, which mitigate climate risks	✓	
12.2 Refine sustainable service delivery plans within the CVRD's asset management program	✓	
12.3 Increase regional service coordination to support cost efficiency	✓	✓

The actions that need to happen to achieve that strategic objective is to be transparent in how much our services cost in the terms of asset value, and how much reserve contributions are needed to support our financial sustainability goals.

Being financially sustainable is becoming an increased priority and focus point of the Federal and Provincial Government. Grant funding organizations are now making funding applications more stringent and are requiring better evidence that asset management planning is being completed by each applicant. There is also a shift in what the grant funding can be spent on, which may limit the CVRD's reliance on grants in the future.

**Scenario**

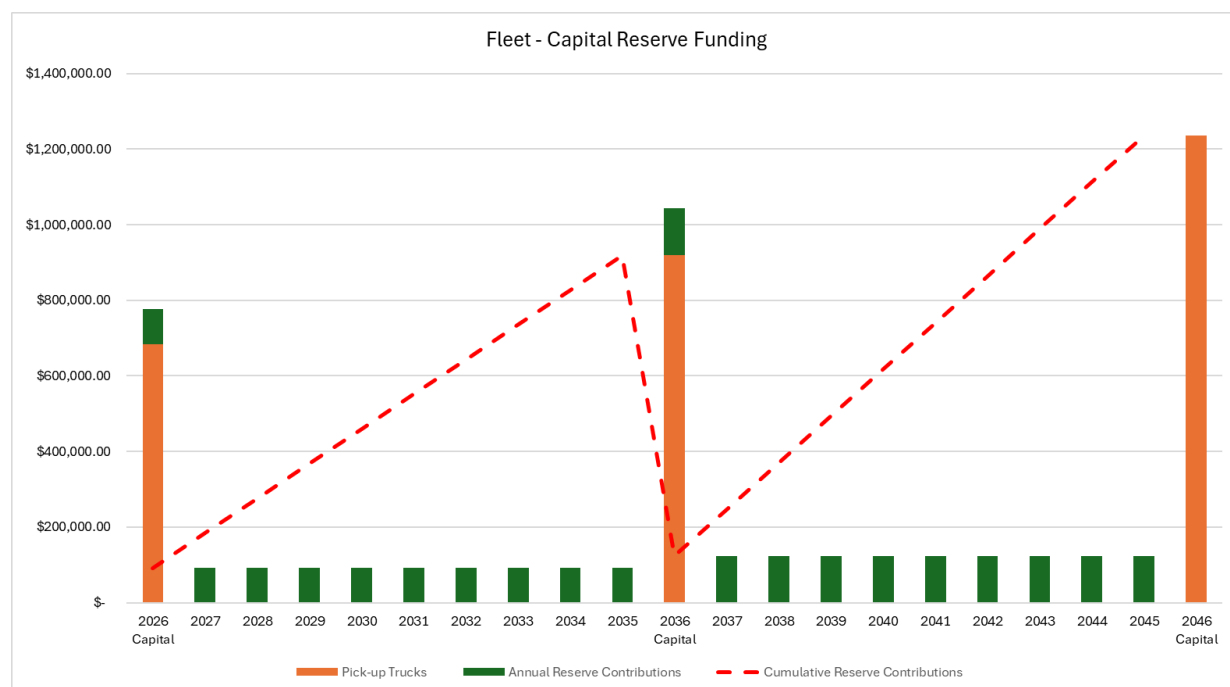
For the 2026 budget, there are eight vehicle replacements being applied for, and with a focus on sustainable service delivery, the CVRD has identified that there is a need to contribute to capital reserves to sustainably fund future fleet renewals.

The table below shows the division/section, vehicle type, useful lifespan, current replacement cost and the annual per annum reserve contribution to replace the vehicles in 10 year’s time.

*Table 1 – 2026 Fleet Replacements*

Division/Section	Fleet Type	Useful Lifespan	Capital Cost (2026)	Annual Reserve Contribution
Parks & Trails	Pick-up Truck	10	\$60,000.00	\$8,063.50
Fire Services: North Oyster Fire Hall	Pick-up Truck	10	\$85,000.00	\$11,423.29
Fire Services: Mesachie Lake Fire Hall	Pick-up Truck	10	\$85,000.00	\$11,423.29
Fire Services: Malahat Fire Hall	Pick-up Truck	10	\$89,000.00	\$11,960.86
Cowichan Lake Recreation	Pick-up Truck	10	\$75,000.00	\$10,079.37
Utilities	Pick-up Truck	10	\$100,500.00	\$13,506.36
Utilities	Pick-up Truck	10	\$100,500.00	\$13,506.36

The annual per annum contribution accounts for 3% annual inflation and is illustrated in the graph below, but over a 20-year period.



**Recommendations**

It is recommended that the Board commit to the following:

- If these vehicle replacements are approved, each CVRD division/section commit to contributing to annual replacement reserves to fund future fleet renewals.
- The draft fleet management policy be updated to include annual contributions for future fleet renewals.

END OF MEMO

NF/jr