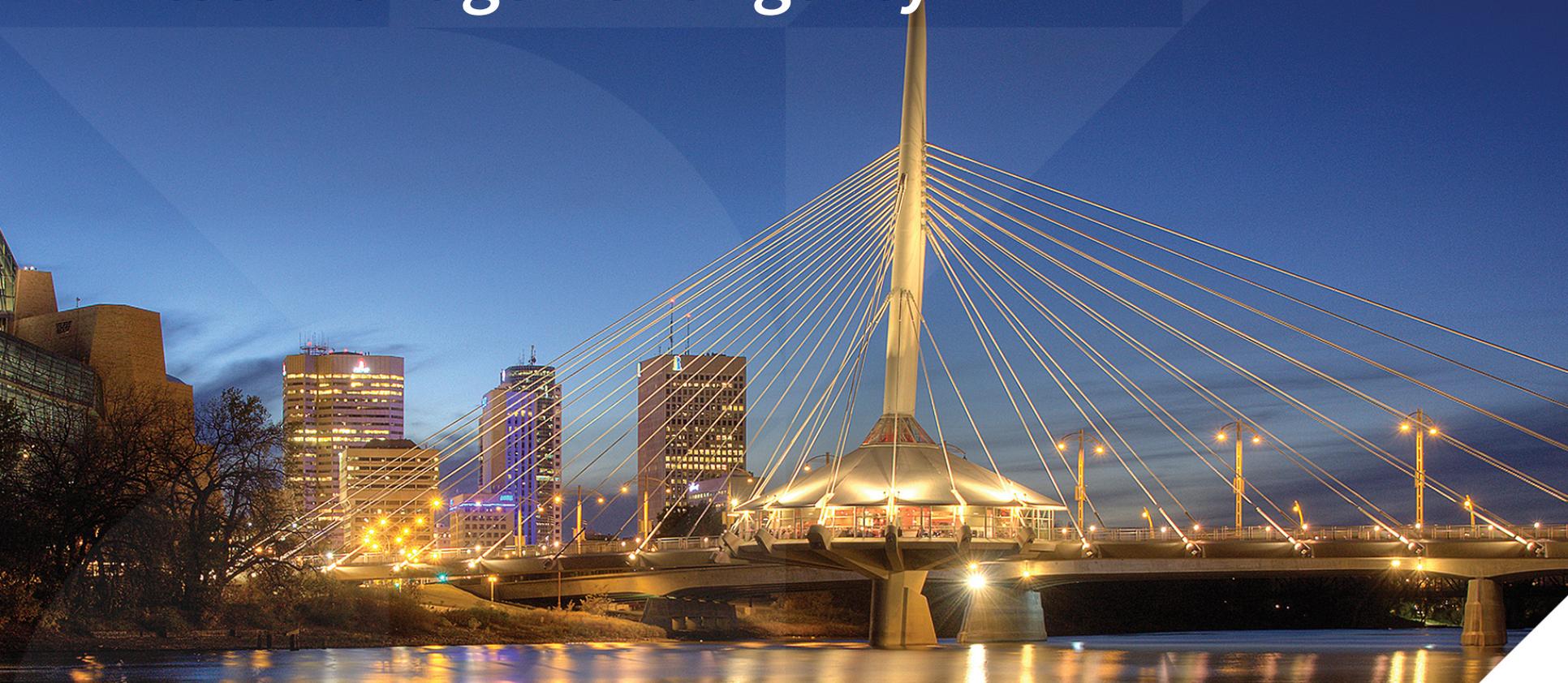




2020 to 2023 Preliminary Operating and Capital Budgets

Fleet Management Agency



Standing Policy Committee on Innovation and Economic Development

March 16, 2020

Agenda

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2. Preliminary Operating Budget – Summary
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Strategic Objectives and Priorities

Strategic Objectives

Source: Fleet Management SOA – 2019 Business Plan

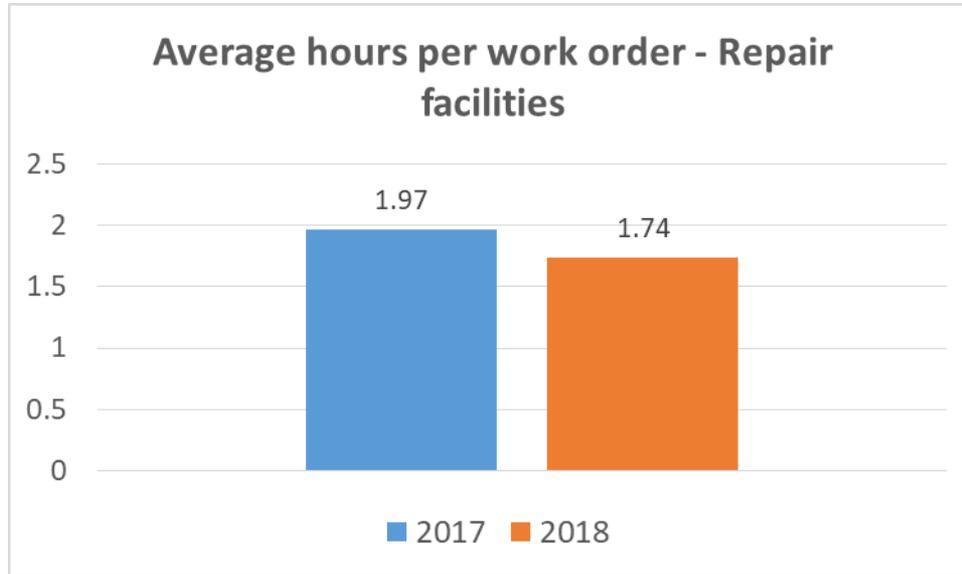
- Develop innovative strategies and efficiencies through the introduction of new technologies and business processes that enhance fleet services across the agency.
- To be a leader in environmental stewardship through the management of the agency’s fueling infrastructure and promote fleet emission reductions.
- The establishment of a business environment that embraces safety as a priority for the fleet and its employees.
- Optimize the operational and financial performance of the agency’s repair and manufacturing facilities to support the delivery of essential services to a diverse civic customer base.
- Improve customer service and satisfaction through effective fleet service delivery.

Key Priorities

Source: Fleet Management SOA – 2019 Business Plan

- Optimize lifecycle management by improving use of both vehicle utilization data and repair and maintenance data for vehicle replacement planning and to reduce the overall cost and size of the fleet.
- Implement regular reporting to civic departments on AVL idling trends for action on reduction measures.
- Continue to explore ways in which to enhance repair service for customers through the implementation of improved shift schedules for increased shop productivity and enhanced maintenance services.
- Enhance customer relationships through improved communications, resulting in fully transparent fleet charges, services, and decision making processes.

Performance Measurement – Internal reporting for our facility supervisors



Precision manufacturing, mobile welding, and so much more!

- Reporting is provided to our facility supervisors
- The Agency utilized this data to adjust shifts at 2 repair facilities in 2018
- Average time to complete a work order has decreased while overall work orders completed has increased from 2017 to 2019
- Productivity and net income at the Manufacturing facility has also increased

Performance Measurement – Safety



- In 2019, the City of Winnipeg Fleet Management Agency became the first City department and self-insured corporation to receive safety certification.
- WFMA experienced a significant decrease in both departmental lost time injury frequency rates and lost time injury severity rates from 2012 to 2018.

Strategic Objectives, Priorities and Performance Measurement

Departmental Service Highlights

Winnipeg Fleet Management Agency (SOA)

Contributing Departments

Fleet Management 100 %

Operating Budget							
(in millions of \$)	2018 Actual	2019 Budget	2020 Preliminary Budget	Expl.	2021 Projection	2022 Projection	2023 Projection
Service Revenue	48.708	48.692	50.828		49.875	49.398	50.153
Provincial funding (service specific)	0.174	0.172	0.174		0.174	0.174	0.174
Revenues	48.882	48.865	51.002	1	50.049	49.572	50.327
Salaries and benefits	9.908	11.043	10.238		9.458	9.270	9.448
Services	9.194	8.945	9.963		10.238	10.081	10.292
Materials, parts, and supplies	11.431	10.341	11.246		11.557	11.856	11.998
Assets and purchases	0.145	0.174	0.146		0.143	0.146	0.150
Debt and finance charges	16.448	16.789	17.143		17.054	16.852	16.686
Grants, transfers and other	1.532	1.500	1.166		1.049	1.057	1.064
Recoveries	(0.041)	-	-		-	-	-
Expenses	48.616	48.792	49.902	2	49.500	49.262	49.639
Surplus/(Deficit)	0.266	0.072	1.100		0.549	0.310	0.688
Full-time Equivalent Positions	120	129	119		109	102	102

Winnipeg Fleet Management Agency (FMA) is a Special Operating Agency (SOA) with its own operating charter approved by Council. SOA budgets are subject to change based on Council approvals in the business plan report process.

Strategic Objectives, Priorities and Performance Measurement

Key project:

Consistent with the 2020 operating budget recommendation that Council direct the Chief Administrative Officer to immediately reduce the number of City owned and leased fleet vehicles by 5% starting in 2020 and report back in 2020 to the appropriate committee of Council on the feasibility of any further reductions to the City's vehicle fleet, the Agency will work with departments to optimize fleet size through use of both vehicle utilization data and repair and maintenance data for vehicle replacement planning and to reduce the overall cost and size of the fleet through the use of existing technology.

2020 Preliminary Operating Budget

1. Operating Budget – Annual year over year budget growth rates (%) based on 2019 expenditures

	4-Year Average
EPC Target to balance the budget	0%
Operating Options Presented to Committee in Fall 2019	0%
Preliminary Budget	0%

Operating Budget (Departmental & Serviced Based Basis)

2020 Preliminary Operating Budget and 2021 to 2023 Budget Projections in millions of \$	2018 Actual	2019 Budget	2020 Preliminary Budget	Year over Year Increase / (Decrease)	%	Exp. No.	2021 Projection	2022 Projection	2023 Projection	4 year Average % Change
GOVERNMENT GRANTS	0.174	0.173	0.174	0.001			0.174	0.174	0.174	
SERVICE AND OTHER	48.708	48.692	50.828	2.136			49.875	49.398	50.153	
TOTAL REVENUE	48.882	48.865	51.002	2.137	4%	1	50.049	49.572	50.327	1%
SALARIES & BENEFITS	9.908	11.043	10.238	(0.805)			9.458	9.270	9.448	
SERVICES	9.195	8.945	9.963	1.018			10.238	10.081	10.292	
MATS PARTS & SUPPLIES	11.431	10.341	11.246	0.905			11.557	11.856	11.998	
ASSETS & PURCHASES	0.145	0.174	0.146	(0.028)			0.143	0.146	0.150	
GRANTS, TRANSFERS & OTHER	1.532	1.500	1.166	(0.334)			1.049	1.057	1.064	
RECOVERIES	(0.041)	-	-	-			-	-	-	
TOTAL OPERATIONAL EXPENDITURES	32.170	32.003	32.759	0.756	2%		32.445	32.410	32.952	1%
DEBT & FINANCE CHARGES	16.448	16.789	17.143	0.354			17.054	16.852	16.686	
TOTAL EXPENDITURES	48.618	48.792	49.902	1.110	2%	2	49.499	49.262	49.638	0%
Surplus / (Deficit)	0.264	0.073	1.100	1.027			0.550	0.310	0.689	

Total Operational Expenditures (before capital related expenditures) Year over Year % Change	2%	-1%	0%	2%	1%
Total Expenditures Year over Year % change	2%	-1%	0%	1%	0%

Year over Year Variance Explanations

(in millions)

Year over year (increase) / decrease	2020 Preliminary Budget	2021 Budget Projection	2022 Budget Projection	2023 Budget Projection
1) <i>Revenue change due to the following:</i>				
- Increase in services and parts income	\$ 0.767	\$ 0.100	\$ 0.225	\$ 0.230
- Increase (Decrease) in rental and other income	0.729	(0.018)	(0.692)	0.093
- Increase in fuel sales	0.535	0.280	0.231	0.058
- Increase (Decrease) in fleet leases	0.107	(1.315)	(0.241)	0.374
Net Revenue Change	\$ 2.138	\$ (0.953)	\$ (0.477)	\$ 0.755
2) <i>Expenditure change due to the following:</i>				
- Increase (Decrease) in services	\$ 1.018	\$ 0.275	\$ (0.157)	\$ 0.211
- Increase in fuel	0.623	0.275	0.205	0.045
- Increase in parts	0.218	0.082	0.084	0.086
- Increase (Decrease) in salary & benefits	(0.805)	(0.779)	(0.100)	0.179
- Increase (Decrease) in transfers	(0.321)	(0.103)	0.003	0.003
- Increase (Decrease) in debt & finance	0.353	(0.089)	(0.202)	(0.166)
- Miscellaneous adjustments	0.024	(0.064)	(0.070)	0.018
Net Expenditure Change	\$ 1.110	\$ (0.403)	\$ (0.237)	\$ 0.376

Operating Budget Options

Options Presented to SPC / Board vs. Preliminary Budget	<i>Total 4-year Proposal</i>	Total 4-year Preliminary Budget	Explanation
a & b. Fuel price estimate revision & fuel admin charge reduction	<i>(2.833)</i>	<i>(2.833)</i>	Revise forecasted price of fuel based on recent data, reduce Fleet fuel admin.
c. Fleet asset purchase estimated timing adjustment	<i>(1.643)</i>	<i>(1.643)</i>	Average estimated procurement to occur in 9th month of each year.
d. Remove increased transfer to HR and BTS	<i>(0.662)</i>	<i>(0.662)</i>	Reduced HR and BTS support.
f. Reduce expenditure accounts based on updated 2019 forecast	<i>(1.240)</i>	<i>(1.240)</i>	Reduce expense accounts based on 2019 expenditures.
g. Approve and promote voluntary furlough program during non-peak seasons	<i>(0.407)</i>	<i>(0.407)</i>	Estimated savings based on an average of 3 days furlough per employee.
h. Reduce building renovation & shop equipment capital programs resulting in reduced amortization costs	<i>(0.843)</i>	<i>(0.843)</i>	50% reduction to building renovation and shop equipment capital programs.

Operating Budget Options

Options Presented to SPC / Board vs. Preliminary Budget	<i>Total 4-year Proposal</i>	Total 4-year Preliminary Budget	Explanation
i. Fleet Accountability reporting	(1.832)	(1.832)	Increased fleet transparency and reduced costs through reporting fleet statistics to SPC on IAED.
j. Fleet size optimization	(4.116)	(4.116)	5% savings through reduction of underutilized vehicles.
k. Staffing reductions - 5 FTE's	(1.663)	(1.663)	Staffing reductions resulting in delays in procurement, disposal, billing and providing fleet data.
l. Close Waverley Repair Facility - 22 FTE's	(4.649)	(4.649)	Reduce repair facilities from 3 to 2 resulting in increased downtime for vehicles and equipment and reduced service levels.
Total Adjustments	(19.888)	(19.888)	

Salary Budget and Full Time Equivalents (FTEs) / Vacancy Management

2020 - 2023 Preliminary Operating Budget

	2019 Adopted Budget	2020 Preliminary Budget	Increase / (Decrease)	2021 Budget Projection	2022 Budget Projection	2023 Budget Projection
Full Time Equivalents <i>(number of FTEs)</i>	129.14	118.67	(10.47)	109.19	102.19	102.19
Salaries & Benefits <i>(in millions of \$)</i>	\$ 11.0	\$ 10.2	\$ (0.8)	\$ 9.5	\$ 9.3	\$ 9.4
Vacancy Management included in Salaries & Benefits <i>(in millions of \$)</i>	\$ (0.150)	\$ (0.146)	\$ 0.004	\$ (0.147)	\$ (0.148)	\$ (0.151)

FTE Reductions by 2023 In Comparison to 2019 Budgeted FTEs

	2023
Vacant Positions	(5.95)
Filled Positions	(21.00)
Total FTE reductions	(26.95)

Other Important Operating Budget Information

- The 2020 and 2021 preliminary operating budget expense and revenue amounts include \$780k/year for leasing of fire apparatus to provide urgently required back-up capability while new equipment is being procured.
- The closure of Waverley Repair Facility is expected to result in a number of risks. Repair and maintenance wait times are expected to increase which would impact service levels as downtime for vehicles and equipment would be expected to increase. Delays in preventative maintenance would also occur resulting in increased risks of vehicle and equipment failure. There is risk that expenses for vendor repairs will exceed budget if the remaining repair facilities are unable to absorb the increased volume of work that is forecasted.

Capital Budget

FLEET MANAGEMENT AGENCY - GENERAL CAPITAL FUND

Capital Investment Plan - Authorization

(\$000's)

Authorization

	2019 Adopted	2020 Preliminary Budget	Forecast					6-Year Total
			2021	2022	2023	2024	2025	
1 Shop Tools & Equipment Upgrades	627	255	265	245	255	255	255	1,530
2 Power Tools	150	125	125	125	125	125	125	750
3 Fuel Site Upgrades and Improvements	200	200	200	200	200	200	200	1,200
4 Building Renovation	-	214	160	225	190	197	197	1,183
4 Fleet Asset Acquisitions	22,336	15,178	15,670	15,670	15,670	15,670	15,670	93,528
5 Fleet Software Application	-	-	929					929
TOTAL CAPITAL PROJECTS	23,313	15,972	17,349	16,465	16,440	16,447	16,447	99,120

List of Capital Projects:

- 1 Shop Tools & Equipment Upgrades
- 2 Power Tools
- 3 Fuel Site Upgrades and Improvements
- 4 Building Renovation
- 4 Fleet Asset Acquisitions
- 5 Fleet Software Application

Capital Budget Options

Options Presented to SPC / Board vs. Preliminary Budget	Total 6-year Proposal	Total 6-year Preliminary Budget	Explanation
h. Reduce building renovation & shop equipment capital programs resulting in reduced amortization costs	(2.711)	(2.711)	50% reduction to building renovation and shop equipment capital programs.
Total Adjustments	(2.711)	(2.711)	

The above amount represents the reduction to the capital program budgets over 6 years.

Capital Forecast to Preliminary Budget Reconciliation

<i>CAPITAL PROJECTS SUMMARY</i>	ADOPTED	ADOPTED IN PRINCIPLE		
<i>(in Thousands of \$)</i>	BUDGET	FORECAST	CHANGES	PRELIMINARY BUDGET
	2019	2020	2020	2020
<u>FLEET MANAGEMENT AGENCY</u>				
Shop Tools & Equipment Upgrades	627	701	-446	255
Power Tools	150	150	-25	125
Fuel Site Upgrades and Improvements	200	410	-210	200
Building Renovations			214	214
Fleet Asset Acquisitions	22,336	15,178		15,178
Fleet Software Application				
TOTAL FLEET MANAGEMENT AGENCY	23,313	16,439	-467	15,972

Capital Forecast to Preliminary Budget Reconciliation

CAPITAL PROJECTS SUMMARY	ADOPTED IN PRINCIPLE			ADOPTED IN PRINCIPLE		
<i>(in Thousands of \$)</i>	FORECAST	CHANGES	FORECAST	FORECAST	CHANGES	FORECAST
	2021	2021	2021	2022	2022	2022
<u>FLEET MANAGEMENT AGENCY</u>						
Shop Tools & Equipment Upgrades	664	-399	265	664	-419	245
Power Tools	150	-25	125	150	-25	125
Fuel Site Upgrades and Improvements	305	-105	200	305	-105	200
Building Renovations		160	160		225	225
Fleet Asset Acquisitions	15,670		15,670	15,670		15,670
Fleet Software Application		929	929			
TOTAL FLEET MANAGEMENT AGENCY	16,789	560	17,349	16,789	-324	16,465

Capital Forecast to Preliminary Budget Reconciliation

<i>CAPITAL PROJECTS SUMMARY</i>	ADOPTED IN PRINCIPLE			ADOPTED IN PRINCIPLE				6 YEAR TOTAL
<i>(in Thousands of \$)</i>	FORECAST	CHANGES	FORECAST	FORECAST	CHANGES	FORECAST	FORECAST	
	2023	2023	2023	2024	2024	2024	2025	2020-2025
<u>FLEET MANAGEMENT AGENCY</u>								
Shop Tools & Equipment Upgrades	664	-409	255	664	-409	255	255	1,530
Power Tools	150	-25	125	150	-25	125	125	750
Fuel Site Upgrades and Improvements	305	-105	200	305	-105	200	200	1,200
Building Renovations		190	190		197	197	197	1,183
Fleet Asset Acquisitions	15,670		15,670	15,670		15,670	15,670	93,528
Fleet Software Application								929
TOTAL FLEET MANAGEMENT AGENCY	16,789	-349	16,440	16,789	-342	16,447	16,447	99,120

Questions?