Agenda - Council - July 26, 2006

Report - Alternate Service Delivery Committee - July 17, 2006

Item No. 3 Winnipeg Fleet Management Agency Special Operating Agency - 2006 Annual Selection Report
File GL-5.6.1

COMMITTEE RECOMMENDATION:

On July 19, 2006, the Executive Policy Committee concurred in the recommendation of the Alternate Service Delivery Committee and submits the following to Council:

1. That the name of the Fleet Management Agency be changed to "Winnipeg Fleet Management Agency" effective the date of adoption by Council.

2. That the Winnipeg Fleet Management Agency 2006 Selection Report (summary of Business Plan), including the 2006 budget be approved, and the Financial Projections for 2007 and 2008, as outlined in Appendix 3 to the report from the Chief Information Officer dated June 30, 2006, be received as information.

3. That, in accordance with subsection 215 (4) of The City of Winnipeg Charter with respect to Special Service Units, additional long-term borrowing of up to $8.5 million be approved, and the Winnipeg Fleet Management Agency Special Operating Agency be authorized to finance a portion of its operations through external sources, including from the City's bank, or from any other persons or corporations, including the City of Winnipeg Sinking Fund Trustees, for a total borrowing authorization in 2006 of up to $14.3 million.

4. That Winnipeg Fleet Management Agency's Operating Charter and Organization Chart be revised as outlined in Appendices 1 and 2 to the report from the Chief Information Officer dated June 30, 2006, respectively, including the following Operating Charter revisions:

    A. The Agency shall provide fleet management services to a number of City of Winnipeg departments and agencies and may provide fleet management services to other public sector organizations as that term is defined in the Materials Management Policy.

    B. The Agency may reduce Goods and Services tax equivalency transfers to the general revenue fund by nine (9%) percent in 2006 and by twelve (12%) percent beginning in 2007 to reflect the loss of business caused by the outsourcing of the Water and Waste Department's Solid Waste services.

Report - Alternate Service Delivery Committee - July 17, 2006

5. That interest payments to departments on their loan accounts be waived in order to transfer a maximum of $400,000.00 in related savings as part of the total transfers for 2006 from Winnipeg Fleet Management Agency to the general revenue fund, as adopted by Council on March 21, 2006, in the 2006 Operating Budget.

6. That the Chief Operating Officer of the Winnipeg Fleet Management Agency be authorized to approve and execute agreements with the Royal Bank to allow Winnipeg Fleet Management Agency to finance its operations on an ongoing basis.

7. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Pursuant to the provisions of the Operating Charter of the Special Operating Agency, changes to the Operating Charter requires approval of two-thirds of the total number of members of Council.

Report - Alternate Service Delivery Committee - July 17, 2006

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 19, 2006, the Executive Policy Committee concurred in the recommendation of the Alternate Service Delivery Committee and submitted the matter to Council.

COMMITTEE RECOMMENDATION:

On July 17, 2006, the Alternate Service Delivery Committee concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

Further, on July 17, 2006, the Alternate Service Delivery Committee received from Mr. Y. Lupien, Chief Operating Officer, Fleet Management Agency Special Operating Agency, a communication dated July 17, 2006, with respect to the 2006 Annual Selection Report of the Winnipeg Fleet Management Agency Special Operating Agency.

RE: 2006 ANNUAL SELECTION REPORT (SUMMARY OF BUSINESS PLAN) - WINNIPEG FLEET MANAGEMENT AGENCY (SOA)

FOR SUBMISSION TO: **Alternate Service Delivery Committee**

ORIGINAL REPORT SIGNED BY: Cliff Jeffers, Chief Information Officer

REPORT DATE: June 30, 2006

RECOMMENDATION (S):

It is recommended:

1. That the name of the Fleet Management Agency be changed to Winnipeg Fleet Management Agency effective the date of Council approval of this Report.
2. That Council approve the Winnipeg Fleet Management Agency's 2006 Selection Report (summary of Business Plan) including the 2006 budget, and receive the 2007 and 2008 financial projections as information (attached as Appendix 3).
3. That Council approve additional long-term borrowing of up to $8.5 million, in accordance with subsection 215 (4) of the City of Winnipeg Charter with respect to Special Service Units, and authorization be given to the Winnipeg Fleet Management Agency (SOA) to finance a portion of its operations through external sources, including from the City's bank, or from any other persons or corporations, including the City of Winnipeg Sinking Fund Trustees, for a total borrowing authorization in 2006 of up to $14.3 million.
4. That Council approve revisions to the Winnipeg Fleet Management Agency's Operating Charter, and the Organization Chart as tabled in Appendices 1 and 2, respectively, including the following Operating Charter revisions:
    a. The Agency shall provide fleet management services to a number of City of Winnipeg departments and agencies and may provide fleet management services to other public sector organizations as that term is defined in the Materials Management Policy.
    b. The Agency may reduce Goods and Services tax equivalency transfers to the general revenue fund by nine percent in 2006 and by 12 percent beginning in 2007 to reflect the loss of business caused by the outsourcing of the Water and Waste Department's Solid Waste services.
5. That interest payments to departments on their loan accounts be waived in order to transfer a maximum of $400,000 in related savings as part of the total transfers for 2006 from Winnipeg Fleet Management Agency to the general revenue fund, as adopted by Council on March 21, 2006 in the 2006 Operating Budget.
6. That Council authorizes the Chief Operating Officer of the Winnipeg Fleet Management Agency to approve and execute agreements with the Royal Bank to allow Winnipeg Fleet Management Agency to finance its operations on an ongoing basis subject to borrowing authority being approved by Council.

7. That the proper officers of the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing, including the execution of any documents related thereto.

REPORT SUMMARY:

Key Issues:

- There are proposed changes to the Agency's Operating Charter and Organization Chart.
- The Agency requires an additional $8.5 million in long-term borrowing for 2006 to finance a portion of its operations including capital acquisitions and partial repayment of debt - due to the City of Winnipeg.
- The Agency will be working on the integration of the vehicle fleet and associated services of the Winnipeg Fire Paramedic Service, the Winnipeg Police Service and the remainder of the Water and Waste Departments' vehicle fleet and associated services.

Implications of the Recommendation(s):

General Implications

- ☐ None
- ☒ For the organization overall and/or for other Departments
- ☐ For the community and/or organizations external to the City of Winnipeg
- ☐ Involves a multi-year contract

Comment(s): Integration of the vehicle fleet and associated services of the Winnipeg Fire Paramedic Service, the Winnipeg Police Service and the remainder of the Water and Waste Departments' vehicle fleet and associated services will change organizational reporting structure.

Policy Implications

- ☐ No
- ☒ Yes

Comments: A change to the Agency's Operating Charter allows the Agency to provide its fleet management services to other public sector organizations as defined in the Materials Management Policy. Any changes to the Agency's Operating Charter require Council approval**.**

Regulatory Implications

- ☒ None
- ☐ Eliminates or reduces regulatory impact
- ☐ Proposes regulatory impact

Environmental Implications

- ☒ No
- ☐ Yes

Human Resource Implications

- ☐ No
- ☒ Yes

Comment(s): Integration of the vehicle fleet and associated services of the Winnipeg Fire Paramedic Service, the Winnipeg Police Service and the remainder of the Water and Waste Departments' vehicle fleet and associated services will create redundancies, to be managed in accordance with the terms of the collective agreements**.**

Financial Implications

- ☐ Within approved current and/or capital budget
- ☒ Current and/or capital budget adjustment required

Comment(s): Changes to the Agency's long-term borrowing requires Council approval.

REASON FOR THE REPORT:

Winnipeg Fleet Management Agency's Operating Charter stipulates that a Selection Report (summary of business plan) be submitted to Council each year. Any amendments to the Agency's Operating Charter require Council approval.

HISTORY:

On May 28, 2003, the Winnipeg Fleet Management Agency (WFMA) received Council approval to operate as a Special Operating Agency (SOA) of the City of Winnipeg, effective January 1,

2003. The creation of the SOA provided for a distinct, accountable Agency dedicated to fleet service delivery with the ability to provide integrated service and comprehensive fleet management expertise to its customers. WFMA manages a fleet of approximately 1,700 light, heavy and specialty vehicles ranging from riding mowers to front end loaders, using life cycle cost management principles.

Historical milestones in the creation of the Agency included:

- On March 20, 1997, Council adopted a document entitled "Reshaping our Civic Government". The document identified the development of Special Operating Agencies ("SOA") as one of the five strategic initiatives needed to create a more affordable and fundamentally better civic government.
- On September 24, 1997, Council adopted the strategic direction with regard to SOAs identified in the report entitled "Special Operating Agencies Initiative".
- On March 25, 1998, Council adopted the Policy and Framework for Alternative Service Delivery (ASD), which recommended that certain services be studied as potential candidates for delivery outside of the departmental structure of government.

- In 1999, Public Works Department conducted a feasibility study of alternative service delivery options for those services provided by Equipment and Material Services (EMS). The report was presented in June 2000 and it recommended that EMS become a Special Operating Agency.

- On October 18, 2000, Council approved the Alternative Service Delivery Committee's feasibility study recommendation that administration produce a Business Plan and Operating Charter to convert EMS to an SOA. Further, Council approved that the Business Plan and Operating Charter be premised on the following principles:

    - The SOA maintain the existing dedicated customer base for a period of three years;
    - The SOA assume ownership of the fleet of its current customers;
    - The SOA have the authority to access the Equipment Replacement Reserve as a financing source for the replacement of equipment; and
    - The SOA have the authority to increase its customer base.

- On November 24, 2005, Council adopted a recommendation that gave the Chief Administrative Officer (CAO), or delegate, direct authority over Special Operating Agencies. Effective November 30, the WFMA Chief Operating Officer was directed to report to the Chief Information Officer of the City of Winnipeg, as delegate.

DISCUSSION:

The Agency's mandate, mission, vision, lines of service and performance measures are outlined as follows:

Mandate

To provide efficient and effective fleet, manufacturing and equipment management services to civic departments and other public sector organizations.

Mission

To deliver the highest quality and most cost effective fleet management services to City of Winnipeg departments and other public sector organizations.

Vision

To be the best public fleet service provider in North America

Services

1. **Fleet Acquisition and Disposal** – The Agency selects and acquires fleet vehicles and equipment. The Agency is also responsible for vehicle and equipment disposal.

2. **Motor Pool** - The Agency has a pool of vehicles and equipment that are rented to customers to meet short-term requirements that cannot be met by longer-term agreements.

3. **Fleet Maintenance** - This service includes preventative and corrective maintenance for vehicles and equipment. The maintenance and repair of the fleet is conducted at three repair facilities and one satellite facility in Winnipeg. This service requires constant, day-to-day interactions with customers while their vehicles and equipment are being maintained. Service trucks are also used to conduct on-site maintenance as required for immobile equipment, flat tires, or for other like circumstances where the vehicle or equipment cannot attain access to a repair facility.

4. **Manufacturing and Fabrication** - Manufacturing and fabrication services provide a one-stop solution for the unique needs of customers. The manufacturing and fabrication is conducted at one major manufacturing facility in Winnipeg, with certified staff. Mobile work units are customized and specialty equipment is manufactured to meet the changing needs of work crews. Services include machining, welding, carpentry and structural repair.

5. **Fuel Management** - The three fuel types provided by the Agency include unleaded gas, clear diesel and purple diesel. Fuel is managed using a charge-back system to customers based on fuel consumption. Customers have access to fuel on a 24-hour per day basis, seven days a week, at eight major fuelling stations operated by the Agency.

6. **Insurance and Licensing** – The Agency provides complete insurance and licensing services for all Agency vehicles and equipment and to other City departments with

fleets separate from the Agency's fleet. Insurance and licensing includes accident investigation and claims settlement.

7. **Power Tools** – The Agency operates a rental and repair service that provides motor driven tools to City of Winnipeg departments engaged in outdoor construction, maintenance activities such as parks maintenance. Typical tools that are rented include chainsaws, quick cut saws and lawn mowers.

8. **Vehicle Safety Training** - This service provides safety/training for vehicle operators and Occupational Safety Services within the Agency. This service also ensures appropriate accident management procedures are followed in the event of a vehicle or equipment accident.

9. **Leasing** - The Agency provides full maintenance leasing and some non-maintenance leasing to City of Winnipeg departments and agencies.

Performance Measures

The Agency's performance measures include the achievement of financial results as detailed in its 2006 projected financial statements. An annual report will outline the success of the Agency in terms of meeting all its performance measures and the achievement of service goals and strategies as outlined in the 2006-2008 Business Plan, including the following 2006 priorities:

- Devise a strategy and begin the integration of the vehicle fleet and associated services of the Winnipeg Fire Paramedic Service, the Winnipeg Police Service and the remainder of the Water and Waste Departments' vehicle fleet and associated services.
- Devise a strategy for upgrading the fuel storage tanks and pumps at fuelling locations owned by the City of Winnipeg, to ensure compliance with new provincial fuel storage regulations.
- Improve customer satisfaction by developing a communications plan for customers.
- Continue to integrate the Agency's Information Technology systems.
- Develop operational management reporting using RTA fleet management software and Crystal Software Suite.
- Research options to implement best practices for retrieving fuel data such as odometer readings from customers.
- Develop a vehicle safety program and enforce workplace and vehicle safety standards, regulations and procedures.
- Conduct trials on fuel efficiency options for customers such as continuing the evaluation of hybrid vehicles, investigating idle reduction technologies and evaluating wireless vehicle diagnostic devices to track idle time, vehicle mileage and other diagnostic information.
- Investigate alternative fuel opportunities and hybrid technologies with the aim to reduce the environmental footprint and by providing financial and administrative support to the Red River Valley Clean Cities Coalition Winnipeg Chapter (a non-profit that promotes alternative fuel development locally).

Financial Projections

(In thousands of dollars)	**Net Income From Operations**	**Charges from City of Winnipeg – general revenue fund**	**Net Income (Net Loss) for the Year**
2006	**2,073**	**1,849**	**224**
2007	1,564	1,751	(187)
2008	672	1,784	(1,112)

The Agency's projected net income for 2006 is $224,000 with total revenues projected at $30,393,000 and total expenses projected at $28,320,000. Charges from the City of Winnipeg – general revenue fund are projected to amount to $1,849,000 for 2006, with the majority of these charges representing transfers of Agency earnings to the general revenue fund. In addition, the Agency will transfer $7.7 million to the City of Winnipeg – general revenue fund for repayment of a portion of its debt due to the City of Winnipeg.

The Agency is projecting a net loss for 2007 in the amount of $187,000 and a net loss for 2008 in the amount of $1,112,000. These financial losses are the result of transition costs associated with the recent contracting out initiative with regards to residential waste collection. It should be noted that charges from the City of Winnipeg - general revenue fund are projected to be $1,751,000 for 2007 and $1,784,000 for 2008. The Agency is projecting net income from operations during 2007 and 2008 in the amount of $1,564,000 and $672,000 respectively, before charges from the City of Winnipeg - general revenue fund. The Agency will transfer an additional $4.5 million in both 2007 and 2008 to the City of Winnipeg – general revenue fund for repayment of a portion of its debt – due to the City of Winnipeg.

Notes to Recommendations

Explanations for the proposed recommendations are provided below. These recommendations are policy related and require Council approval.

1) That the name of the Fleet Management Agency be changed to Winnipeg Fleet Management Agency effective the date of Council approval of this Report.

2) That Council approve the Winnipeg Fleet Management Agency's 2006 Selection Report (summary of Business Plan) including the 2006 budget, and receive the 2007 and 2008 financial projections as information (attached as Appendix 3).

3) That Council approve additional long-term borrowing of up to $8.5 million in accordance with subsection 215 (4) of the City of Winnipeg Charter with respect to Special Service Units, and authorization be given to the Winnipeg Fleet Management Agency (SOA) to finance a portion of its operations through external sources, including from the City's bank,

or from any other persons or corporations, including the City of Winnipeg Sinking Fund Trustees, for a total borrowing authorization in 2006 of up to $14.3 million.

a) The Agency's total loan requirements for 2006 amount to $14.3 million. Borrowed funds will be used to finance a portion of its operations including capital acquisitions and partial repayment of debt - due to the City of Winnipeg. The Agency has borrowing authority in the amount of $5.8 million for 2006 as adopted by Council on March 21, 2006 in the 2006 Operating Budget. Additional Council borrowing authority of $8.5 million is requested by the Agency through its 2006 Selection Report, for total borrowing authorization in 2006 of up to $14.3 million.

b) The Agency's borrowing authority, carried over from 2005 due to changes in timing of planned capital acquisitions and partial repayments of debt - to the City of Winnipeg, amounts to $9.5 million. The Agency will require the 2005 carried over borrowing authority and the 2006 borrowing authority, for a total combined borrowing authority of $23.8 million to finance a portion of its operations in 2006 including capital acquisitions in the amount of $16.1 million and partial repayment of debt – due to the City of Winnipeg in the amount of $7.7 million.

4) That Council approve revisions to the Winnipeg Fleet Management Agency's Operating Charter, and the Organization Chart as tabled in Appendices 1 and 2, respectively, including the following Operating Charter revisions, with respect to policy:

a) The Agency shall provide fleet management services to a number of City of Winnipeg departments and agencies and may provide fleet management services to other public sector organizations.
   i) The Agency is proposing to provide its fleet management services to other public sector organizations. For the purpose of the Agency's operating charter, a 'public sector' organization means a government, a non-profit organization, a charity, a municipality, a school authority, a hospital authority, a public college or a university. The definition is currently used in the City of Winnipeg's Materials Management Policy.

b) The Agency may reduce Goods and Services tax equivalency transfers to the general revenue fund by nine percent in 2006 and by 12 percent beginning in 2007 to reflect the loss of business caused by the outsourcing of Water and Waste Department's Solid Waste services.
   i) The Agency is planning to expand its client base to compensate for the loss of business resulting from the contracting out of Solid Waste services. The Agency may have the opportunity to provide services to other public sector organizations and to contractors doing work for the City of Winnipeg, under the terms and conditions acceptable by the City's Legal Department.
   ii) The Agency is requesting a reduction in the transfer of GST equivalency to the City of Winnipeg – general revenue fund to correspond to the same percentage reduction in services due to the Solid Waste contracted out services.

5) That interest payments to departments on their loan accounts be waived in order to transfer a maximum of $400,000 in related savings as part of the total transfers for 2006 from Winnipeg Fleet Management Agency to the general revenue fund, as adopted by Council on March 21, 2006 in the 2006 Operating Budget.

    a) The transfer of interest savings to the City of Winnipeg - general revenue fund will assist the City with budget demands.

6) That Council authorizes the Chief Operating Officer of the Winnipeg Fleet Management Agency to approve and execute agreements with the Royal Bank to allow Winnipeg Fleet Management Agency to finance its operations on an ongoing basis subject to borrowing authority being approved by Council.

    a) The Agency is planning to borrow funds from the Royal Bank in combination with borrowing from the City of Winnipeg, to finance a portion of its operations including capital acquisitions and partial repayment of debt – due to the City of Winnipeg.

7) That the proper officers of the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing, including the execution of any documents related thereto.

Notes to Operating Charter Revisions - Delegations and Exemptions

The notes to the Agency's Operating Charter delegations and exemptions, with respect to non-policy items, include the following in summary form:

1) City departments and agencies are authorized to sign Agency lease agreements, including agreements with terms of over five years, for fleet management services.
    - The Agency's external auditors have recommended signed lease agreements between the Agency and its customers, as support for revenue streams, and to clarify terms and conditions and responsibilities of vehicle and equipment leasing.

2) The Agency's current customers will continue all services with the Agency, and that the City of Winnipeg, in working with the Agency, will determine the process, conditions, timing and approvals that will allow departments the option of using an alternate fleet management service provider.
    - By October 1, 2006, an agreed upon process will be developed by the Agency and the City, to clarify the role of the Agency within the City, and to define acceptable alternatives to Agency services available to Agency customers.

3) The Agency may repay a portion of its long-term debt - due to the City of Winnipeg in the amount of $7.7 million.
    - Partial repayment of debt – due to the City of Winnipeg will assist with City budget demands.

4) The Chief Operating Officer reports to the Chief Administrative Officer, or designate, with the Chief Administrative Officer, or designate, taking on the role previously assigned to the department head.
   - Recognition of the reporting amendment previously approved by Council on November 24, 2004.

5) Revised delegations and exemptions to the Operating Charter with respect to Administrative Directive No. FM-002 Materials Management Policy delegated authority as outlined in Appendix 1, number 1.
   - The Agency is recommending revisions to its delegations of authority for Agency acquisitions and disposals in order to meet customer operational requirements on a timelier basis, and to ensure the Agency receives best value for disposal of fleet vehicles and equipment, in compliance with the Agreement on Internal Trade. Revised delegations and exemptions to the Operating Charter with respect to Administrative Directive No. FM-002 Materials Management Policy delegated authority, as outlined in Appendix 1, point 1.

6) The Chief Operating Officer may set prices at market rates to City of Winnipeg customers.
   - Clarification of current delegation with respect to Agency price setting at market rates for Agency services.

7) The Agency is exempt from standard spending limits and forecasting for budgetary control purposes.
   - Clarification of current exemption regarding corporate budgeting and forecasting.

8) The Chief Operating Officer has the authority to negotiate fees for those services represented by government general charges, and may choose alternate service providers. Internal government charges will be reviewed.
   - Reasonable fees for corporate services may be negotiated, along with the option of using alternative service providers.

9) The Chief Operating Officer has the authority to carry forward any unused loan approvals and capital asset acquisition approval amounts to future years, as required for the timing of operations.
   - Clarification of current delegation regarding carry over of authorized capital acquisitions resulting from changes in the timing of capital acquisitions.

10) The Agency is exempt from any new Council policies unless otherwise stated by Council and from any new Administrative Directives unless otherwise directed by the Chief Administrative Officer after consultation with the Chief Operating Officer.
   - Clarification and expansion of current exemption.

Financial Impact Statement Date: 29-May-06

Project Name: Selection Report - Winnipeg Fleet Management Agency (SOA)

COMMENTS:

See attached Projected Financial Statements of the Winnipeg Fleet Management Agency

Original Signed by Cheryl Turman, CA

Supervisor of Finance & Administration

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Corporate Services Department
Corporate Finance Department

External Consultation With: N/A

THIS REPORT SUBMITTED BY:

Department: Winnipeg Fleet Management Agency (SOA)
Prepared by: Yvan Lupien, Chief Operating Officer, 986-5337
File No.: 2006 Selection Report

Appendices

1. **Changes to the Operating Charter**

2. **Organization Chart**

3. **Financial Projections**

Appendix 1

WINNIPEG FLEET MANAGEMENT AGENCY

CHANGES TO THE OPERATING CHARTER

APPENDIX 1 - CHANGES TO THE OPERATING CHARTER

CHANGES TO SECTION 2.6, 3.1, 3.8, 5.5 AND 6.3 OF THE OPERATING CHARTER

OPERATING CHARTER	CURRENT	RECOMMENDED
Section 2.6 **Concept of Operations**	The core of the SOA concept is the fair and efficient delivery of services to a diverse client base. FMA shall provide fleet management services to a number of City of Winnipeg departments and other public organizations. No single competitor exists that can provide the comprehensive fleet services for both light and heavy fleet through decentralized locations. FMA shall manage a fleet of approximately 1,700 units, ranging from riding mowers to ambulances and heavy machinery. Life cycle cost management shall be the model implemented to manage the operations.	The core of the SOA concept is the fair and efficient delivery of services to a diverse client base. The *Agency* shall provide fleet management services to a number of City of Winnipeg departments *and agencies and may provide services to other public sector organizations.* No single competitor exists that can provide the comprehensive fleet services for both light and heavy fleet through decentralized locations. The *Agency* shall manage a fleet of approximately 1,700 units, ranging from riding mowers to ambulances and heavy machinery. Life cycle cost management shall be the model implemented to manage the operations.
Section 3.1 **Reporting Relationships**	The Agency reports to the Director of the Public Works Department. Policy direction comes from Council, the Executive Policy Committee (EPC) and the Alternative Service Delivery (ASD) Committee in consultation with the Standing Committee(s). The ASD Committee assures corporate financial direction and accountability. The Chief Operating Officer shall liaise with the Director of Public Works on a day-to-day basis. An Advisory Board shall provide advice on strategic operations.	The Agency reports to the *Chief Administrative Officer's designate*. Policy direction comes from Council, the Executive Policy Committee (EPC) and the Alternative Service Delivery Committee (ASD) in consultation with the Standing Committee(s). The ASD Committee assures corporate financial direction and accountability. The Chief Operating Officer shall liaise with the *Chief Administrative Officer's designate* on a regular basis. An Advisory Board shall provide advice on strategic operations.

OPERATING CHARTER	CURRENT	RECOMMENDED
Section 3.8 **Department Head Responsibility**	The Director of Public Works monitors the Agency's management, operations, and performance relative to the attainment of civic goals and departmental objectives. The Department Head advises the Chief Administrative Officer and relevant Standing Policy Committee on policy matters concerning the effective management, operation, and performance of the Agency. The Department Head or designate is a member of the Advisory Board. The Department Head receives and interprets the advice of the Advisory Board. The advice is used to assist the Department Head in advising the ASD Committee and Standing Committee and EPC on policy matters, and to provide guidance to the Agency. The Department Head facilitates effective and efficient working relationships and resource sharing with other organizations within the department, as well as across City departments, to ensure congruent planning and budgeting and to achieve corporate economies and benefits.	*The Chief Administrative Officer's designate* monitors the Agency's management, operations, and performance relative to the attainment of civic goals and departmental objectives. The *Chief Administrative Officer's designate* advises the Chief Administrative Officer on policy matters concerning the effective management, operation, and performance of the Agency. The *Chief Administrative Officer's designate* is a member of the Advisory Board. The *Chief Administrative Officer's designate* receives and interprets the advice of the Advisory Board. The advice is used to assist the *Chief Administrative Officer's designate* in advising the ASD Committee, Standing Committees and EPC on policy matters, and to provide guidance to the Agency. The *Chief Administrative Officer's designate* facilitates effective and efficient working relationships and resource sharing with other organizations within the department, as well as across City departments, to ensure congruent planning and budgeting and to achieve corporate economies and benefits.
Section 5.5 **Vehicle Leasing**	The Agency shall provide full service leasing. The Agency will enter into lease agreements with the customers. The Agency shall have the right to provide services with or without lease agreements. Fuel shall continue to be billed on the current usage basis, and shall not be included in the lease.	The Agency shall provide full service leasing. The Agency *may* enter into lease agreements with customers. The Agency shall have the right to provide services with or without lease agreements. Fuel shall continue to be billed on the current usage basis, and shall not be included in the lease rate. *The Agency may lease and/or provide its services to other public sector organizations.*

OPERATING CHARTER	CURRENT	RECOMMENDED
Section 6.3 **Reward and Recognition**	The Agency shall devise and implement rewards that stem from the business successes of the organization. Appropriate incentive program shall be explored in consultation with Human Resource Services and presented on a business case basis in the summary of the annual business plan.	The Agency *may* devise and implement rewards that stem from the business successes of the organization. Any such appropriate incentive programs shall be explored in consultation with Human Resource Services and presented on a business case basis in the Selection Report, summary of the annual business plan.

CHANGES TO THE DELEGATIONS AND EXEMPTIONS

The changes in the delegations and exemptions are highlighted by providing the current list of delegations and exemptions followed by the recommended changes to the delegations and exemptions. The recommended changes to the delegations and exemptions identify whether it is replacing a previously approved delegation or exemption or whether it is a new delegation or exemption.

Current Delegations and Exemptions:

a) The Chief Operating Officer has delegated authority within the jurisdiction of the Agency consistent with that of the Department Head for Public Works, with a dollar limit not to exceed $100,000 including the award of contracts.

b) The Chief Operating Officer has the authority to fix and charge prices, rates and fees for fleet leases, interest charged or paid on balances, equipment rental rates, prices for manufactured goods, petroleum products and services related to them.

c) The Agency must comply with the City's Policy on Purchasing Procedures and Disposal of Surplus Supplies and the Assignment of Consultants Policy, with the exceptions that the Chief Operating Officer has the authority to approve single source purchases for goods and services not contravening the Agreement on Internal Trade, and to approve multi-year operational agreements not exceeding five years.

d) The Agency is exempt from vacancy and expenditure management processes and related global budget reductions.

e) The Agency is exempt from standard spending limits for budgetary control purposes. Bottom-line financial results are the mechanism for measuring the success of the Agency.

f) The Agency must continue to provide fleet management services to existing City client departments and agencies for a period of three years from the date of the establishment of the Agency. After that period, at the request of the client department, alternate arrangements may be made with other service providers as long as they show clear net benefits, in an approved business plan, to the City of Winnipeg for those arrangements.

g) Existing fuel customers may not use alternate sources of fuel supplies for a period of three years from the date of the establishment of the Agency.

h) When the Agency is directed to undertake "public good" initiatives, these activities shall be reimbursed by the City of Winnipeg at full cost.

i) Appropriate policy directives are to be incorporated as amendments to the Charter at the earliest opportunity. The Agency is exempt from new policies and directives unless specifically directed to participate.

Recommended Changes to Delegations and Exemptions:

1. The following table illustrates delegations under Administrative Directive No. FM-002 Materials Management Policy, and the corresponding recommended Agency Operating Charter delegations, with respect to the Materials Management Policy. Pursuant to section B4.3 of Administrative Directive No FM-002, the Chief Operating Officers of the City's Special Operating Agencies have specified award authority as set out in their Operating Charters. The following recommended Operating Charter delegations (highlighted in italics) replace a) and c) of the current delegations and exemptions.

ADMINISTRATIVE DIRECTIVE No. FM-002 MATERIALS MANAGEMENT POLICY	RECOMMENDED OPERATING CHARTER DELEGATIONS
B. ROLES AND RESPONSIBILITIES **B1. DELEGATION OF AUTHORITY** **Department Heads** **B1.2** The Chief Financial Officer hereby delegates to the Department Heads, his/her delegated authority under B8. of the Policy to: (a) award a contract for a Departmental Purchase where: (i) the contract is for a Supply to the City, the reasonable estimate of the Consideration does not exceed five thousand dollars ($5,000), with or without the Solicitation of Competitive Offers, which authority may be further delegated; or (ii) the contract is for Consultant Services pursuant to Appendix 1, Consultant Services, and the Consideration does not exceed one hundred thousand dollars ($100,000); and (iii) there are sufficient funds for the Consideration to be paid by the City in a budget therefore approved by Council. (b) determine that a Bid within his/her Award Authority is non-responsive and shall be rejected; (c) determine that it is in the best interest of the City to not make an award of contract, which award would otherwise be within his/her authority; (d) issue letters of intent/purchase orders for contracts approved by Council or Standing Committee; (e) initiate a Solicitation where the reasonable estimate of the Consideration does not exceed	The *Chief Operating Officer* has delegated Award Authority under B8. of the Policy to: (a) award a contract for an *Agency Purchase* where: (i) the contract is for a Supply to the Agency, the reasonable estimate of the Consideration does not exceed five thousand dollars ($5,000), with or without the Solicitation of Competitive Offers, which authority may be further delegated; or *(ii) the contract is for a Supply to the Agency, the reasonable estimate of the Consideration does not exceed twenty-five thousand dollars ($25,000), with the Solicitation of Competitive Offers; or* (iii) the contract is for Consultant Services pursuant to Appendix 1, Consultant Services, and the Consideration does not exceed one hundred thousand dollars ($100,000); and (iv) there are sufficient funds for the Consideration to be paid by the City in a budget therefore approved by Council. (b) determine that a Bid within his/her Award Authority is non-responsive and shall be rejected; (c) determine that it is in the best interest of the *Agency* to not make an award of contract, which award would otherwise be within his/her authority;

ADMINISTRATIVE DIRECTIVE No. FM-002 MATERIALS MANAGEMENT POLICY	RECOMMENDED OPERATING CHARTER DELEGATIONS
five thousand dollars ($5,000).	(d) issue letters of intent/purchase orders for contracts approved by Council or Standing Committee; (e) initiate a Solicitation where the reasonable estimate of the Consideration does not exceed *twenty-five thousand dollars ($25,000). If the estimated Consideration of the Contract is greater than five thousand dollars ($5,000), bids must be requested from three potential suppliers, unless single source, or emergency repair, as defined by the Chief Operating Officer.*
B. ROLES AND RESPONSIBILITIES **B1. DELEGATION OF AUTHORITY** **Department Heads** **B1.3** The Chief Financial Officer hereby delegates to the Department Heads of Planning, Property and Development, Public Works, Transit, and Water and Waste, his/her delegated Award Authority under B8. of the Policy where: (a) the contract is for Supply to the City, does not create an absolute commitment for funds not yet approved by Council, Consideration for the contract does not exceed two million dollars ($2,000,000), and the contract does not exceed five years; or (b) the Supply has been initiated through the Solicitation of Competitive Offers pursuant to B3. of the Policy or negotiated pursuant to B4. of the Policy; and (c) the Consideration for the contract does not exceed two million dollars ($2,000,000); and (d) there are sufficient funds for the Consideration to be paid by the City in a budget therefore approved by Council.	The *Chief Operating Officer* has delegated Award Authority under B8. of the Policy where: (a) the contract is for Supply to the Agency, does not create an absolute commitment for funds not yet approved by Council, Consideration for the contract does not exceed two million dollars ($2,000,000), and the contract does not exceed five years; or (b) the Supply has been initiated through the Solicitation of Competitive Offers pursuant to B3. of the Policy or negotiated pursuant to B4. of the Policy; and (c) the Consideration for the contract does not exceed two million dollars ($2,000,000); and (d) there are sufficient funds for the Consideration to be paid by the City in a budget therefore approved by Council. *Note: The Agency will follow the requirements for Award Reports set out in Appendix 4 of Administrative Directive FM-002.*
B. ROLES AND RESPONSIBILITIES **B1. DELEGATION OF AUTHORITY** **Manager of Materials** **B1.5** The Chief Financial Officer hereby delegates to the	*The Chief Operating Officer* has delegated authority under the Policy to: (a) determine which Agency Goods and Services shall be included in Corporate Contracts;

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Manager of Materials his/her delegated authority under the Policy to: (a) determine which Goods and Services shall be included in Corporate Contracts; (d) initiate negotiations pursuant to B4. of the Policy when the Consideration for the contract is estimated not to exceed one million dollars ($1,000,000); (f) determine which supplies are surplus to the City's needs; (g) determine which Surplus Supplies are likely to be of use to other City departments, agencies or bodies, and to determine the notice of availability, if any to be given, and the transfer of value, if any, between City departments; (h) set out operational procedures as he/she deems advisable for the due administration of this directive;	(b) initiate negotiations pursuant to B4. of the Policy when the Consideration for the contract is estimated not to exceed *one hundred thousand dollars ($100,000)*; (c) *approve single source purchases of goods and services for amounts not exceeding one hundred thousand dollars ($100,000), not contravening the Agreement on Internal Trade*; (d) determine which *Agency* supplies are surplus to the *Agency's* needs; (e) determine which *Agency* Surplus Supplies are likely to be of use to other City departments, agencies or bodies, and to determine the notice of availability, if any to be given, and the transfer of value, if any, between City departments; (f) *determine the best method for disposal of Agency fleet vehicles and equipment, and supplies subject to compliance with existing City of Winnipeg contracts.*
G. PROCEDURES **G.1 SOLICITATION OF COMPETITIVE OFFERS** **G1.1** Every Solicitation of Competitive Offers shall be issued through, and Bids in response thereto shall be received through the Materials Management Branch unless: (a) the estimated Amount of the Consideration does not exceed five thousand dollars ($5,000);	Every Solicitation of Competitive Offers *for the Agency* shall be issued through, and Bids in response thereto shall be received through the Materials Management Branch unless: (a) the estimated Amount of the Consideration does not exceed *twenty five thousand dollars ($25,000)*; (i) *Where amounts are over five thousand dollars ($5,000), and not exceeding twenty five thousand dollars ($25,000), the Agency shall solicit a minimum of three (3) quotes, unless single source, or emergency repair, as defined by the Chief Operating Officer; or* (b) *the Solicitation is for disposal of fleet vehicles or equipment, where the Chief Operating Officer will determine the best method of disposition based on type of vehicles or equipment, market factors and timing of disposition.*

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H. DEFINITIONS **H1.1** (i) "Solicitation of Competitive Offers" is an invitation to make an offer to the City by way of a Solicitation that is posted on the City's Materials Management Website.	*The Chief Operating Officer has delegated authority to operate according to the definition of "Solicitation of Competitive Offers" as:* (a) an invitation to make an offer to the *Agency* by way of a Solicitation that is posted on the City's Materials Management Website for amounts exceeding *twenty five thousand dollars ($25,000); or* (b) *an invitation to make an offer to the Agency by way of Solicitation that may be by quote for amounts over five thousand dollars ($5,000), not exceeding twenty five thousand dollars ($25,000).*

2. The Chief Operating Officer has the authority to fix and charge prices, determine rates and fees for fleet leases, including all-inclusive lease rates or segregated rates, interest charged or paid on balances, equipment rental rates, and prices for manufactured goods, petroleum products, consulting services and other Agency services. The Chief Operating Officer has the authority to set prices at market rates to City of Winnipeg customers (replaces b) of the current delegations and exemptions).

3. The Agency is exempt from standard spending limits and forecasting for budgetary control purposes. Bottom-line financial results are the mechanism for measuring the financial success of the Agency (replaces e) of the current delegations and exemptions).

4. Existing City of Winnipeg customers may not use alternate sources for any Agency services, including fuel supplies, for a period of the later of four years, or the date that the City has determined an opt-out process for the request and approval of alternate fleet service providers. Alternate fleet service providers may only be used upon approval from the Chief Administrative Officer or designate after clear net benefits to the City of Winnipeg are demonstrated, accounting for all related costs for those arrangements, through an approved business plan verified by a third party designated by the Chief Administrative Officer (replaces f) and g) of the current delegations and exemptions).

5. The Agency is exempt from any new Council policies, unless otherwise stated by Council, which impedes its ability to operate in a business-like manner. The Agency is exempt from new Administrative Directives, unless otherwise directed by the Chief Administrative Officer after discussion with the Chief Operating Officer (replaces i) of current delegations and exemptions).

6. The Chief Operating Officer has the authority to negotiate fees for those services represented by government general charges, and may choose alternate service providers. Internal government charges will be reviewed (new).

7. The Chief Operating Officer has the authority to carry forward any unused loan approvals and capital asset acquisition approval amounts to future years, as required for the timing of operations (new).

8. The Chief Operating Officer has authority to operate at arms length with City of Winnipeg customers, and to require City customers to sign long-term lease agreements, including agreements with terms of over five years, for fleet management services. City customers may terminate lease agreements early, with penalty (new).

9. The Agency has approval to reduce Goods and Services tax equivalency transfers to the general revenue fund by nine percent in 2006 and by 12 percent beginning in 2007 to reflect the loss of business caused by the outsourcing of Water and Waste Department's Solid Waste services (new).

Appendix 2

WINNIPEG FLEET MANAGEMENT AGENCY

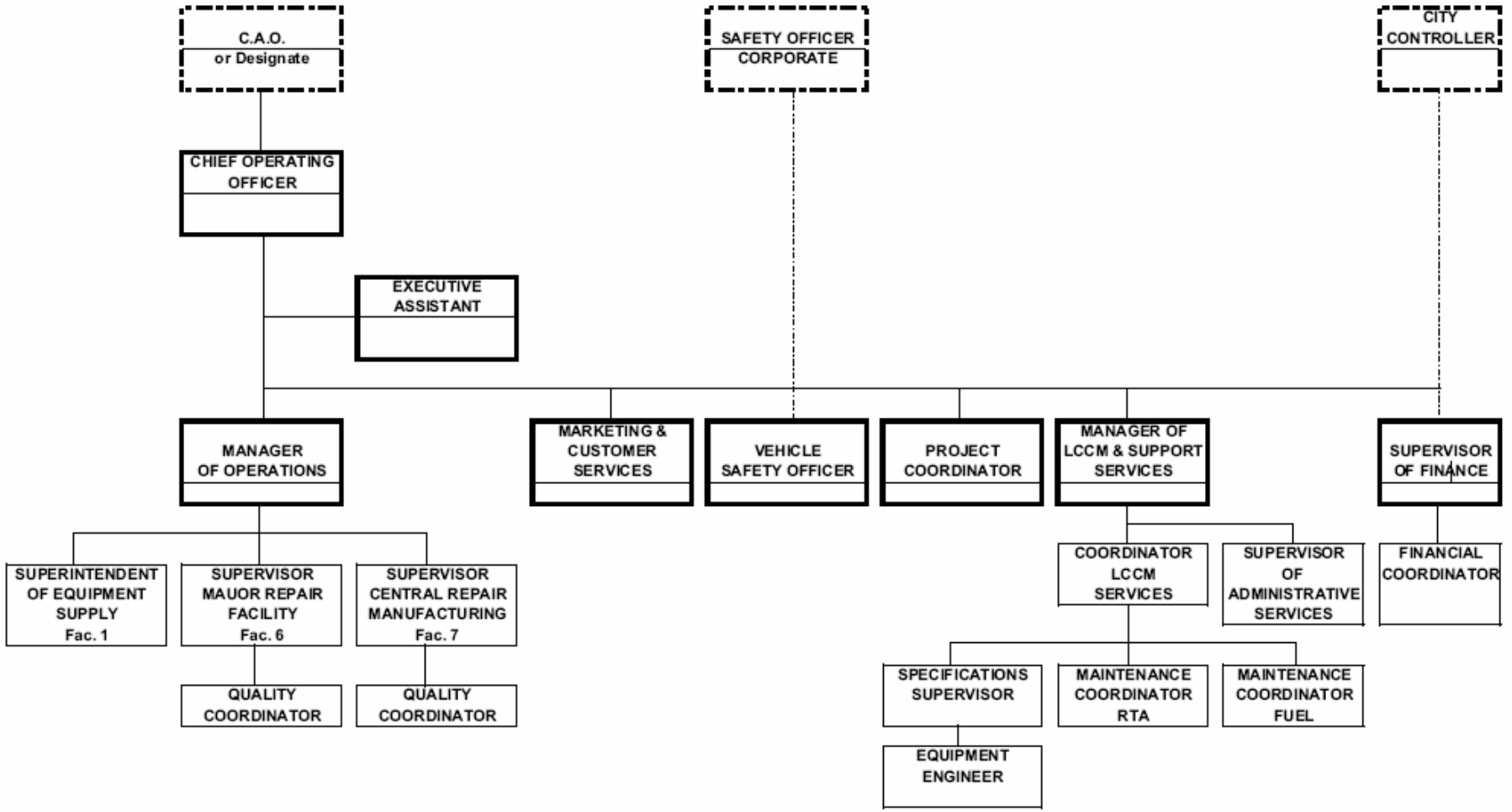
ORGANIZATIONAL CHART

Winnipeg

Fleet Management Agency

ORGANIZATION STRUCTURE

ADMINISTRATION



Appendix 3

WINNIPEG FLEET MANAGEMENT AGENCY

FINANCIAL PROJECTIONS

2006 - 2008

See Separate Adobe Attachment