Agenda - Council – March 23, 2011

Report – Alternate Service Delivery Committee – March 15, 2011

Item No. 3 Winnipeg Fleet Management Agency - 2011 Business Plan (Selection Report)

COMMITTEE RECOMMENDATION:

On March 16, 2011, the Executive Policy Committee concurred in the recommendation of the Alternate Service Delivery Committee and submits the following to Council:

1. That the Winnipeg Fleet Management Agency's 2011 Business Plan (Selection Report) including the 2011 budget be approved, and the 2012 and 2013 financial projections included as Attachment 1 to the report of the Winnipeg Public Service dated March 3, 2011, be received as information.

2. That an additional long-term borrowing of up to $6.7 million in 2011 be approved, 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.

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

Report – Alternate Service Delivery Committee – March 15, 2011

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 16, 2011, the Executive Policy Committee concurred in the recommendation of the Alternate Service Delivery Committee and submitted the matter to Council.

COMMITTEE RECOMMENDATION:

On March 15, 2011, the Alternate Service Delivery Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

ISSUE: 2011 BUSINESS PLAN (SELECTION REPORT) - WINNIPEG FLEET MANAGEMENT AGENCY (SPECIAL OPERATING AGENCY)

Critical Path: Alternate Service Delivery Committee - EPC - Council

AUTHORIZATION

A. Author	B. Department Head	C. CFO	D. CAO
E.	**G.**	**I.**	**J.**
F. C. Turman	**H. H. Hajer**		

RECOMMENDATIONS

It is recommended that:

1. Council approve the Winnipeg Fleet Management Agency's 2011 Business Plan (Selection Report) including the 2011 budget, and receive the 2012 and 2013 financial projections as information, included as Attachment 1.
2. Council approve additional long-term borrowing of up to $6.7 million in 2011, 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.
3. 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.

KEY IMPLICATIONS OF THE RECOMMENDATIONS

Key implications:

- The Agency requires $6.7 million in borrowing authority to finance a portion of its operations.
- In order to bring The City into compliance with Provincial regulations for storing petroleum fuel, the Agency will continue with the construction of new fuel sites, and remediation and closure of old fuel sites for all City fuel locations except for two under the Transit Department's control.
- Environmental liability exposure to The City will be greatly reduced by decreasing the number of fuel locations and by installing leak detection systems into the underground storage tanks at new City fuel sites.
- The Agency will continue to work with Winnipeg Police Service and Winnipeg Fire Paramedic Service to standardize fleet management reporting.
- The Agency will work with all City departments to improve efficiencies in fuel site management, automatic car washes, vehicle maintenance, purchasing, and Green Fleet Plan initiatives.
- To promote the joint efforts with Transit and Winnipeg Police Service, the Agency will be using The City's Green Fleet Plan initiative as a catalyst to improve communication between the two departments and the Agency.
- The Agency will consider establishing a service presence at the City's East Yards or alternate location.
- The Agency will work with Corporate Support Services to develop a fleet replacement planning data base with a link to the current fleet management software.
- The Agency will work with departments to review existing low usage light fleet vehicles, and investigate opportunities to implement a pool of vehicles with associated charges based on actual usage.
- The Agency will work with departments to set pre-determined idle times on a per unit and usage basis for all fleet.

HISTORY

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 May 28, 2003, Winnipeg Fleet Management Agency received Council approval to operate as a Special Operating Agency of the City of Winnipeg, effective January 1, 2003.

FINANCIAL IMPACT

Financial Impact Statement **Date:** March 3, 2011

Project Name: **First Year of Program** **2011**

2011 Business Plan (Selection Report) - Winnipeg Fleet Management Agency

	2011	2012	2013	2014	2015
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: See Attachment 1 - 2011 Business Plan (Selection Report), Appendix 1 for the 2011 to 2013 Projected Financial Statements and Notes

original signed by
C. Turman, CA
Supervisor of Finance

CONSULTATION

In preparing this Report there was consultation with:

- Winnipeg Fleet Management Agency Board of Directors
- Community Services
- Planning, Property and Development
- Winnipeg Police Service
- Public Works
- Assessment and Taxation
- Corporate Support Services
- Water and Waste
- Winnipeg Fire Paramedic Service

SUBMITTED BY

Department: Winnipeg Fleet Management Agency (Special Operating Agency)
Division:
Prepared by: Cheryl Turman, CA
Date: March 3, 2011
File No.

ATTACHMENT 1

2011 BUSINESS PLAN (SELECTION REPORT) – WINNIPEG FLEET MANAGEMENT AGENCY (SPECIAL OPERATING AGENCY)



WFMA 2011 Business Plan

WINNIPEG FLEET MANAGEMENT AGENCY (Special Operating Agency)
2011 BUSINESS PLAN (Selection Report)

In accordance with the Winnipeg Fleet Management Agency's Operating Charter, a Business Plan (Selection Report) is to be submitted to Council.

RECOMMENDATIONS

It is recommended that:

1. Council approve the Winnipeg Fleet Management Agency's 2011 Business Plan (Selection Report) including the 2011 budget, and receive the 2012 and 2013 financial projections as information, attached as Appendix 1.
2. Council approve additional long-term borrowing of up to $6.7 million in 2011, 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.
3. 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.

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Key implications:

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- In order to bring The City into compliance with Provincial regulations for storing petroleum fuel, the Agency will continue with the construction of new fuel sites, and remediation and closure of old fuel sites for all City fuel locations except for two under the Transit Department's control.
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- The Agency will work with all City departments to improve efficiencies in fuel site management, automatic car washes, vehicle maintenance, purchasing, and Green Fleet Plan initiatives.
- To promote the joint efforts with Transit and Winnipeg Police Service, the Agency will be using The City's Green Fleet Plan initiative as a catalyst to improve communication between the two departments and the Agency.
- The Agency will consider establishing a service presence at the City's East Yards or alternate location.
- The Agency will work with Corporate Support Services to develop a fleet replacement planning data base with a link to the current fleet management software.
- The Agency will work with departments to review existing low usage light fleet vehicles, and investigate opportunities to implement a pool of vehicles with associated charges based on actual usage.
- The Agency will work with departments to set pre-determined idle times on a per unit and usage basis for all fleet.

HISTORY

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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 May 28, 2003, Winnipeg Fleet Management Agency received Council approval to operate as a Special Operating Agency of the City of Winnipeg, effective January 1, 2003.

SERVICE OVERVIEW

Service Description

Agency services are provided to most City of Winnipeg departments including Community Services, Winnipeg Fire Paramedic Service, Planning, Property and Development, Winnipeg Police Service, Public Works, Assessment and Taxation, Corporate Support Services and Water and Waste, and used for direct service delivery to the Citizens of Winnipeg.

The Agency offers the following services:

- Vehicle, equipment and other asset lifecycle cost management
- Vehicle and equipment acquisition, leasing and disposal
- Fuel supply and management
- Vehicle and equipment repair and maintenance
- Vehicle and equipment insurance, licensing and registration
- Vehicle and equipment manufacturing and fabrication
- Safety training and fleet accident management
- Vehicle and equipment rentals

Key Goals

The Agency's goals are as follows:

1. Present planned and demanded vehicles and equipment to ensure City departments' operational performance requirements and safety legislative requirements are met.

2. Maintain fleet service centres which provide superior customer service and administrative support to The City's geographically dispersed and varying fleet, while ensuring reliability and safety.

3. Manage The City's fuel distribution system on a day to day and emergency basis, providing customers with a safe, dependable and convenient fuel supply, while ensuring compliance with legislation.

4. Encourage fleet greenhouse gas emission awareness through research, testing, and offering environmentally friendly vehicles and equipment, and alternative fuels.

5. Expand fleet management services to new customers within The City and offer services to external public sector markets.

Service Statistics

Description	2006	2007	2008	2009
Number of vehicle and equipment bid opportunities completed	89	87	84	53
Number of vehicle and equipment units acquired	148	171	252	154
Number of insurance and license registrations completed	1,620	1,598	1,589	1,663
Number of service repairs, by work order lines completed	36,901	40,689	43,147	49,487
Number of service labour hours completed	33,637	41,084	40,022	43,348
Number of parts transactions	26,119	31,950	43,950	50,420
Number of fuel fill-up transactions and odometer readings verified	99,208	105,089	109,832	113,339
Litres of unleaded gasoline, clear diesel, marked diesel and biodiesel provided	6,711,018	7,184,035	7,398,191	7,708,231
Number of vehicle and equipment motor pool rental days provided	76,676	72,550	67,284	66,279
Number of vehicle and equipment units disposed	150	174	148	148
Number of fleet units managed	1,530	1,564	1,668	1,703

STRATEGIC DIRECTION

The Agency's strategic direction, as set out by its Operating Charter, Selection Report (Business Plan summary) and Annual Report, places emphasis on managing for results, bottom-line accountability, cost-savings, customer satisfaction, and full disclosure.

Mission

To provide economical, state-of-the-art, safe and eco-friendly fleet vehicle, equipment and other asset management services to The City of Winnipeg and other public sector organizations, in support of their service delivery.

Vision

To become the best public sector fleet services provider in North America.

Values

- Accountability
- Commitment to Excellence
- Fairness
- Respect
- Trust

Guiding Principles

- Quality service to City of Winnipeg and other public sector customers
- Safety for employees and customers
- Financial accountability and sustainability

Mandate

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

Policy Direction

Winnipeg Fleet Management Agency is a Special Operating Agency (SOA) of the City of Winnipeg, with its own Operating Charter approved by Council. The Agency abides by The City's collective agreements and by-laws. The City of Winnipeg Charter, Section 215 references the establishment and powers of Special Service Units. The Agency also follows provincial regulations such as the Environment Act, the Contaminated Sites Remediation Act, Workplace Safety and Health Act, the Employment Standards Code.

Key Factors Influencing Service Delivery

1. Best Business Practices
    - The Agency is accredited by the American Public Works Association.

2. Fuel Regulations
    - New fuel legislation prescribes upgrades or closures to all City fuel facilities.

3. Safety Regulations
    - The Health and Safety Act amended the criminal liability of organizations to make safety a priority.

4. Labour Shortages
    - Nation-wide skilled labour shortages, particularly in certified heavy duty mechanics increased the challenge of staffing front-line positions within the Agency.

Summary of Goals and Strategies

1. Present planned and demanded vehicles and equipment to ensure City departments' operational performance requirements and safety legislative requirements are met.
    - Evaluate vehicles and equipment and prepare specifications for quality units that accommodate customer requirements by involving customers in buying decisions
    - Enhance lifecycle cost management analysis and replacement planning
    - Develop sound and innovative contractual and partnering agreements including contracting for repeat purchases
    - Provide and install fire equipment and safety kits according to safety legislation
    - Provide accident reporting kits and implement an accident call centre system

2. Maintain fleet service centres which provide superior customer service and administrative support to the City's geographically dispersed and varying fleet, while ensuring reliability and safety.
    - Enhance repair services through the implementation of state-of-the-art shop improvement initiatives
    - Evaluate ways to standardize The City's fleet to reduce parts wait time
    - Implement an improved shift schedule to increase shop productivity and enhance maintenance services
    - Measure and evaluate customer surveys and comment cards to provide the Agency with a direct means to tailor services provided
    - Maintain communications through regular customer meetings, customer bulletins, satisfaction survey, and a customer website
    - The Fleet Management Agency's Advisory Board is currently being updated and it's membership will be the subject of a forthcoming report.

Summary of Goals and Strategies (continued)

3. Manage the City's fuel distribution system on a day to day and emergency basis, providing customers with a safe, cost-effective, dependable and convenient fuel supply, while ensuring compliance with legislation.

- Provide competitively priced re-fuelling for vehicles and equipment at fuel sites strategically located across The City
- Automate fuel service and ensure all fuel is managed by a single standard fuel reporting system
- Manage fuel station upgrade costs required under new fuel legislation, and eliminate a number of under-used fuel sites within The City

4. Encourage fleet greenhouse gas emission awareness through research, education, testing, and offering environmentally friendly vehicles and equipment, and alternative fuels.

- Investigate and implement alternative fuel and advanced vehicle options while maintaining the operational integrity of the vehicles and equipment and their intended use
- Evaluate plug-in hybrid and electric vehicle opportunities
- Assist departments in the implementation of the city-wide Green Fleet Plan aimed at reducing city-wide fuel use
- Evaluate technologies to reduce vehicle idling for City vehicles that require heating, cooling and battery power while at work sites

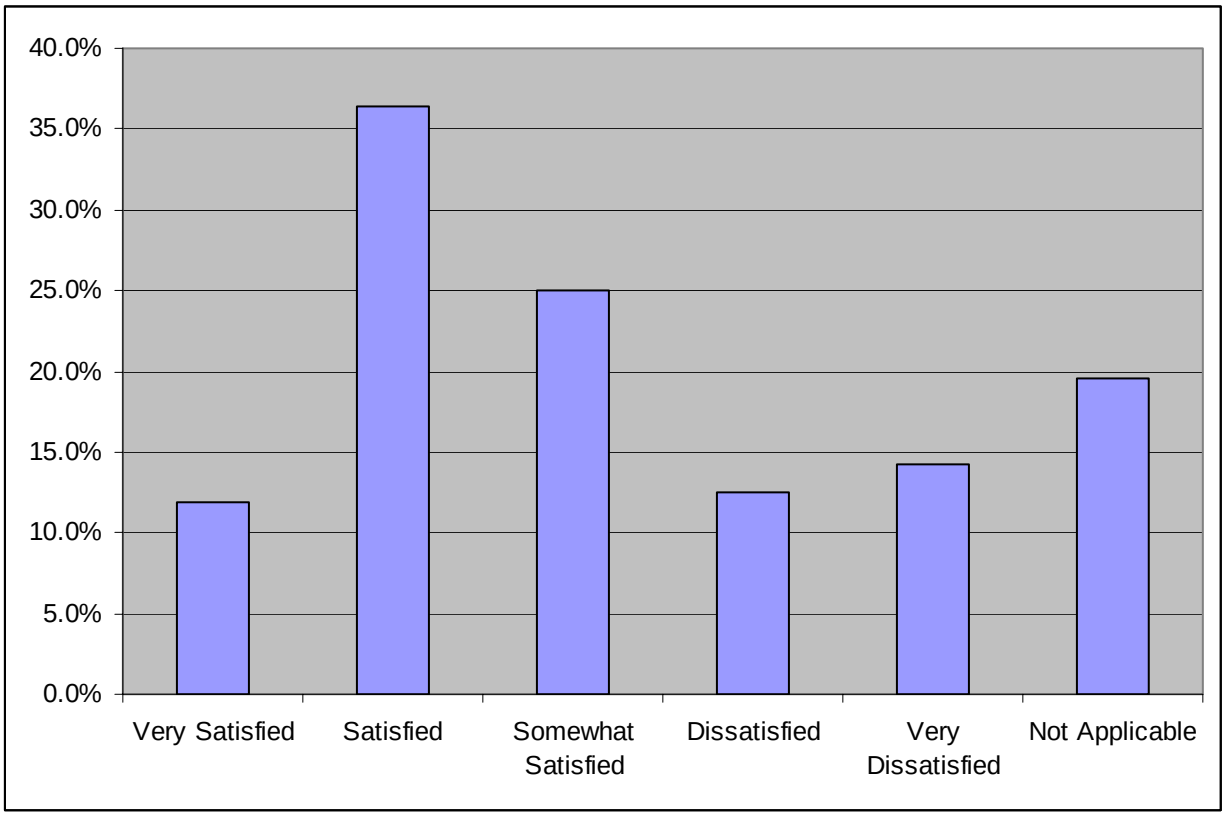
5. Expand fleet management services to new customers within the City and offer services to external public sector markets.

- Review possibilities for implementation of a fleet management system in Winnipeg Police Service and Winnipeg Transit, and consider public sector markets.

PERFORMANCE INFORMATION

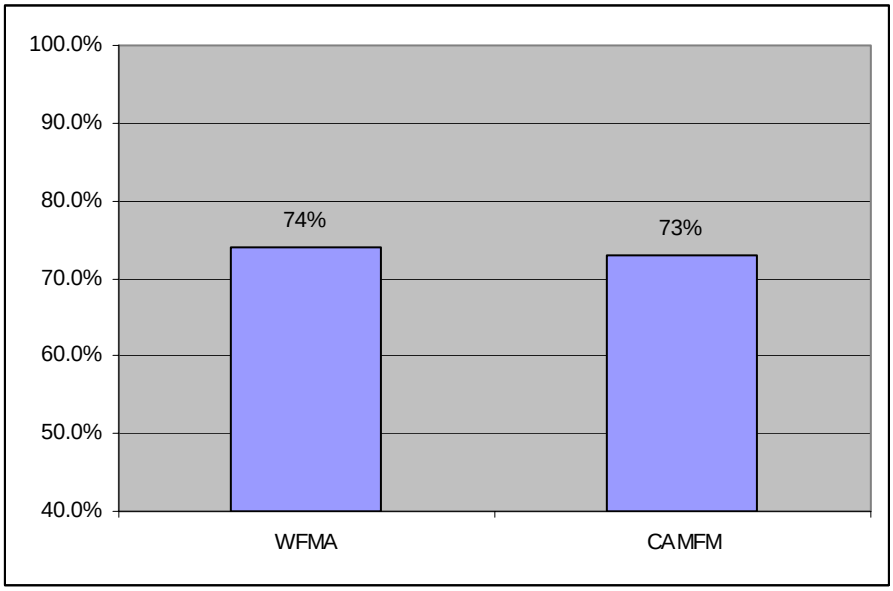
Performance measurements are represented by overall customer satisfaction, mechanic utilization/productivity, shop rate comparison, and fuel efficiency comparison.

Overall Customer Satisfaction



Winnipeg Fleet Management Agency conducted a customer survey in 2010, which indicated that 73% of customers were satisfied with 2009 fleet management services (2008 - 75%). The Not Applicable rating refers to non-responsive customers regarding overall customer satisfaction.

Mechanic Utilization/Productivity

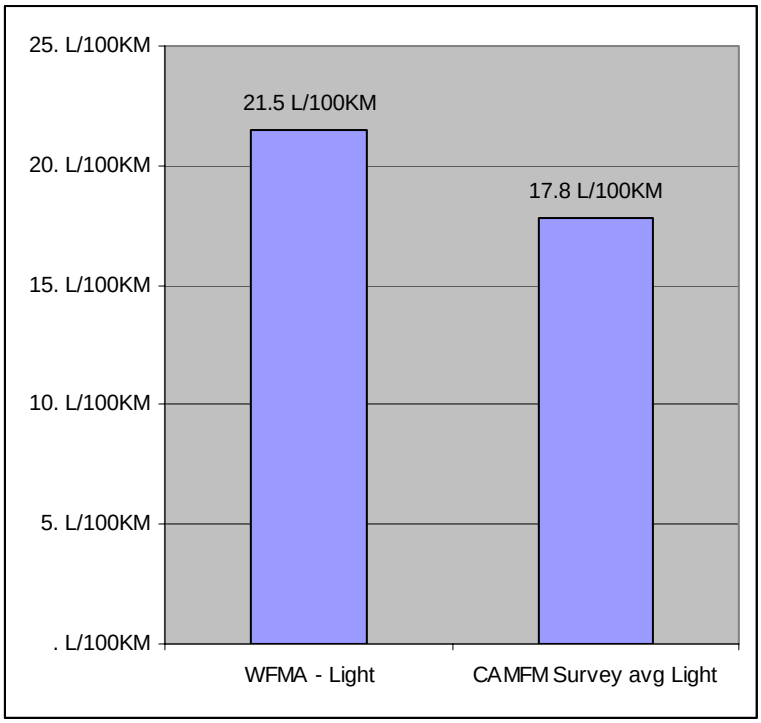


The Agency's mechanic utilization statistics are based on adjusted figures, calculated as total work order hours divided by adjusted hours. Adjusted hours include overall annual hours less holiday hours, sick hours, training hours and other hours. Canadian Automotive Municipal Fleet Managers Survey (CAMFM) average results are reported from a 2009 CAMFM survey.

The Agency's 2009 mechanic utilization is slightly higher than the Canadian Automotive Municipal Fleet Managers (CAMFM) survey average.

Winnipeg Trend	2008	2009
	68%	74%

Fuel Efficiency by Category - Light Fleet - Litres per 100 Kilometres



Light fleet average fuel efficiency for 2009 is 21.5 litres per 100 kilometres (2008 - 20.2 litres per 100 kilometres), based on data gathered from January 1, 2009 to December 31, 2009. CAMFM survey averages are based on a 2009 CAMFM survey of multiple cities in various geographical locations.

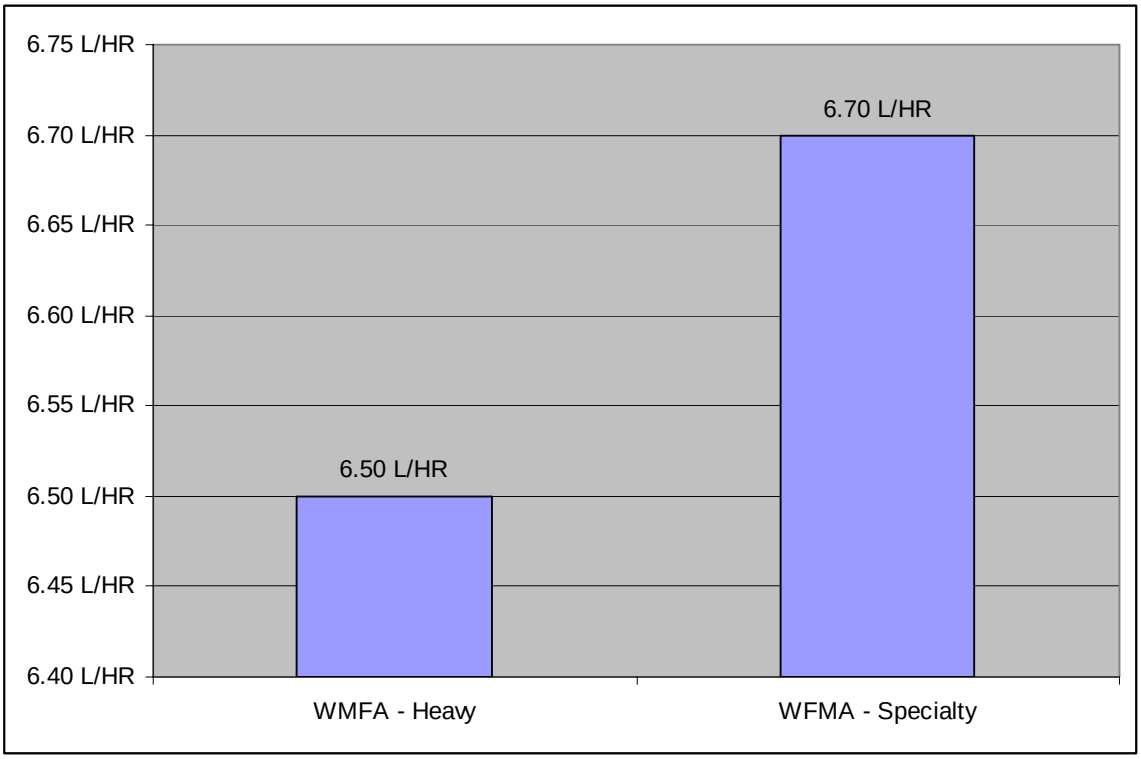
The Agency was only able to compare light fleet units to the CAMFM survey, as the CAMFM survey publishes litres per 100 kilometres for its heavy and specialty equipment, while the Agency reports on hours per litre for its heavy and specialty equipment. The Agency will be implementing both measurement systems to compare its heavy and specialty equipment with other City fleets.

Fuel Efficiency by Civic Department & Division for Light Fleet - Litres per 100 Kilometres

Department	2006	2007	2008	2009
Assessment & Taxation	10.6	11.5	11.4	12.0
Corporate Support Services - Information Technology	24.6	22.4	16.3	25.6
Winnipeg Fire Paramedic Service	22.9	22.2	22.5	22.0
Winnipeg Fleet Management Agency SOA	21.4	20.3	20.5	18.8
Property, Planning & Development - Building Services	19.0	20.9	22.1	20.6
Winnipeg Parking Authority SOA	19.9	19.8	20.1	19.6
Public Works - Engineering	27.6	25.7	21.0	20.3
Public Works - Parks & Open Space	25.9	23.7	24.5	22.3
Public Works - Streets Maintenance	20.1	21.1	21.2	21.3
Public Works - Traffic Signals	18.4	16.6	21.1	32.0
Public Works – Transportation Signals	25.2	24.9	25.3	25.2
Winnipeg Police Service	17.6	19.1	19.6	19.4
Water & Waste - Engineering	19.1	19.0	17.3	18.2
Water & Waste - Environmental Standards	16.2	16.3	16.1	14.6
Water & Waste - Solid Waste	32.1	24.6	25.2	27.1
Water & Waste - Wastewater	21.5	21.6	21.0	21.1
Water & Waste - Water Services	20.9	20.1	21.0	21.5

Note: Includes only light fleet (litres / 100 kilometres). During 2009, certain Public Works - Traffic Signals vehicles were reclassified from heavy to light fleet, resulting in lower fuel efficiency.

Fuel Efficiency by Category - Heavy and Specialty Fleet per Hour



Heavy fleet 2009 fuel efficiency is 6.5 litres per hour (2008 - 6.8 litres per hour) and specialty fleet 2009 fuel efficiency is 6.7 litres per hour (2008 - 6.2 litres per hour) based on data gathered from January 1, 2009 to December 31, 2009.

FINANCIAL INFORMATION

Financial Performance

See Appendix 1 for the 2011 to 2013 Projected Financial Statements and Notes.

The Agency's 2010 Business Plan (Selection Report) including budget was adopted by Council on July 21, 2010.

Assumptions to the 2011 to 2013 Projected Financial Statements

The projected financial statements include management's best estimates of future financial performance and incorporate the financial implications of the Agency's goals and strategies. The financial projections are estimates of the financial position, results of operations and retained earnings and cash flows, using management's assumptions that reflect the Agency's planned course of action for the three years ending December 31, 2013.

Management's judgment has been used in the assumptions and the most probable set of economic conditions. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this projection. Therefore, the actual results achieved during the projected period will vary from the projections and the variations may be material.

The financial forecast and projections are based on actual 2009 results of operations with inflationary increases, except where otherwise described in the notes to projected financial statements, or as noted in these assumptions.

Revenue Assumptions

Fleet Leases

- Fleet leases revenue is determined based on the Agency's fleet replacement plan as at November 23, 2010, with current unit types and quantities assigned to customers. Fleet leases revenue includes an operating and capital component for full-service leases, a capital component for non-maintenance leases, and an operating component for pre-SOA leases.
- Operating lease rates in 2010 and prior years were formula driven, based on individual unit capital cost. Beginning in 2011 and forward, operating lease rates are based on the operational costs for each type classification, determined through review of historical repair data by type classification, and usage level.
- Lease terms are set based on lifecycle cost management principles.

Fuel Sales

- Fuel revenue is based on annual projected fuel cost, with a 10% margin.

Services and Parts Revenue

- Consumables revenue includes a reduction of $340,000 in 2010 and $160,000 in 2011, due to provincial ambulance service elimination at May 1, 2010.
- Insurance revenue is based on annual insurance expense, with a 5% margin, and a reduction of $200,000 representing the portion of insurance revenue included as internal rental income.
- Other revenue in 2010 includes $108,000 in Federal Grants received for the WinSmart project, completed in 2010.

Rental Income

- External rental revenue includes a decrease of 10% in 2011 due to the conversion to internal rental service, resulting from increased availability of new light fleet replacement units available for rental prior to full service leasing.
- Internal rental revenue is increased by $200,000 in 2011 due to the new availability of light fleet replacement units for short-term rental use, prior to full service leasing.

Amortization of Deferred Revenue

- Deferred revenue is recognized at 30 percent declining balance for pre-SOA transferred-in fleet units.

Gain on Sale of Capital Assets

- The gain on sale of capital assets is based on estimated auction sales.

Expense Assumptions

Supplies

- Parts expense is based on a 10 percent increase in 2011 due to planned expansion of in-house repairs and maintenance for light, heavy and specialty fleet, and decreases of $110,000 in 2010 and $60,000 in 2011 due to provincial ambulance service elimination at May 1, 2010, and a decrease of $250,000 in 2010 representing obsolete inventory.
- Fuel expense is based on a decrease from the prior year of 1% starting in 2011, due to anticipated Green Fleet Plan fuel savings.

Salaries and Benefits

- Salaries and benefits are based on the collective agreements for 109 positions comprised of 1 WAPSO exempt, 25 WAPSO and 83 CUPE employees.
- Benefits including pension, group insurance, dental, vision, CPP and EI are based on 15% of salaries.

Services

- Professional and non-professional services are decreased by 50% in 2010 mainly due to reduced system development requirements.
- Allocated department costs include the following:
  - $94,000 for HR services provided by Public Works in 2010, and $94,000 for HR services provided by Corporate Support Services in 2011 and forward due to the Agency's participation in Corporate HR redesign.
  - $75,000 for business technology services provided by Corporate Support Services in 2010 to 2012, increasing to $77,250 in 2013.
  - $636,000 for operator training services provided by Public Works in 2010, increasing to $648,720 in 2011, $661,695 in 2012, and $674,929 in 2013.
- Vendor repairs include a 10 percent reduction in 2011 due to planned increases to fleet in-house maintenance service.
- Long term lease costs are based on commitments.
- Equipment external rental costs include a 10 percent reduction for 2011 due to increased availability of new light fleet units for internal rental use, prior to full service leasing.
- Training and conference costs are decreased by 30 percent in 2010 due to diminished requirements.
- Payments to other authorities are $nil due to completion of projects, with no further requirements.

Amortization

- Amortization is based on planned fleet and other asset acquisitions, with amortization rates and methods described in the Notes to Financial Statements, as listed in Appendix 1.

Other

- Transfer to Civic Accommodation includes the following:
  - $217,752 in 2010 for Waverly facility lease costs for office and garage space, decreasing to $190,983 in 2011 and forward, based on information supplied by Civic Accommodations
  - $193,000 starting in 2011 representing estimated all-inclusive costs of establishing a service presence at the City's East Yards or alternate location.
- Transfer to Planning, Property and Development, Building Maintenance is $4,800 for call answer service.
- Accretion expense is anticipated to be $nil starting in 2011 due to Agency fuel station compliance.
- Fuel site upgrade expenses are $394,603 in 2010, $120,996 in 2011, and $nil starting in 2012 as estimated for City fuel station compliance.

- Miscellaneous expense includes a charge of $5,440 in 2010 and 2011 by Corporate Support Services for computer contract cost avoidance, increasing to $8,160 in 2012 and 2013, and a charge of $4,640.67 by Corporate Support Services for server consolidation productivity savings and cost avoidance in 2010, increasing to $13,922 in 2011 and forward.

Interest

- Interest for existing long-term debt is based on existing loan agreements, and estimated long-term borrowing rates for new loans.
- Interest for due to City line of credit debt is based on estimated short-term borrowing rates.

Balance Sheet Assumptions

Capital Assets

- Capital asset acquisitions are based on the following projected amounts (in thousands of dollars):

Capital Asset Acquisitions	**2010**	**2011**	**2012**	**2013**
Fleet	19,291	11,526	12,856	8,985
Equipment and building	2,211	3,783	800	653
Total Acquisitions	21,502	15,309	13,656	9,638

- Fleet acquisitions, based on the November 23, 2010 fleet replacement plan, are subject to discussions with customers and lifecycle cost management decisions. Fleet acquisition requirements above include $1 million additional light fleet for Winnipeg Police Service due to new model availability which may transition from 2012 to 2011.
- Equipment and building acquisitions include shop, office and computer equipment, power tools, fuel pumps and fuel management equipment with fuel site costs forecasted at $918,440 in 2010, $88,000 in 2011, $nil in 2012 and forward, and building and leasehold improvements.

Debt

- Total debt is projected as follows as at December 31st (in thousands of dollars):

City and External Debt	2010	2011	2012	2013
Due to The City	300	300	300	300
Due to The City line of credit	13,671	10,392	8,223	3,972
Total Due to The City	13,971	10,692	8,523	4,272
External debt opening	54,252	47,144	52,863	54,394
New loans	-	13,700	10,400	8,200
Loan repayment	(7,108)	(7,981)	(8,869)	(9,453)
Total External Debt	47,144	52,863	54,394	53,141
Total Debt	61,115	63,555	62,917	57,413

- Due to The City represents funds held by the Agency on behalf of departments for their future communication equipment purchases.
- New loans were previously drawn prior to year end with estimated information used for loan negotiations, however beginning in 2011 new loans will be drawn after year end, providing actual information for loan negotiations, with no loan draws during the 2010 transition year.
- Due to The City line of credit balance was previously repaid prior to year end, however beginning in 2011, Due to The City line of credit balance will be repaid after year end, to facilitate the use of actual information for loan negotiations.
- External loan terms range from three to 12 years, with new loans projected with a 10 year maximum term, due to current market funding restrictions.

- Total debt is presented in the Projected Statement of Financial Position as follows (in thousands of dollars):

Total Debt	2010	2011	2012	2013
Due to The City - General Revenue Fund	13,671	10,392	8,223	3,972
Current portion of long-term debt	7,408	8,281	9,169	9,754
Term debt	40,036	44,882	45,525	43,687
Total debt	61,115	63,555	62,917	57,413

- The maximum debt balance, projected to occur in 2011, may increase to $64.6 million for Winnipeg Police Service light fleet requirements due to new model availability, transitioning from 2012 to 2011. Note the Agency's 2010 Business Plan's maximum debt balance was projected at $65.3 million for 2011.

Borrowing Authority

- Cumulative borrowing authority is projected as follows (in thousands of dollars):

Cumulative Borrowing Authority	2010	2011	2012	2013
Opening balance	16,400	22,400	15,400	13,200
Additional borrowing authority	6,000	6,700	8,200	4,000
External loans	-	(13,700)	(10,400)	(8,200)
Closing Balance	22,400	15,400	13,200	9,000

- Outstanding borrowing authority is projected as follows (in thousands of dollars):

Outstanding Borrowing Authority	2010	2011	2012	2013
Cumulative borrowing authority	22,400	15,400	13,200	9,000
Due to The City line of credit	(13,700)	(10,400)	(8,200)	(4,000)
Outstanding Balance	8,700	5,000	5,000	5,000

- Outstanding borrowing authority is required for unpredictable fleet acquisitions for changing department needs, conversion of external rentals to leases, Green Fleet Plan flexibility, and changing lifecycle cost management decisions.

Debt/Worth Ratio

- Debt/worth ratio is projected as at December 31st as follows:

Debt/Worth	**2010**	**2011**	**2012**	**2013**
Ratio	4.0	3.9	3.6	3.1

APPENDIX 1 – PROJECTED FINANCIAL STATEMENTS AND NOTES 2011 - 2013



2011 - 2013
Projected Statements