Minute No. 314
Report – Alternate Service Delivery Committee – March 2, 2012

Item No. 1 Winnipeg Fleet Management Special Operating Agency – 2012 Business Plan (Selection Report)

COUNCIL DECISION:

Council concurred in the recommendation of the Alternate Service Delivery Committee and adopted the following:

1. That the 2012 Business Plan (Selection Report) for Winnipeg Fleet Management Agency (Special Operating Agency) including the 2012 budget be approved, and the 2013 and 2014 financial projections as outlined in Appendix A be received as information.

2. That additional long-term borrowing of up to $7.2 million in 2012 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 2, 2012

DECISION MAKING HISTORY:

Moved by Councillor Fielding,

That the recommendation of the Alternate Service Delivery Committee be adopted by consent.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 7, 2012, the Executive Policy Committee concurred in the recommendation of the Alternate Service Delivery Committee and submitted the matter to Council.

COMMITTEE RECOMMENDATION:

On March 2, 2012, 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

Title: **Winnipeg Fleet Management Agency (Special Operating Agency)**
2012 Business Plan (Selection Report)

Critical Path: **Alternate Service Delivery (ASD) Committee – Executive Policy Committee (EPC) – Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
C. Turman	H. Hajer	M Ruta CFO	D Joshi COO

RECOMMENDATIONS

1. That the 2012 Business Plan (Selection Report) for Winnipeg Fleet Management Agency (Special Operating Agency) including the 2012 budget be approved and the 2013 and 2014 financial projections as outlined in Appendix A, be received as information.
2. That additional long-term borrowing of up to $7.2 million in 2012 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.

REASON FOR THE REPORT

Winnipeg Fleet Management Agency's Operating Charter stipulates that an annual Business Plan (Selection Report) be provided to Council.

IMPLICATIONS OF THE RECOMMENDATIONS

- The Agency requires $7.2 million in new borrowing authority to finance a portion of its operations.
- The Agency will continue to work with departments to improve efficiencies in fuel site management, automatic car washes, vehicle maintenance, purchasing, and Green Fleet Plan initiatives.
- The Agency will consolidate the remaining fleet maintenance operations currently performed at the Water and Waste Plinguet location.
- The Agency will continue to investigate opportunities to implement a pool of light fleet vehicles for departments with low usage vehicles, with associated charges based on actual usage.
- The Agency will expand its garage space capacity during 2013 through a leasing arrangement with Planning Property and Development for a 20,500 square foot repair facility at The City's East Yards complex.
- With the increased garage capacity during 2013, the Agency will continue to decrease its reliance on outside vendor repair, maintenance and manufacturing service, and shift to in-house provided service.

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 Alternate 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 alternate service delivery options for those services provided by Equipment and Material Services Division (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 Alternate 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: November 7, 2011

Project Name: — **First Year of Program:** 2012

Winnipeg Fleet Management Agency (Special Operating Agency) - 2012 Business Plan (Selection Report)

	2012	2013	2014	2015	2016
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 Appendix A - 1, for the 2012 to 2014 Projected Financial Statements and Notes

Cheryl Turman, CA

Supervisor of Finance

CONSULTATION

In preparing this report there was consultation with:

- Assessment and Taxation
- Community Services
- Corporate Support Services
- Fire Paramedic Service
- Planning, Property and Development
- Public Works
- Water and Waste
- Winnipeg Police Service

SUBMITTED BY

Department: Winnipeg Fleet Management Agency (Special Operating Agency)
Division
Prepared by: C. Turman, CA
Date: November 7, 2011
File No.

APPENDIX A

WINNIPEG FLEET MANAGEMENT AGENCY (SPECIAL OPERATING AGENCY) - 2012 BUSINESS PLAN (SELECTION REPORT)

Fleet Management Overview

Winnipeg Fleet Management Agency is a Special Operating Agency (SOA) of The City of Winnipeg. The SOA concept permits the Agency to operate in a more business-like and transparent manner through managerial flexibilities including special delegations, exemptions and authorities.

Services

Agency services are provided to most City of Winnipeg departments including Assessment and Taxation, Community Services, Fire Paramedic Service, Planning, Property and Development, Public Works, Water and Waste, and Winnipeg Police Service:

- 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

1. Provide 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. Implement The City's Green Fleet Plan and Agency environmental programs.

5. Integrate fleet management services within The City of Winnipeg, and offer services to external public sector entities.

Service Statistics

Description	2007	2008	2009	2010
Number of vehicle and equipment bid opportunities completed	87	84	53	80
Number of vehicle and equipment units acquired	171	252	183	229
Number of insurance and license registrations completed	1,598	1,589	1,663	1,680
Number of service repairs, by work order lines completed	40,689	43,147	49,487	45,045
Number of parts transactions	31,950	43,950	50,420	47,460
Number of service labour hours completed	41,084	40,022	43,348	58,014
Number of fuel fill-up transactions and odometer readings verified	105,089	109,832	113,339	114,198
Litres of unleaded, clear diesel, marked diesel, and biodiesel fuel provided	7,184,035	7,398,191	7,708,231	7,587,525
Number of vehicle and equipment motor pool rental days provided	72,550	67,284	66,279	67,194
Number of vehicle and equipment units disposed	174	148	148	162
Number of fleet units managed	1,564	1,668	1,703	1,770

Strategic Direction

The Agency's strategic direction, as set out by its Operating Charter, Business Plan (Selection Report) 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 The 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 abides by The City's collective agreements and by-laws, and has its own Operating Charter approved by Council. 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, and 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. Provide planned and demanded vehicles and equipment to ensure City departments' operational performance requirements and safety legislative requirements are met.
   - Develop sound and innovative contractual and partnering agreements including contracting for repeat purchases.
   - Create a fleet replacement planning data base with a link to the current fleet management software in conjunction with Corporate Support Services.
   - Implement vehicle and equipment trial and testing to ensure new technologies will meet operational demands.
   - Identify safety legislative requirements and operator training requirements.

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 service through the implementation of state-of-the-art shop improvement initiatives.
   - 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 and a customer website, which provides accurate data to customers to assist in their fleet related decision making process.
   - Monitor and ensure compliance of Workplace Safety Standards and regulations for Agency facilities and offices.

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.
   - Provide competitively priced re-fuelling for vehicles and equipment at fuel sites strategically located across The City.
   - Automate and standardize fuel site communications, limit fuel draws by vehicle, and improve the fuel reconciliation and billing reporting systems.
   - Manage fuel station upgrade costs required under new fuel legislation, and eliminate under-used fuel sites within The City.
   - Ensure compliance with existing safety legislative requirements related to fuel site operations.

4. Implement The City's Green Fleet Plan and Agency environmental programs.
   - Execute the strategies of The City's Green Fleet Plan aimed at reducing city-wide fuel use and emissions, and report on the Plan's effectiveness annually.
   - Assess opportunities for greening the workplace, and ensure environmental criteria are considered for the procurement of office equipment, new building construction, and renovation projects.

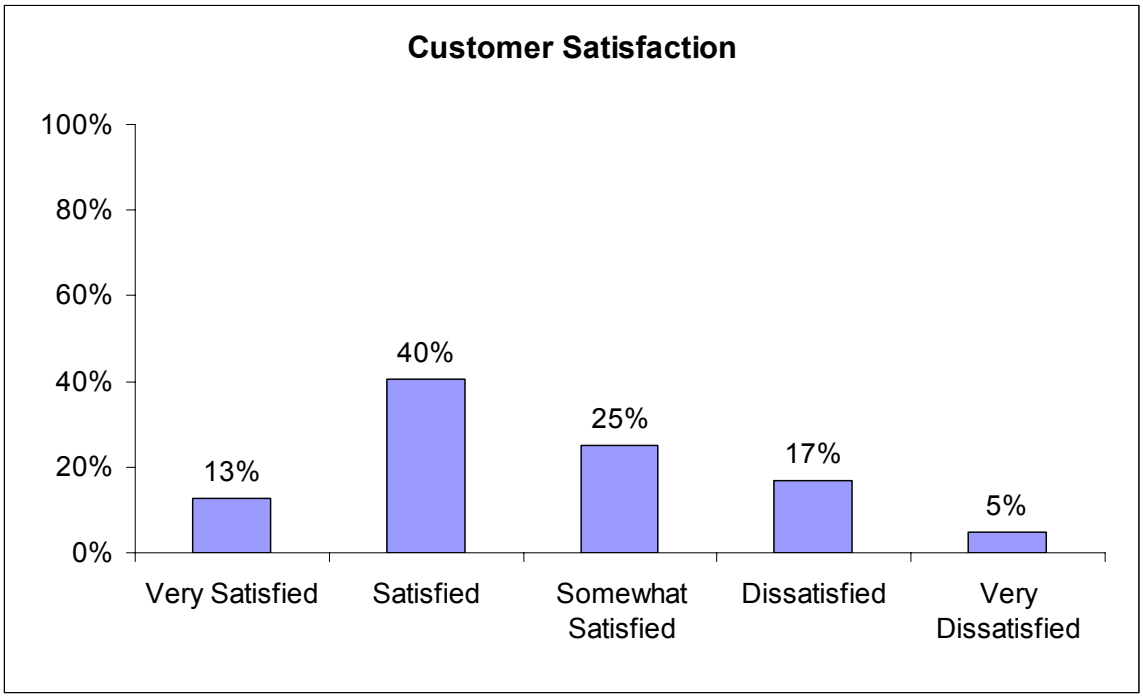
- Participate with boards and committees supporting sustainable transportation such as the Climate Change Connection, the Centre for Emerging & Renewable Energy, and The City's Transportation Demand Management Committee.

5. Integrate fleet management services within The City of Winnipeg, and offer services to external public sector entities.
   - Review possibilities for implementation of a fleet management system in Winnipeg Police Service and Winnipeg Transit, and continuing providing services to public sector entities.

Performance Measurements

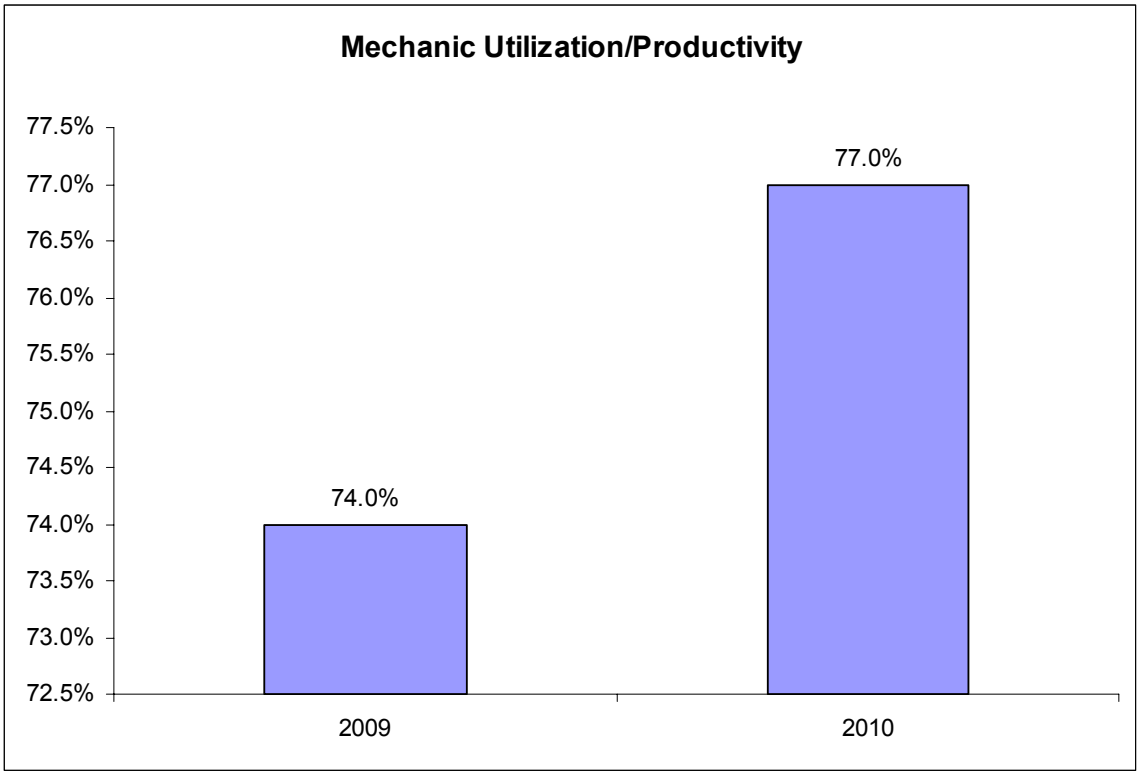
Performance measurements are represented by overall customer satisfaction, mechanic productivity, fuel efficiency, and vehicle operating costs.

Overall Customer Satisfaction



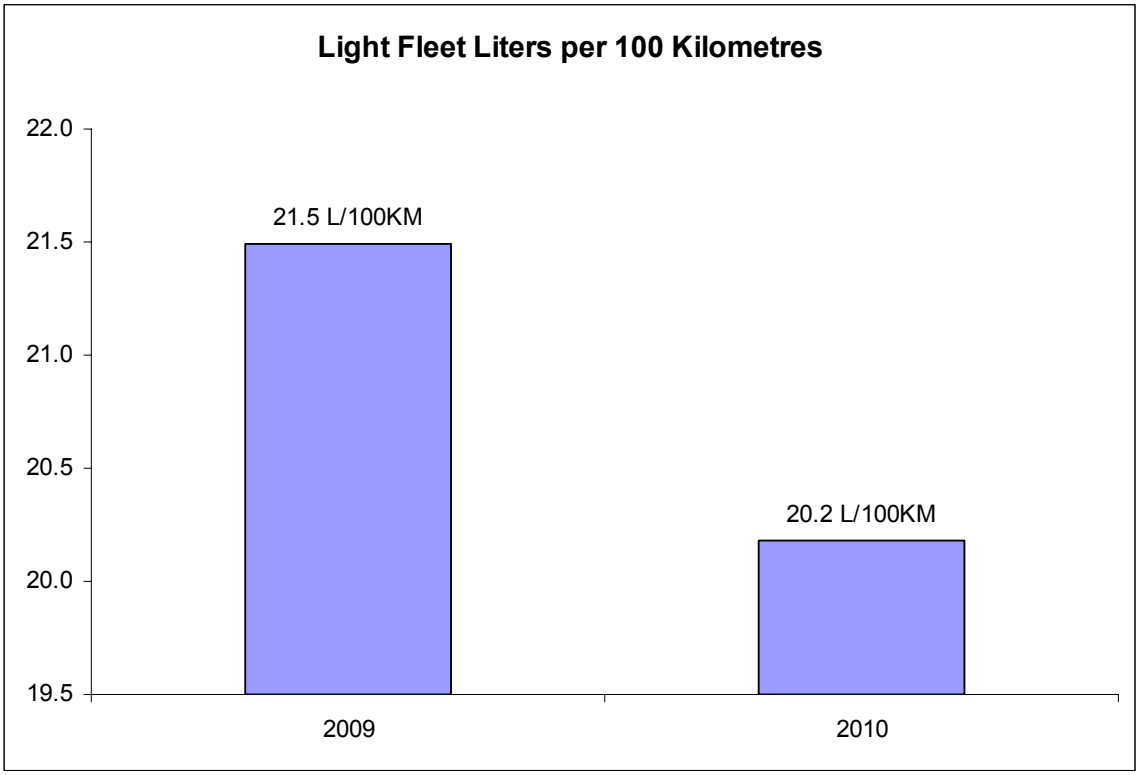
Winnipeg Fleet Management Agency conducted a customer survey during 2011, which indicated that 78% (2009 - 73%) of customers were satisfied with 2010 fleet management services.

Mechanic 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.

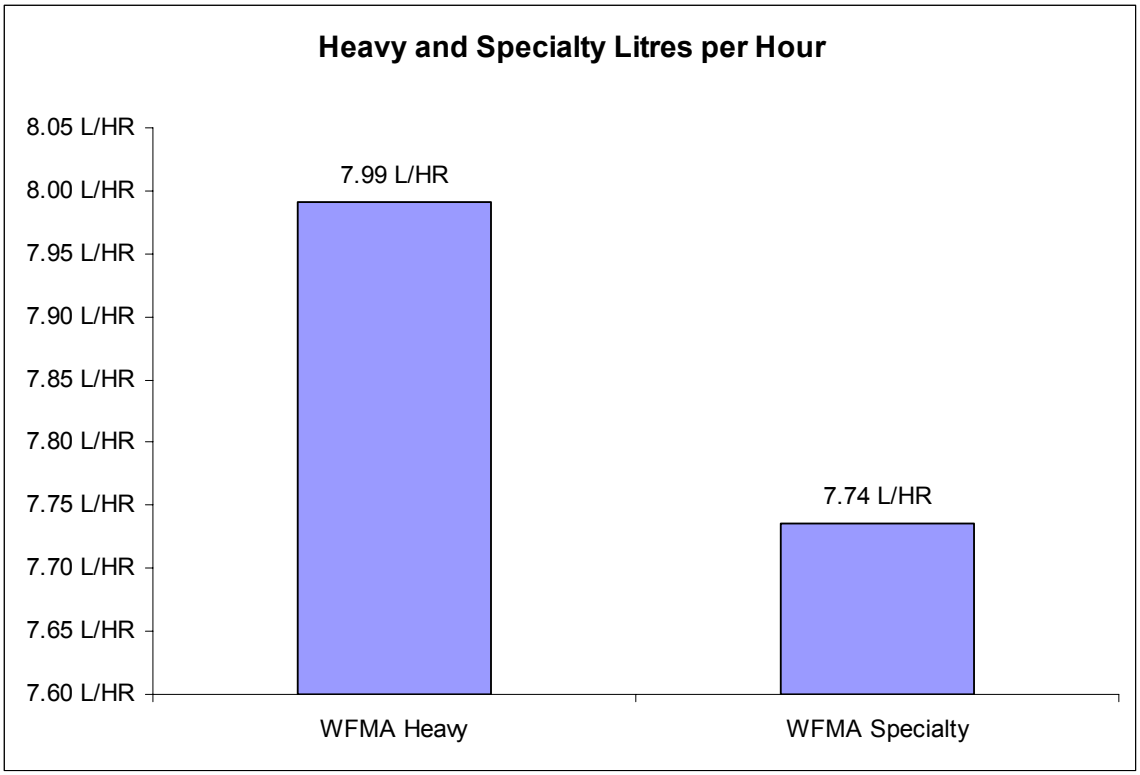
Fuel Efficiency



Light fleet average fuel efficiency is based on data gathered from January 1, 2010 to December 31, 2010.

Light Fleet Litres per 100 Kilometres by Division / Department	2007	2008	2009	2010
Assessment and Taxation	11.5	11.4	12.0	11.6
Corporate Support Services	22.4	16.3	25.6	21.7
Fire Paramedic Service	22.2	22.5	22.0	20.1
Winnipeg Fleet Management Agency	20.3	20.5	18.8	20.5
Property, Planning & Development	20.9	22.1	20.6	20.0
Winnipeg Parking Authority	19.8	20.1	19.6	11.0
Public Works - Engineering	25.7	21.0	20.3	19.9
Public Works - Parks & Open Space	23.7	24.5	22.3	23.0
Public Works - Streets Maintenance	21.1	21.2	21.3	22.0
Public Works - Traffic Signals	16.6	21.1	32.0	32.0
Public Works - Transportation Signals	24.9	25.3	25.2	24.4
Winnipeg Police Service	19.1	19.6	19.4	19.7
Water and Waste - Engineering	19.0	17.3	18.2	18.4
Water and Waste - Environmental Standards	16.3	16.1	14.6	14.2
Water and Waste - Solid Waste	24.6	25.2	27.1	20.8
Water and Waste - Wastewater	21.6	21.0	21.1	22.3
Water and Waste - Water Services	20.1	21.0	21.5	21.4

During 2009, certain Public Works - Traffic Signals vehicles were reclassified from heavy to light fleet, resulting in lower fuel efficiency.



2010 heavy fleet litres per hour are 7.99 (2009 - 6.50 litres per hour) and specialty fleet litres per hour are 7.74 (2009 - 6.70 litres per hour), based on data gathered from January 1, 2010 to December 31, 2010.

Vehicle Operating Costs

2010 operating costs per heavy vehicle kilometre are $1.06, based on OMBI (Ontario Municipal Benchmarking Initiative) measure FLET329 which accounts for work order costs including labour, parts, vendor repairs, and fuel. Costs exclude amortization, license and insurance, and other indirect costs such as training. Hours are converted to kilometres based on 30 kilometres per hour.

Financial Projections

See Appendix A – 1 for the 2012 to 2014 Projected Financial Statements and Notes.

See Appendix A – 2 for the 2010 Auditors' Report and Financial Statements.

Assumptions to the 2012 to 2014 Projected Financial Statements and Notes

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, operations and accumulated surplus, cash flows, and net financial liabilities using management's assumptions that reflect the Agency's planned course of action for the three years ending December 31, 2014.

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 2010 results of operations with inflationary increases, except where otherwise described in the notes to projected financial statements, or as noted in these assumptions.

The Agency's 2011 Business Plan including budget was adopted by Council on March 23, 2011.

Revenue Assumptions

Fleet Leases

- Fleet leases revenue is determined based on the Agency's fleet replacement plan as at April 19, 2011, 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 thereafter, 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.

Services and Parts Revenue

- 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 $117,100 in Federal Grants received for the WinSmart project, the final year of the program.
- Miscellaneous revenue in 2011 reflects a Manitoba Public Insurance refund of $585,000.
- Manufacturing revenue is decreased by 50% for 2011, plus CPI thereafter, due to increased manufacturing capital lease components.

- Consumables revenue is decreased by $129,000, at one-half for 2013, resulting from operational changes from outside vendor repair service to in-house provided service due to capacity expansion at The City's East Yards, and full year plus CPI thereafter.

Fuel Sales

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

Rental Income

- External rental revenue in 2011 is decreased to two-thirds of the total of 2010 external and internal rental revenue, plus CPI thereafter, due to conversion to internal rental service resulting from increased use of light fleet units for peak season.
- Internal rental revenue in 2011 is increased by one-third of the total of 2010 external and internal rental revenue, plus CPI thereafter, due to the conversion of external rentals to internal rental service resulting from increased use of light fleet units for peak season.

Gain on Sale of Tangible Capital Assets

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

Expense Assumptions

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 A – 1.
- In addition, fleet asset amortization is decreased by $36,000 in 2013 and $145,000 in 2014 resulting from operational changes from outside vendor manufacturing service to in-house provided service, due to capacity expansion at The City's East Yards.

Supplies

- Parts expense is increased by $273,000, at one-half for 2013, resulting from operational changes from outside vendor repair service to in-house provided service due to capacity expansion at The City's East Yards, and full year plus CPI thereafter.

Salaries and Employee Benefits

- Salaries and benefits expense for 2012 is based on collective agreements for 114 FTE positions (2011 – 109 FTE positions) including 1 WAPSO exempt, 25 WAPSO, 1 CUPE exempt, and 87 CUPE positions,
- The increase in 5 FTE positions from 2011 to 2012 is based on the addition of 2 light fleet mechanics and 3 utility C positions required for repair and maintenance services.

- In addition, salaries and benefits expense for 2012 includes 4 temporary CUPE positions (apprentice mechanics), and 1 term WAPSO position (stores supervisor), required for repair and maintenance services.
- Benefits including pension, group insurance, dental, vision, CPP and EI are based on 16% of salaries.
- Salaries and benefits expense for 2013 and thereafter, is based on collective agreements for 115 FTE positions including 1 WAPSO exempt, 25 WAPSO, 1 CUPE exempt, and 88 CUPE positions, an increase of 1 FTE CUPE position (light fleet mechanic) as compared to 2012, required for capacity expansion at The City's East Yards.
- In addition, salaries and benefits expense for 2013 reflects the removal of 1 term WAPSO position (stores supervisor).

Services

- Consulting and professional services are $175,000 in 2011 based on estimates of project requirements, plus CPI thereafter.
- Allocated department costs are based on the following:
    - Human resource services; $94,000 to Corporate Support Services in 2011 and thereafter.
    - Business technology services; $75,000 to Corporate Support Services in 2011 and 2012, $77,250 in 2013, and $77,637 in 2014, based on information provided by Corporate Support Services.
    - Operator training service; $648,720 to Public Works in 2011, plus 2% inflation thereafter.
- Long-term lease costs are based on current long-term lease agreements.
- Equipment external rental costs include a 14 percent reduction for 2011 due to increased availability of light fleet units for internal rental use, plus CPI thereafter.
- Power tools vendor repairs is based on the 2010 power tools management program, estimated for 2011, plus CPI thereafter.
- Maintenance includes an increase of $13,000 starting in 2013 for shop equipment, due to capacity expansion at The City's East Yards, plus CPI thereafter.
- Vendor repairs expense is reduced by $861,000, at one-half for 2013, resulting from operational changes from outside vendor repair service to in-house provided service due to capacity expansion at The City's East Yards, and full year plus CPI thereafter.

Interest

- Interest expense for existing long-term debt is based on current loan agreements.
- Interest for new loans is based on estimated long-term borrowing rates.
- Due to The City line of credit interest expense is based on estimated short-term borrowing rates.

Other

- Transfer to Municipal Accommodation Fund includes $190,983 for Waverley facility lease costs for office and garage space, and $4,800 for call answer service.
- Accretion expense is anticipated to be $nil starting in 2011 due to Agency fuel station compliance.
- Fuel site upgrades are based on site requirements, and are $nil for 2013 forward due to completion.
- Miscellaneous expense includes:
    - $45,000 in 2011 for black box reimbursement to school divisions.
    - $193,000 in 2011 and 2012 for repair bay expansion costs, increasing to $400,000 in 2013 and thereafter representing all-inclusive lease costs for a 20,500 square foot repair facility located at The City's East Yards.

Transfer to The City of Winnipeg – General Revenue Fund

- Transfer to The City represents general government charges as follows:
    - Corporate Support Services Insight contract budget savings; $5,440 in 2011, $8,160 in 2012 and thereafter.
    - Corporate Support Services server consolidation productivity savings; $13,922 in 2011 and thereafter.
    - Corporate Support Services timekeeper productivity savings; $40,455 starting 2013 and thereafter.
- All transfers to The City are now classified as expense in accordance with Public Sector Accounting Standards (PSA) adopted by the Agency during 2010. Prior to 2010, general government charges were to be recorded as transfers from retained earnings representing dividends.

Balance Sheet Assumptions

Due to The City of Winnipeg – General Revenue Fund and Debt

- Due to The City of Winnipeg – General Revenue Fund represents the Agency's line of credit used for short-term financing.
- Debt represents amounts due to:
    - The City of Winnipeg as lender of funds held by the Agency on behalf of departments for communication equipment purchases.
    - External financing sources as lenders of unsecured term loans used by the Agency to finance fleet vehicles and equipment.
- Total amounts payable to The City, and term loans payable as at December 31st are projected as follows (in thousands of dollars):

Total Payable to The City and Term Loans Payable	**2011**	**2012**	**2013**	**2014**
Due to The City of Winnipeg – General Revenue Fund	9,309	10,370	4,772	11,849
Debt – The City of Winnipeg	352	352	352	352
Total Payable to The City	9,661	10,722	5,124	12,201

Opening term loans	47,144	48,478	47,951	48,355
New term loans	10,000	9,300	10,400	4,800
Loan repayment	(8,666)	(9,827)	(9,996)	(10,076)
Closing Term Loans	48,478	47,951	48,355	43,079
Total Payable to The City and Terms Loans Payable	58,139	58,673	53,479	55,280

- Term loans range from 3 to 12 years, with new external term loans forecasted at a maximum 10 years due to current market availability.

- Total payable to The City and term loans payable, as at December 31st, are projected at below the maximum debt threshold of $65.3 million, established by the Agency's 2010 Business Plan, as follows (in thousands of dollars):

Unused Debt Threshold	**2011**	**2012**	**2013**	**2014**
Maximum debt threshold	65,300	65,300	65,300	65,300
Total payable to The City and term loans payable	(58,139)	(58,673)	(53,479)	(55,280)
Unused Debt Threshold	7,161	6,627	11,821	10,020

Borrowing Authority

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

Borrowing Authority	**2011**	**2012**	**2013**	**2014**
Opening borrowing authority	22,400	19,100	17,000	16,600
New borrowing authority	6,700	7,200	10,000	10,100
New term loans	(10,000)	(9,300)	(10,400)	(4,800)
Closing borrowing authority	19,100	17,000	16,600	21,100
Due to The City – General Revenue Fund	(9,300)	(10,400)	(4,800)	(11,900)
Cumulative Borrowing Authority	9,800	6,600	11,800	10,000

- Unassigned borrowing authority may be required for unpredictable fleet acquisitions including conversion of external rentals to leases, changing department requirements, and Green Fleet Plan flexibility, and is projected based on unused debt threshold for 2012 and thereafter.

Other Liabilities

- Asset retirement obligation is projected to be settled during 2011.
- Environmental liability is estimated at $420,000.

Tangible Capital Assets

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

Tangible Capital Asset Acquisitions	**2011**	**2012**	**2013**	**2014**
Fleet vehicles and equipment	14,429	13,477	8,920	17,770
Building and equipment	2,683	2,363	1,656	711
Total Tangible Capital Asset Acquisitions	17,112	15,840	10,576	18,481

- Fleet acquisitions are based on the April 19, 2011 fleet replacement plan, and are subject to future customer and lifecycle cost management decisions.
- Total 2012 fleet acquisitions are projected at $13,477,000 and include the following:
    - Agricultural and industrial tractors - $3,221,000
    - Fire equipment - $2,814,000
    - Light vehicles - $2,532,000
    - Police vehicles - $1,890,000
    - Heavy duty trucks - $1,431,000
    - Super duty trucks - $1,037,000
    - Specialty and other - $552,000
- Equipment and building acquisitions include shop, office and computer equipment, power tools, fuel pumps and equipment, building and leasehold improvements, and are estimated based on operational requirements.
- In addition, shop equipment includes $664,000 in 2013, required for capacity expansion at The City's East Yards.

Inventories

- Repair parts inventory is decreased by 33% in 2012 for inventory management reductions, plus CPI thereafter.

Prepaid Expenses

- Prepaid expenses are based on current agreements in 2011, plus CPI thereafter.

Debt/Worth

- Debt/worth ratio is based on total liabilities divided by accumulated surplus, and is projected as at December 31st as follows:

Debt/Worth	2011	2012	2013	2014
Ratio	3.1	2.9	2.5	2.5

APPENDIX A – 1

WINNIPEG FLEET MANAGEMENT AGENCY
2012 TO 2014 PROJECTED FINANCIAL STATEMENTS AND NOTES



2012 Projected Statements

APPENDIX A – 2

WINNIPEG FLEET MANAGEMENT AGENCY
2010 AUDITORS' REPORT AND FINANCIAL STATEMENTS



2010 Auditors' Report