

Operational Review of Winnipeg Fleet Management Agency

Confidential Report

April 2019

Notice

This confidential report (the "Report") is provided to Winnipeg Fleet Management Agency ("WFMA") and The City of Winnipeg ("The City") pursuant to the engagement with KPMG LLP ("KPMG") to conduct an operational review (the "Review") of the Winnipeg Fleet Management Agency.

If this Report is received by anyone other than The City and WFMA, the recipient is placed on notice that the attached Report has been prepared solely for The City and WFMA for its own internal use and this Report and its contents may not be shared with or disclosed to anyone by the recipient without the express written consent of The City and KPMG LLP ("KPMG"). KPMG does not accept any liability or responsibility to any third party who may use or place reliance on the Report.

Our scope was limited to a review and observations over a four month timeframe. The procedures we performed were limited in nature and extent, and those procedures will not necessarily disclose all matters about WFMA'S function, policies and operations, or reveal errors in the underlying information.

Our procedures consisted of inquiry, observation, comparison and analysis of City-provided information. In addition, we considered leading practices and conducted benchmarking comparisons with select municipalities. Readers are cautioned that any potential savings outlined in this Report are order of magnitude estimates only. Actual results achieved as a result of implementing recommended opportunities are dependent upon City, WFMA and Department actions, and variations may be material.

The procedures performed do not constitute an audit, examination or review in accordance with standards established by the Chartered Professional Accountants of Canada, and we have not otherwise verified the information we obtained or presented in this report. We express no opinion or any form of assurance on the information presented in this report, and make no representations concerning its accuracy or completeness. The City and WFMA are responsible for the decisions to implement improvements and for considering their impact. Implementation of these recommendations will require The City and WFMA to plan and test any changes to ensure that The City and WFMA will realize satisfactory results.

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Executive Summary



Executive Summary

KPMG worked with the Winnipeg Fleet Management Agency (WFMA), to conduct an operational review of the WFMA. The priorities in this operational review were to examine the current structure, organization and overall operation of the WMFA to evaluate the operational efficiency and effectiveness of the delivery of services.

The operational review included review of policies and procedures, work records, job descriptions, organizational charts, business plans, financial information, capital plans, sample communications, inventory documents, and lease agreements reflecting current business practices at WFMA, as well as interviews with WFMA departments and its customers (City Departments) to observe how the organizations interact and where operations could be improved. Furthermore, the review included examination of leading practices in select agencies and jurisdictions in the area of fleet management. These activities generated observations around what WFMA business practices should be continued and supported, as well as new initiatives that will have measureable benefits for WFMA, its customers and The City of Winnipeg as a whole – these form the basis of KPMG's recommendations to the WFMA.

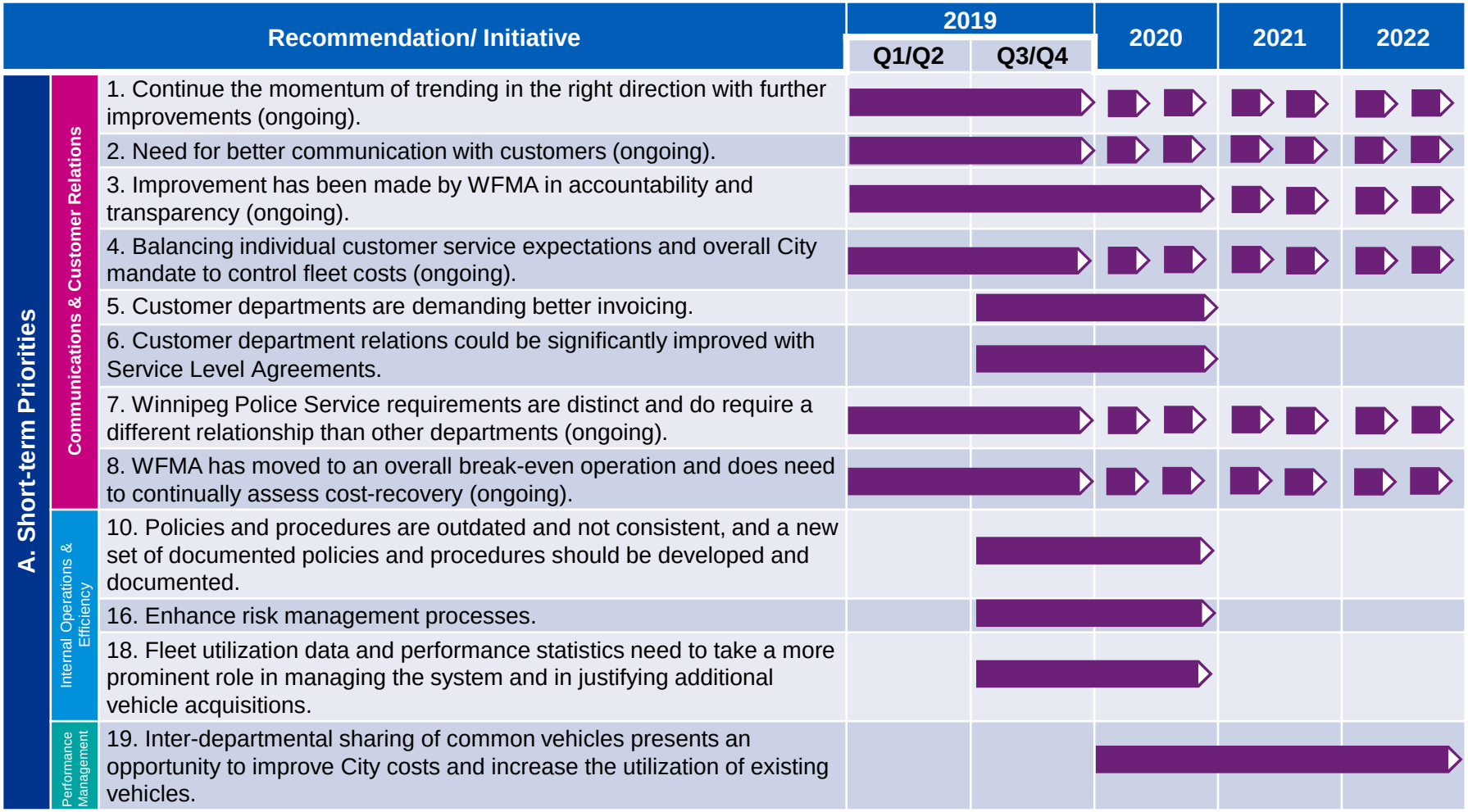
The following pages describe the recommendations and considerations developed to support increased customer service and satisfaction, as well as, improved operational utilization, efficiency and effectiveness. An implementation plan roadmap was also developed which considers the relative benefit, effort and timing around each of the recommendations. Each recommendation is grouped under one of the following categories and assigned an approximate timeline for implementation on an implementation plan roadmap.

Collectively, these initiatives will improve efficiency and effectiveness of WFMA operations, and will provide significant benefits to WFMA and its customer departments over the short, medium and long-term.



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Executive Summary



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Executive Summary

		Recommendation/ Initiative	2019 Q1/Q2	2019 Q3/Q4	2020	2021	2022
B. Longer-term Priorities	Internal Operations & Efficiency	9. Contain overall staffing levels. Develop long-term workforce plan. Organizational structure and staffing levels are generally in-line with other fleet management operations (ongoing).					
		11. WFMA should continue to take a life-cycle asset management approach (ongoing).					
		12. Consider outsourcing non-core services such as relatively small service lines (e.g., custom manufacturing).					
		13. Continue development of technologies to support organizational goals and objectives (ongoing).					
		14. Enhance maintenance shop efficiency. Being in the business of repairing and maintaining vehicles and equipment, consistently strive for efficiency (ongoing).					
		15. WFMA to explore relocation of Tecumseh in the long-term.					
		17. Continue to monitor operations at fuel sites.					
	Performance Management	20. Leverage data analytics to optimize operations.					
		21. Strengthen replacement metrics by documenting physical condition appropriate to the vehicle class.					
		22. Enhance tracking system for managing preventative maintenance and routine service.					

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Introduction



Project Objectives and Scope

The objective of the Winnipeg Fleet Management Agency (WFMA) is to conduct an independent operational review to assess the current structure, organization and operations of the WFMA, and learn from leading practices and experiences to identify potential areas where WFMA can further improve its operational efficiency and effectiveness in the delivery of services.

The key areas for analysis included:

- **Staffing:** review the current management and operating structure staffing levels in relation to relevant service demand factors, such as to the size of the fleet or value of the fleet, and per capita.
- **Shift scheduling:** assess options in shift schedules in terms of achieving cost savings and improving efficiencies, identifying core service level demand hours. Address related implementation issues and strategies.
- **Span of control and organizational structure:** review existing organizational structure and span of control at a high-level. Assess options to increase efficiencies and performance, such as optimum number of repair service locations for providing services.
- **Operations:** assess options for process efficiency, resource redundancy, new equipment or technology opportunities; with special attention to maintenance records and billable work hours. Provide recommendations on how to maintain and improve required levels of services.
- **Information technology:** leveraging technology for operational improvements, synergies with other internal departments for new or existing software programs, reviewing and evaluating current performance management practices, and identifying and recommending measurable goals that can be tracked efficiently on an annual and quarterly basis to help WFMA monitor its performance of current and future levels of service. Note that IT systems will be reviewed only at a very high level.
- **Leading practices and performance measures:** identification of performance management tools and professional organizations, identification of leading practices and comparisons, identifying current levels of service, reviewing and evaluating the costs associated with providing current services to determine accuracy and completeness of costs currently reported, identifying opportunities to provide these same services in a more efficient manner if applicable, identifying the current “gaps” in funding that exist in service delivery, and identify “gaps” in integration between services.
- **Outsourcing and insourcing opportunities:** identifying key opportunities by function.

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Project Objectives and Scope

— **Trend analysis:** identifying current trends and the most likely trends that WFMA will face in the future; strengths, weaknesses, opportunities and threats; evaluating the service delivery methodologies relative to current day trends and future needs to focus on an efficient, effective and sustainable level of service.

— **Customer service:** internal customers, response time evaluation, opportunities for changes to service delivery such as gaps in logging work processes, cost reductions, improvements, and metrics of customer satisfaction.

The project also examined approaches employed by other select municipalities with the intent of identifying leading practices and methods. The review included:

— Researching select municipalities and fleet agencies/services to examine service models and funding.

— Comparing the policies and practices in Winnipeg with select municipalities and fleet agencies/services; identifying leading practices for issues such as long-term planning, service levels and demand management.

— Research of leading practices in fleet management.

As noted at the outset and throughout the project, data on benchmarking and key performance indicators is limited. We worked with available data.

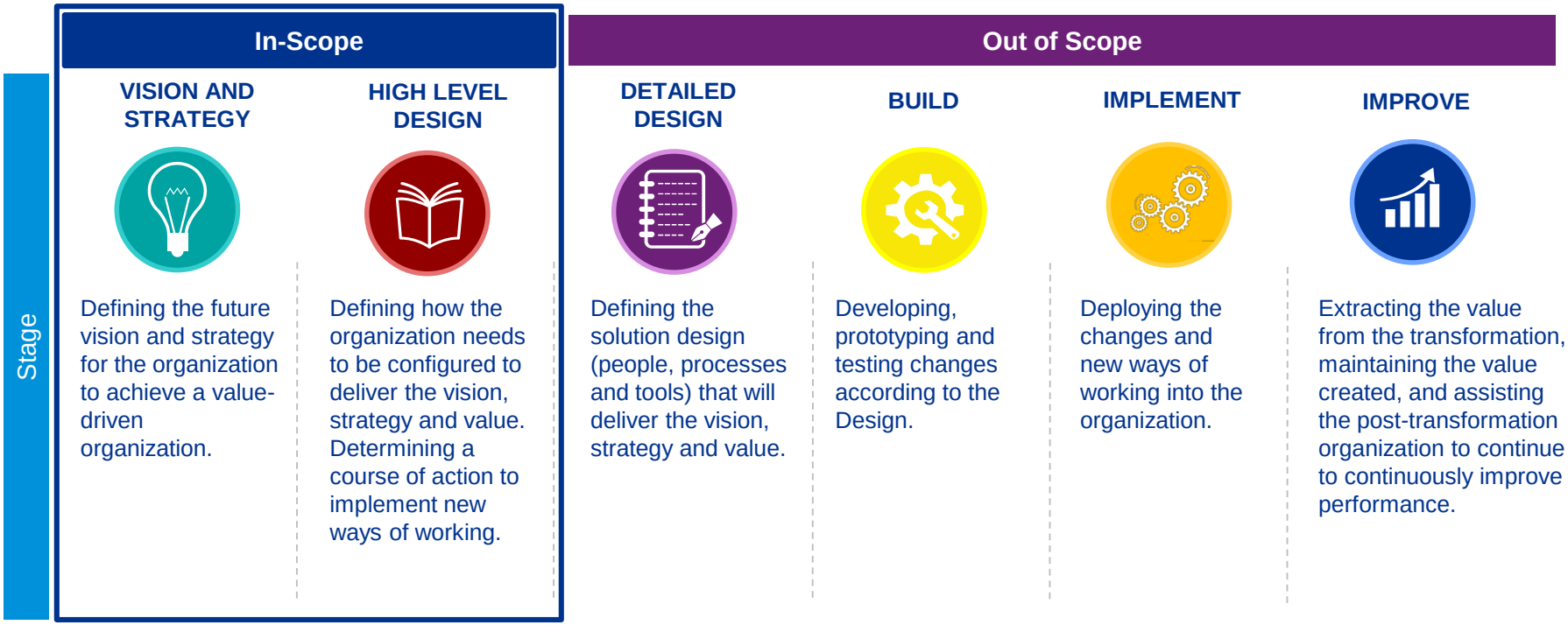
Based on observations, interviews, review of WFMA documentation, analysis, comparisons to leading practice, workshops with WFMA Management, and our experience, KPMG outlined several recommendations and considerations for WFMA to support improvements in operational effectiveness and efficiency, as well as an implementation plan roadmap at a high level.

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Project Objectives and Scope

KPMG's Value Delivery Framework is a comprehensive methodology for business transformation of organizations. The illustration below identifies the project scope (outlined in blue) which is the vision and strategy and high-level design phases. The operational review and its recommendations seek to support WFMA's determination to build, implement and improve the agency through transformational change.



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Project Objectives and Scope - Approach

In conducting the independent operations review, KPMG's approach included:

- Project launch with the WFMA Project committee to confirm understanding, scope, communications, workplan and schedule.
- Analysis of available organizational, operational and financial data and information provided by WFMA.
- Research on leading practices and fleet management.
- Analysis of cost drivers.
- Confidential interviews/workshop sessions with WFMA departments and representatives of customer departments.
- Limited benchmarking of select jurisdictions in municipal or comparable fleet management organizations in Canada.
- Identification and assessment of key issues and gaps.
- Presentation to Project Committee on interim findings and opportunities on November 22.
- Comparison to leading practices.
- Development of recommendations/considerations in three broad categories.
- Initial prioritization of recommendations/considerations and categorization into short, medium or long-term timeframe.
- Development of an implementation plan roadmap at a high-level.
- Presentation and distribution of the Draft Report with the Project Committee on December 18 and discussion of recommendations and prioritization.
- Obtain collective feedback and comments from the Project Committee, consolidated by the WFMA Project Manager then sent to the KPMG Project Manager, for adjustments and consideration into the final Report.

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Project Objectives and Scope – Work Plan and Schedule

Project activities managed around the target schedule summarized below. The delivery of the draft report was on-track, on-budget and on-time; however, the WFMA team required a longer timeline for review and discussion with KPMG along with providing additional information. Additional work was completed by KPMG to issue a final report.

Phase	Activities	September	October	November	December	January 2019	February 2019
Phase 1, Stage 1	Task 1: Project Initiation						
	Task 2: Understand Cost Drivers						
	Task 3: Assess and Prioritize Performance Gaps						
	Task 4: Benchmark Comparisons						
Phase 1, Stage 2	Task 5: Leading Practice Review and Recommendations						
Final Report	Draft Report					Mid-December	
	Final Report (include Working Group feedback)						

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1. Operational Review



Mandate

The Winnipeg Fleet Management Agency's Operating Charter defines its mandate and role. WFMA's Business Plan has updated WFMA's mission, vision, guiding principles and goals.

Mandate

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

Mission

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

Goals

WFMA's service goals are to:

— Develop innovative strategies and efficiencies through the introduction of new technologies and business processes that enhance fleet services across the agency.

— To be a leader in environmental stewardship through the management of the agency’s fueling infrastructure and promote fleet emission reductions.

— The establishment of a business environment that embraces safety as a priority for the fleet and its employees.

— Optimize the operational and financial performance of the agency’s repair and manufacturing facilities to support the delivery of essential services to a diverse civic customer base.

— Improve customer service and satisfaction through effective fleet service delivery.

Source: Derived from information and recent business plan provided by WFMA.

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Mandate

Guiding Principles

WFMA's operating principles are:

— Quality customer service to The City of Winnipeg.
— Safety for WFMA employees and customers.
— Financial accountability and sustainability.

Inconsistencies between Operating Charter and Current Plan/Practices

We note that there are a number of inconsistencies between WFMA's Operating Charter and current operating processes. At a high level, WFMA has updated its mission, goals, values and operating principles. While the mandate speaks to efficient and effective fleet services to civic departments, from interviews, there is a lack of clarity on WFMA's role for the "whole of City government" across departments, and authority on corporate-wide issues such as overall fleet rationalization opportunities to help control overall City budgets and costs.

Other examples of discrepancies between WFMA's charter and current practice are listed below and on the following page.

Category	Charter	Observation/ Discrepancy
2.6 Concept of Operations	"The Agency shall manage a fleet of approximately 2,100 units, ranging from riding mowers to ambulances and heavy machinery. Its four principal activities relate to fleet/equipment supply, maintenance support, power tools and fuel. Life Cycle Cost Management shall be the model implemented to manage the operations."	Reference to “four principal activities” disappears between initial (2003) and 2016 update to agreement, without explanation. This definition does not include manufacturing.
3.11 Customer Relations	"The Agency is accountable to its customers in meeting their fleet service needs in a timely, quality-conscious, and cost-effective manner. The Agency embraces a service excellence ethic in all customer relations."	Definitions and metrics for “timely”, “quality conscious” or “cost effective” have not been established, and performance relative to these benchmarks is not tracked or reported.

Source: Derived from information and recent business plan provided by WFMA.

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Mandate

Inconsistencies between Operating Charter and Current Plan/Practices (cont'd)

Category	Charter	Observation/ Discrepancy
3.12 Departmental Relations and Service Agreement	"Upon completion of a business case analysis, the Agency shall determine whether or not to enter into a service agreement with a City service provider or seek an external service provider based on best business case practices."	The agency has been selective in reviewing and establishing outside service agreements. Are there any remaining services it receives from internal sources? Have outsourcing opportunities been reviewed?
5.3 Costing and Pricing	"The Agency can set and adjust its prices for any good or service provided in response to market forces. Prices shall vary depending on type of good or service, availability and volume purchased."	Transparency in pricing is not apparent. What are standard rates for core services? How does this compare with market conditions?
5.4 Financial Model	"The financial model will continue to be refined/adjusted to accommodate amounts in departmental budgets. Departments will be responsible for rationalizing size and mix of their fleet within their budget constraints."	Departments are to have full control over fleet size and mix. While not expressly denying customer requests, the Agency has been reported to influence buying decisions in some cases.
5.5 Vehicle Leasing	"Lease prices offered must be based on full cost recovery for full life cycle fleet management. This lease system shall include a monthly capital component, reflecting the value of the unit, and an operating component, reflecting usage rate that covers the expected cost of preventive maintenance. Any damages or excessive use repairs shall be charged on a pay-as-you-go basis. The Agency shall have the right, but not the obligation to provide leasing arrangements to a customer."	Agreement suggests that cost recovery should be evaluated and set on a vehicle-by-vehicle basis. Current practice suggests that this is examined on an “overall” basis for collective operations. Agency has the right to deny service. Has consideration been given to rejecting the purchase/lease of money-losing vehicles and equipment?

Source: Derived from information and recent business plan provided by WFMA.

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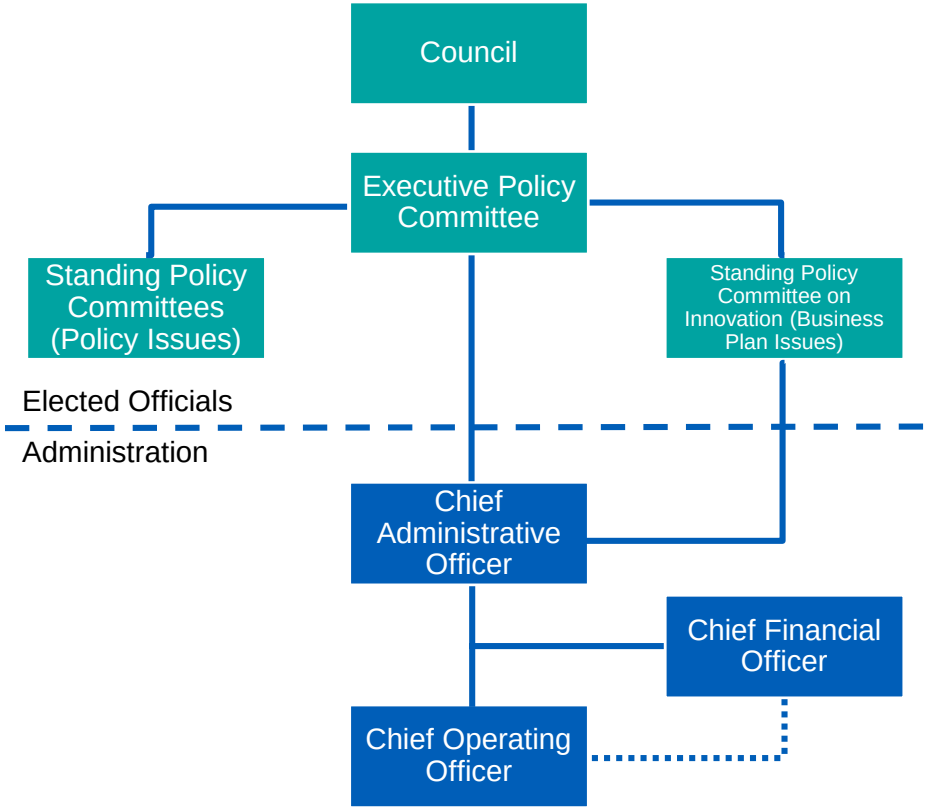
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Accountability Structure

WFMA abides by the following reporting structure described in its operating charter.

Key roles and responsibilities as they pertain to WFMA include:

- **Executive Policy Committee (EPC)** – Reviews Agency plans, reports and proposals and recommends appropriate decisions by Council. It maintains a strategic oversight role.
- **Standing Policy Committee on Public Works** – Responsible on behalf of the Executive Policy Committee (EPC), it reviews analyses and recommendations forwarded to EPC and Council.
- **Standing Policy Committee on Innovation** – Responsible to provide corporate and financial leadership to Special Operating Agencies (SOAs).
- **Chief Administrative Officer (CAO)** – Has executive responsibility to provide policy advice, program and service direction for effective management, operation and performance of WFMA.
- **Chief Operating Officer (COO)** – Accountable for sound management of the agency, achievement of goals and directives, quarterly and annual reporting, Charter revisions, and other information needed for effective management.

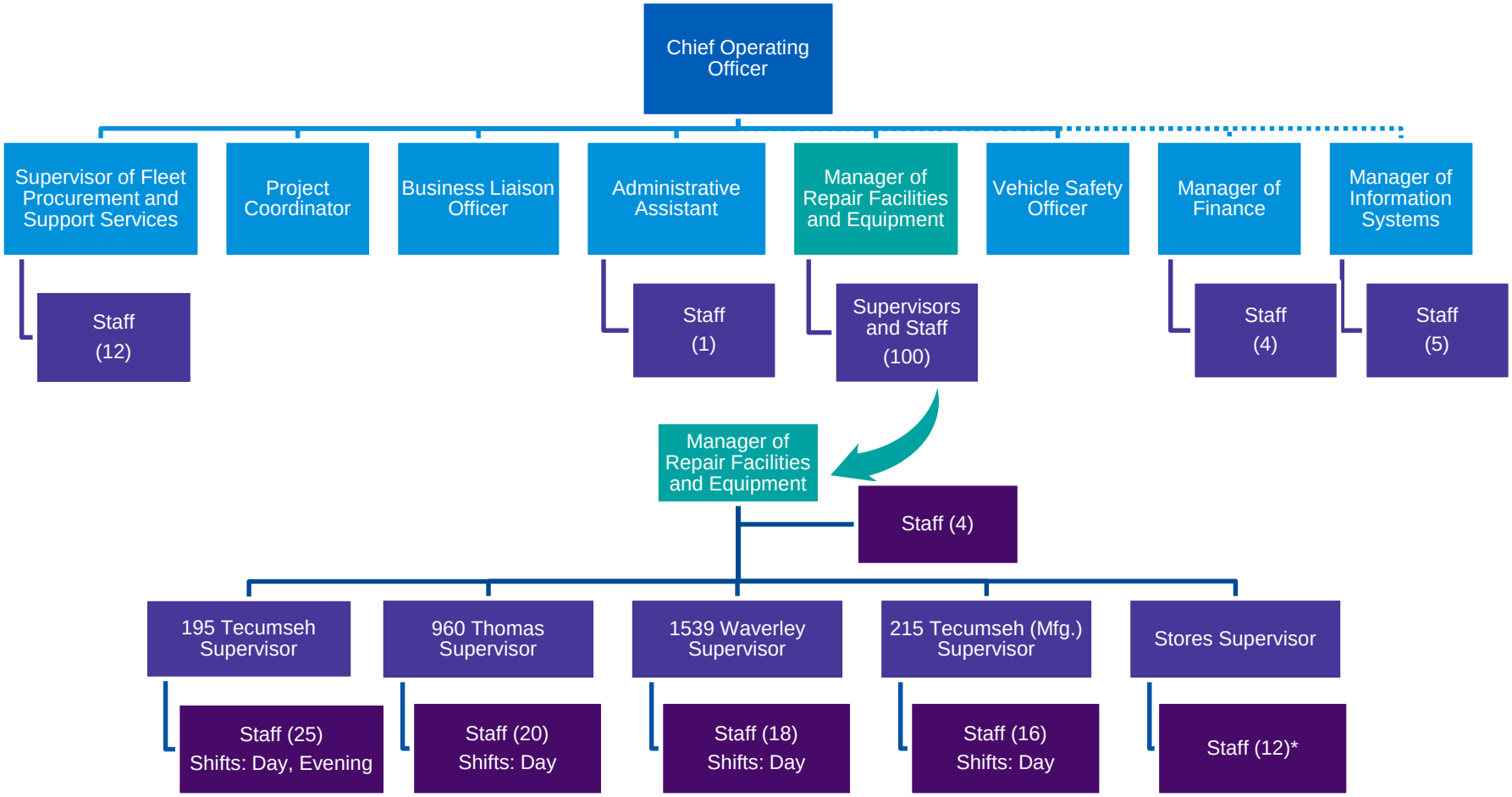


Source: Derived from data provided by WFMA.

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Organizational Structure

WFMA's organizational structure is comprised of 131 FTEs. The large majority of these roles are located in the four maintenance facilities and stores (101 positions, including Manager).



Source: Derived from data provided by WFMA.

*Stores staff are distributed across the four sites as follows: 195 Tecumseh (3); 960 Thomas (4); 1539 Waverley (3); 215 Tecumseh (2).

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Organizational Structure

The current WFMA organizational structure lists a staff contingent totaling 131 FTEs with management staff of 14 FTEs when including 5 supervisors, for a span of control of close to 9 to 1. A typical range for span of control in a public sector organization is between 5-8 to 1. The ratio for supervisors to staff would be higher.

At a high level, span of control ratios indicate that WFMA in general does not have a significant issue with span of control. There may be certain areas requiring more attention in go-forward organizational planning. Determining the most appropriate ratio requires more in-depth analysis of day-to-day tasks of staff.

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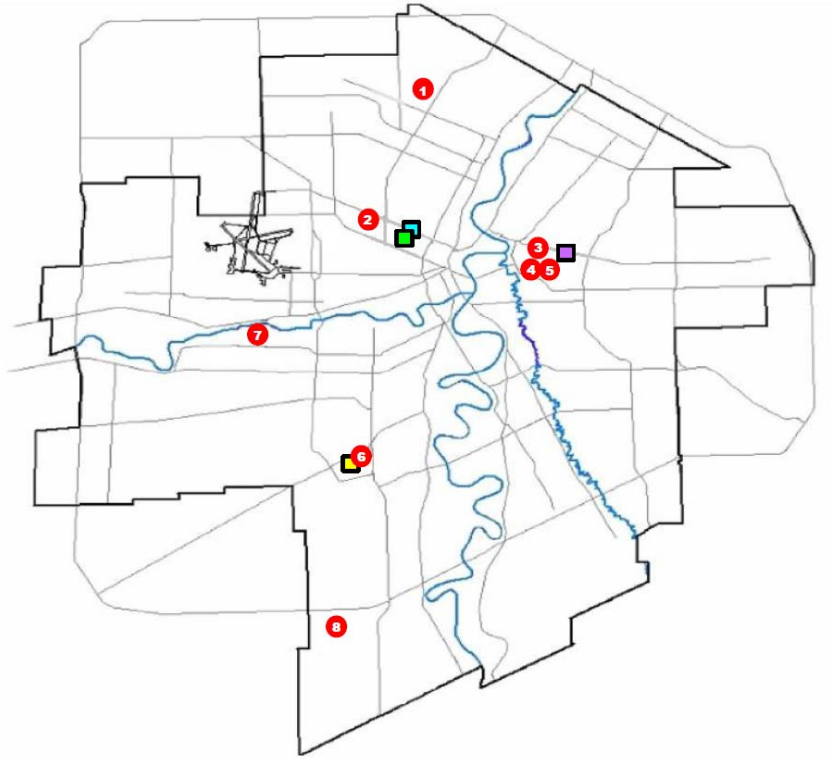
Core Services

The WFMA Business Plan identifies the products and services WFMA is intended to deliver, including:

- **Specification, inspection & procurement**
- **Insurance, licensing & registration**
- **Vehicle & equipment leases**
- **Repair & maintenance**
- **Manufacturing & fabrication**
- **Fuel**
- **Surplus sales & disposal**

These services are delivered at offices, fuel sites and maintenance shops located around Winnipeg.

- Maintenance shops (x4)
  - Manufacturing Shop – 215 Tecumseh Street
  - Major Repair – 195 Tecumseh Street
  - Major Repair – 960 Thomas Avenue
  - Major Repair – 1539 Waverley Street
- Fuel sites (x8)
  1. 2546 McPhillips St.
  2. 1220 Pacific Ave.
  3. 3 Grey St. (restricted)
  4. 552 Plinguet St.
  5. 598 Plinguet St. (restricted)
  6. 1539 Waverley St.
  7. 735 Assiniboine Park Dr.
  8. 1777 Brady Rd. (restricted)



Source: Derived from data provided by WFMA.

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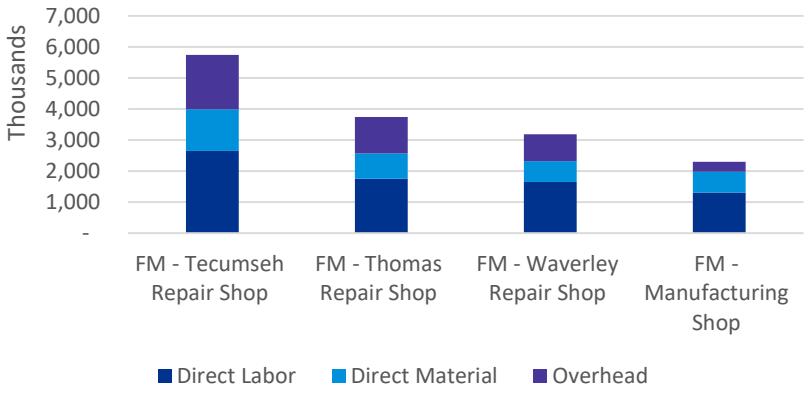
Operations - Facilities Analysis

Observations

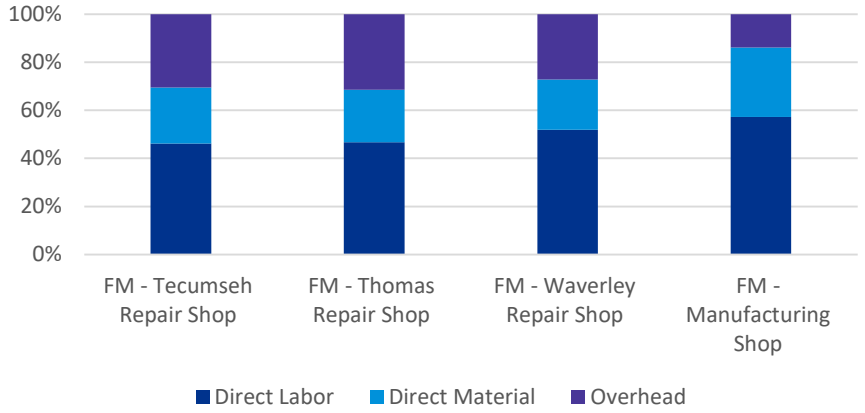
— The proportion of direct labour costs (e.g., shop labour, other hourly labour) is higher in the Manufacturing Shop at 55% than the 42% to 45% of costs at each repair facility. Similarly, the proportion of direct materials costs (e.g., parts and materials used in servicing vehicles) is also higher in the Manufacturing Shop at 28%, compared to approximately 20% of costs at each repair facility. Both of these observations are unsurprising as parts fabrication is expected to require additional labour in addition to disassembly, replacement and assembly of parts and components.

— Thus, overhead (e.g., salaried staff, facilities costs, tools) represents between 32% and 42% of costs at each repair facility; about 18% for the Manufacturing Shop.

Expenses Classification per Facility ($)



Expenses Classification per Facility



Notes:
Direct labor includes total salaries & benefits. Direct material includes total materials, parts and supplies. Overhead includes total services, and total assets & purchases.

Source:
Derived from data provided by WFMA for the period from January 1, 2017 to December 31, 2017.

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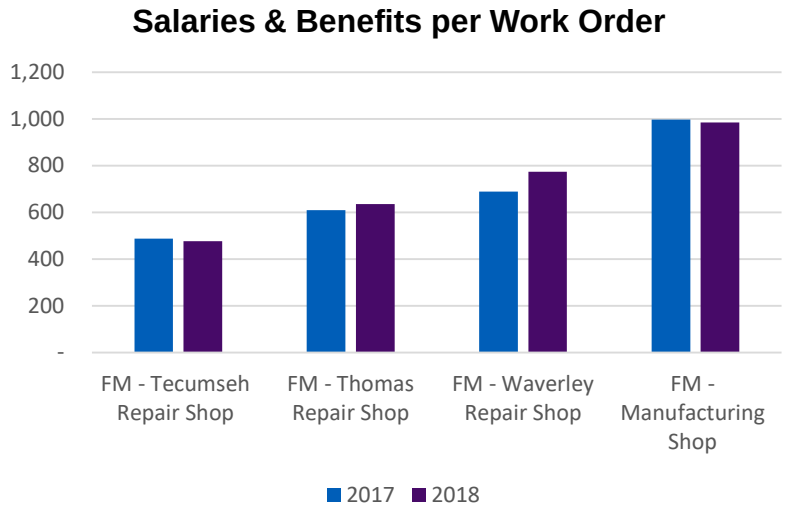
Operations - Facilities Analysis

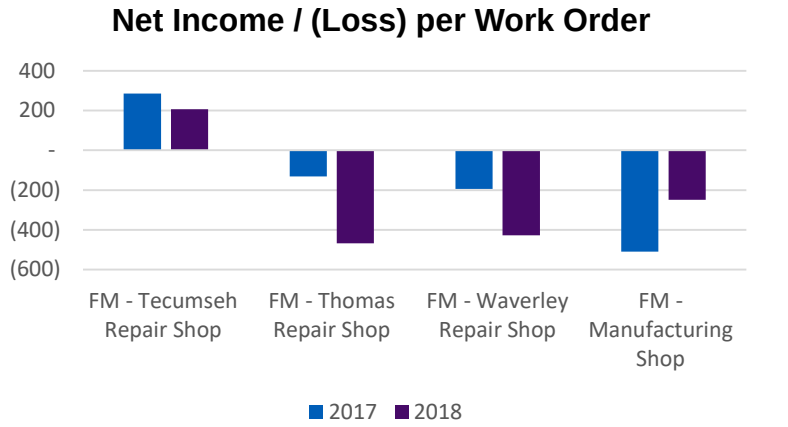
Observations

— Total salaries and benefits between the various repair facilities are fairly comparable. Tecumseh, with its larger staff contingent, operates more efficiently in terms of lower cost per work order.

— Per work order rates vary between the maintenance shops and manufacturing, demonstrating the relative volumes of work and increased intensity of labour in manufacturing.

— It may also be that an evaluation of what types of work occur in the manufacturing shop would yield insights into work that cannot be completed in a cost-effective manner. Some of these types of work could be outsourced.





Notes:
1) Net Income / (Loss) per WO = (Total Revenue – Total Salaries & Benefits – Total Services – Total Materials Parts Supplies – Total Assets & Purchases) / WO
2) "Total Grants, Transfer & Others" and "Total Debt and Finance Charges" have not been included in the calculation of "Net Income in the Net Income / (Loss) per Work Order" analysis.

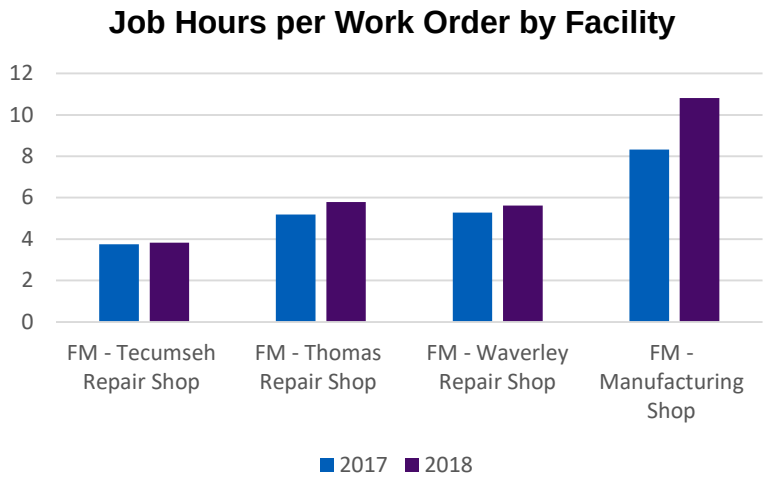
Source:
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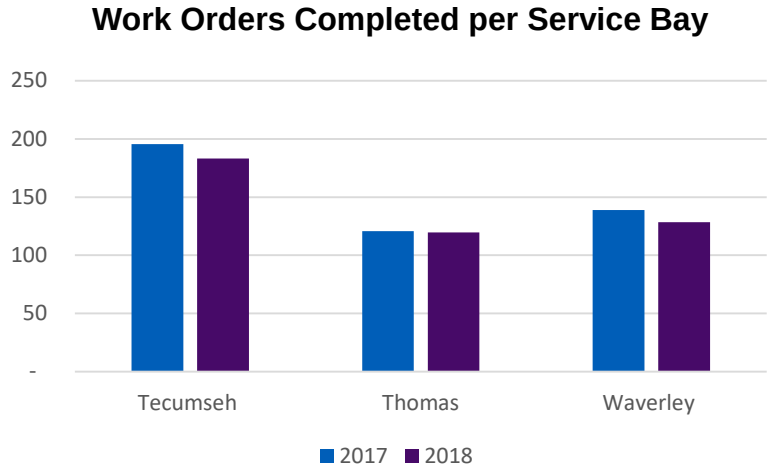
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Operations - Facilities Analysis

Observations

- Tecumseh in general is spending less time per work order as compared to the other facilities. This is in line with the previous page observation in which the salaries and benefits per work order for Tecumseh was lower than the other facilities.
- It was not clear if there was high-level planning with respect to what services are intended to be provided at each facility. Interviews revealed that each facility tends to service the City departments located nearby, thus influencing the services provided – e.g., the Waverley shop services Water & Waste due to its proximity to the Brady Landfill.
- Tecumseh has the highest number of Work Orders and customers, highest FTE and the lowest job hours per Work Order as compared to the other facilities.





Source:
Chart: Derived from data provided by WFMA for the period from January 1, 2017 to August 31, 2017 and January 1, 2018 to August 31, 2018.

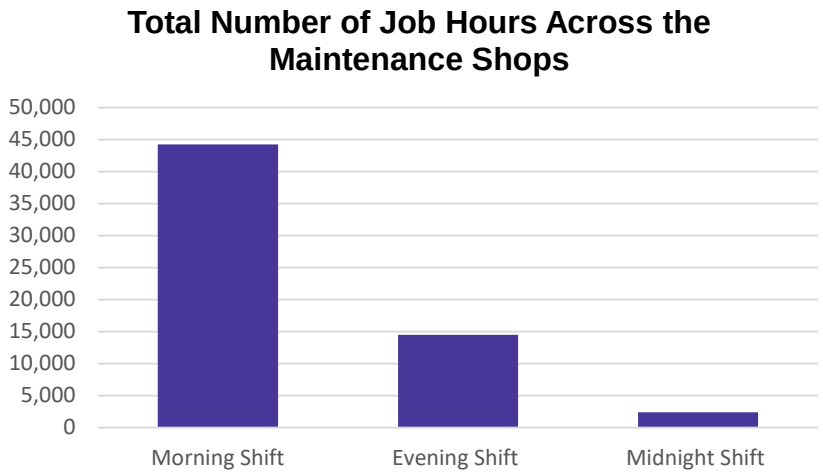
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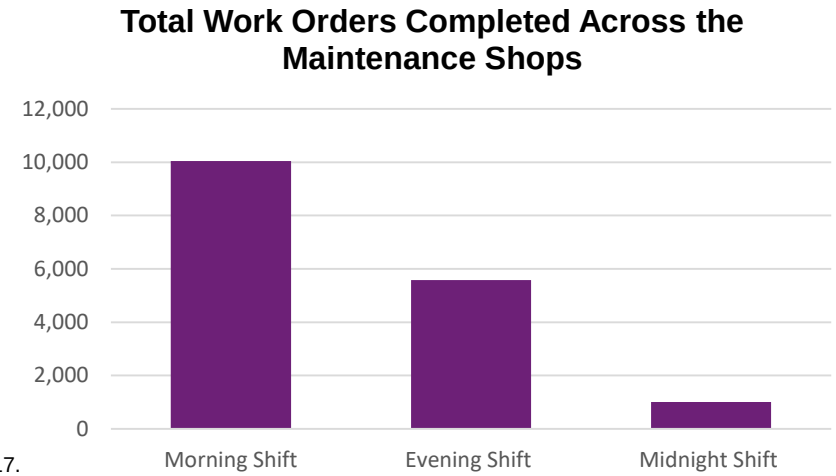
Operations - Facilities Analysis

Observations

- For the repair shops only, data was broken down by shift. The large majority of work is currently completed during the morning shift.
- Work completed during the midnight shifts was much lower in comparison to the other two shifts.
- Management may wish to operate the facilities in two shifts (i.e., morning and evening) or a long shift similar to VEMA. This observation is in line with management feedback that, *"Midnight shifts at Fleet shops was found to be less productive."* Midnight shift work levels may be affected by a number of factors including: how work is planned and distributed, the capacity of each shift, and seasonal spikes in demand.

	All Morning Shifts	All Evening Shifts	All Midnight Shifts
Total # of Job Hours	44,254	14,496	2,356
Total # of Work Orders	10,047	5,582	1,008
Job Hours per Work Order	4.4	2.6	2.4





Source:
Derived from data provided by WFMA for the period from January 1, 2017 to December 31, 2017.

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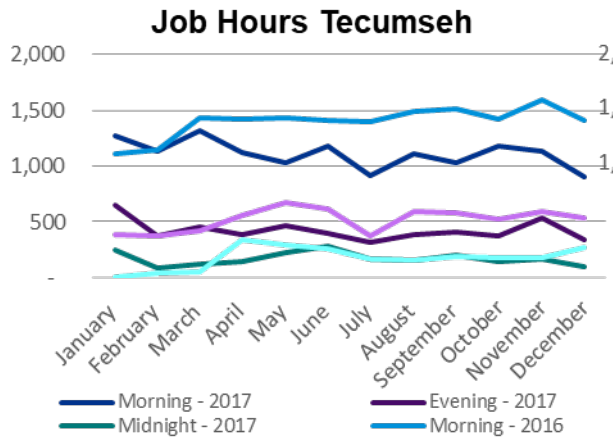
Operations - Facilities Analysis

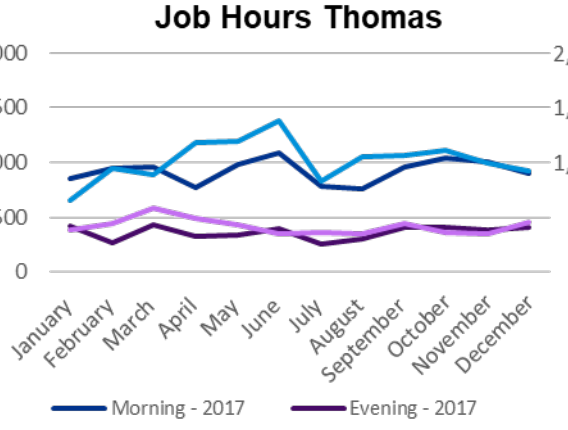
Reviewing the total job hours spent at the three facilities in 2017:

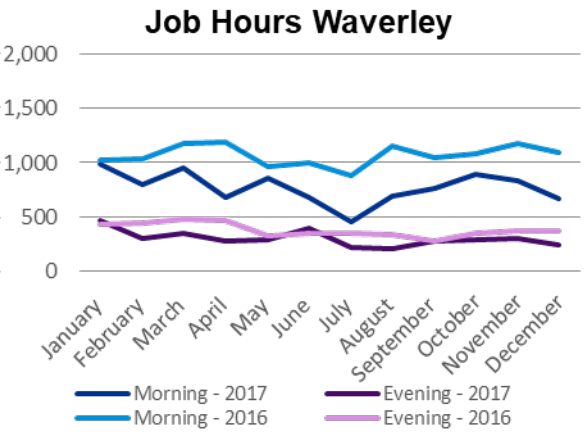
- Tecumseh's total job hours range between 1,300 and 2,000 hours per month.
- Total jobs hours at Thomas ranged from 1,100 to 1,500 hours per month and does not experience the January peak in business experienced by the other shops.
- Waverley has a similar pattern, with typical total job hours ranging between 600 and 1,300 hours per month.
- It is unclear as to why the 2017 maintenance demand across all the facilities was significantly lower than 2016.

Takeaways:

- Understanding maximum shop / shift capacity at each facility would allow WFMA to examine utilization, and rationalize whether work can be better coordinated between facilities to reduce shop hours, staff compliment, or the number of shifts.
- Tracking shop utilization by City department could support the planning and distribution of specialized staff and capabilities between facilities.
- WFMA could increase the management, scheduling and coordination of preventive and planned maintenance activities to improve overall efficiency and utilization of shops, resources and specialized equipment.







Source:
Derived from data provided by WFMA for the period from January 1, 2016 to December 31, 2016 and January 1, 2017 to December 31, 2017.

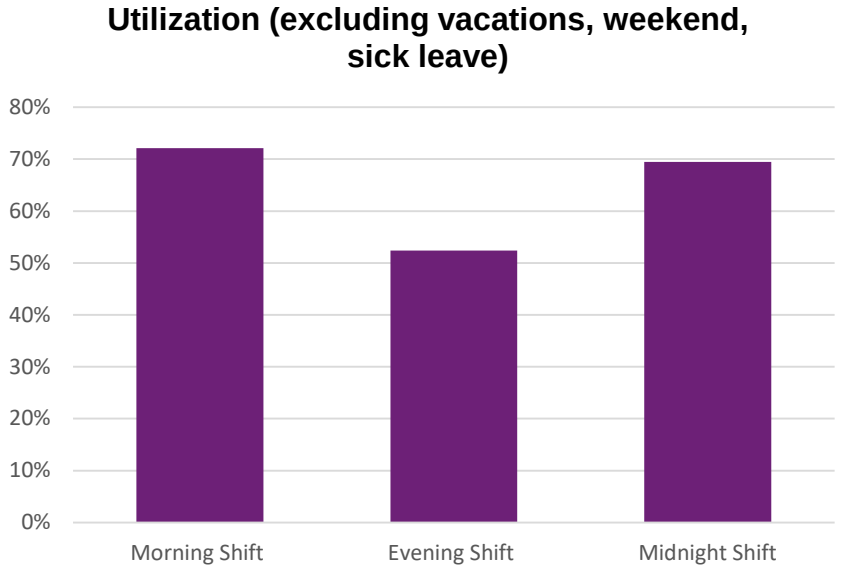
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Operations - Facilities Analysis

Observations

- WFMA has established a seasonal capability for a midnight shift to mitigate surges in customer maintenance and repair needs. Understandably, there is a smaller workload on the midnight shifts as compared to the other two shifts as it manages overflow capacity.
- When needed, management assigned typically three staff for the midnight shifts as compared to 13 for the evening and 24 for the morning shifts.
- We believe that it is better not to have specialized repair facilities due to the following:
  - WFMA has fewer facilities as compared to other cities (see page 70).
  - The current location of facilities covers the whole city. If facilities were specialized, the agency may not be able to provide the same coverage unless they open new facilities which will increase the direct and indirect costs.

The following three pages compare the relative utilization of each shift to the overall utilization of its facility as well as to the average utilization of the three repair facilities for that time of day.



	All Morning Shifts	All Evening Shifts	All Midnight Shifts
Total # of Job Hours	44,254	14,496	2,356
Number of Staff Assigned to the Shift at all Facilities	26	16	2
Utilization	72%	52%	69%
Total # of Work Orders	10,047	5,582	1,008

Source:
Derived from data provided by WFMA for the period from January 1, 2016 to December 31, 2016 and January 1, 2017 to December 31, 2017.

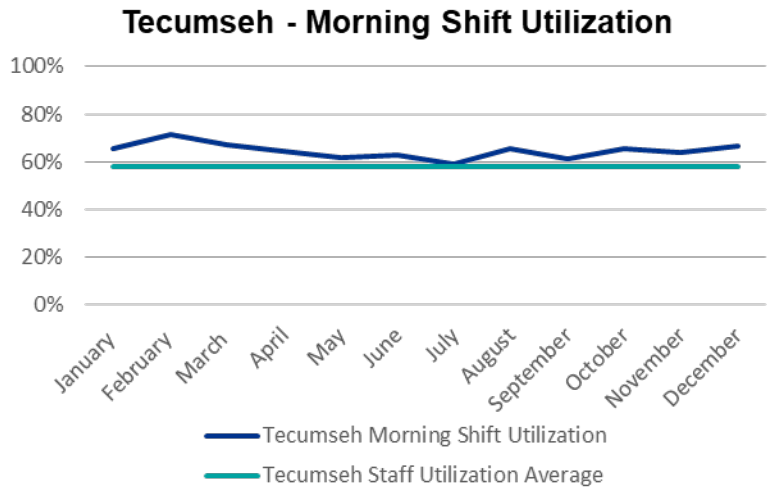
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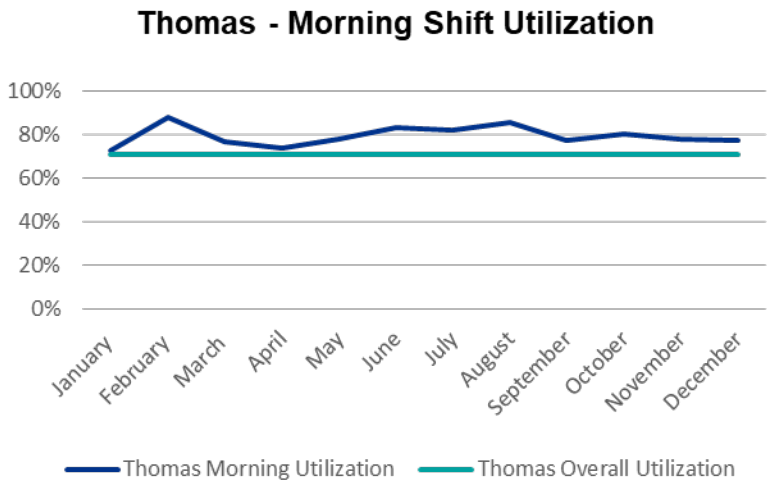
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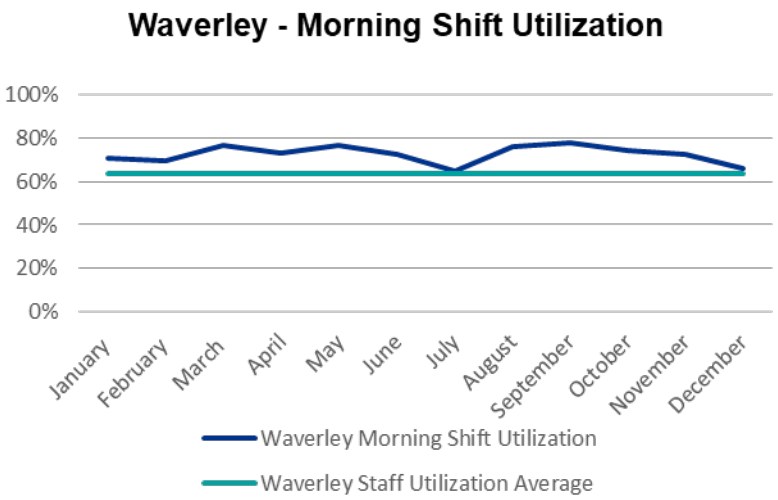
Operations - Utilization of Morning Shifts by Facility

Using 2017 work order data, morning shifts at each of the facilities were compared to: 1) the average morning shift utilization across the three facilities; and, 2) the overall utilization of the facility in question. The morning shift average utilization was better than 70%. Over January to October 2018, utilization was within a 20% band of utilization for each facility.

The Thomas facility morning shift staff utilization is the highest of the three facilities' morning shifts. For each of the three sites, the morning shift was the most productive. It may also be that with seniority, more experienced staff obtain daytime roles, resulting in the most experienced staff work morning shifts.







Source:
Derived from data provided by WFMA for the period from January 1, 2016 to December 31, 2016 and January 1, 2017 to December 31, 2017.

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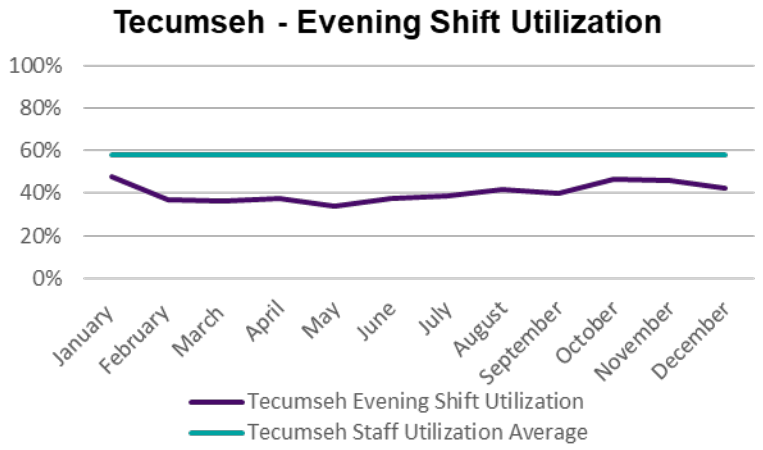
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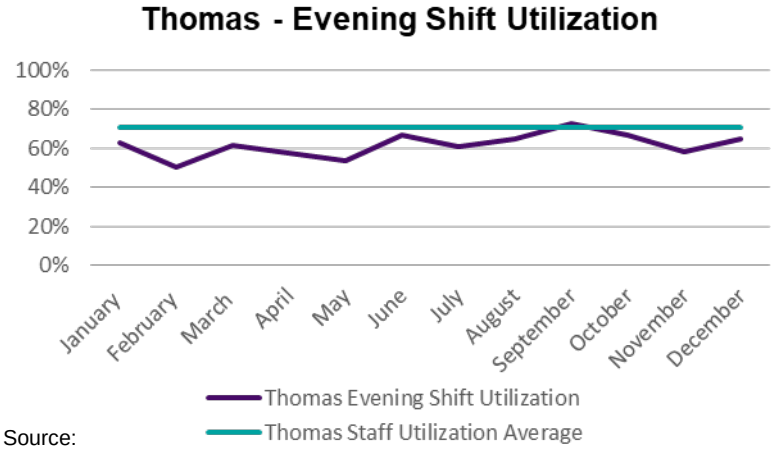
Operations - Utilization of Evening Shifts by Facility

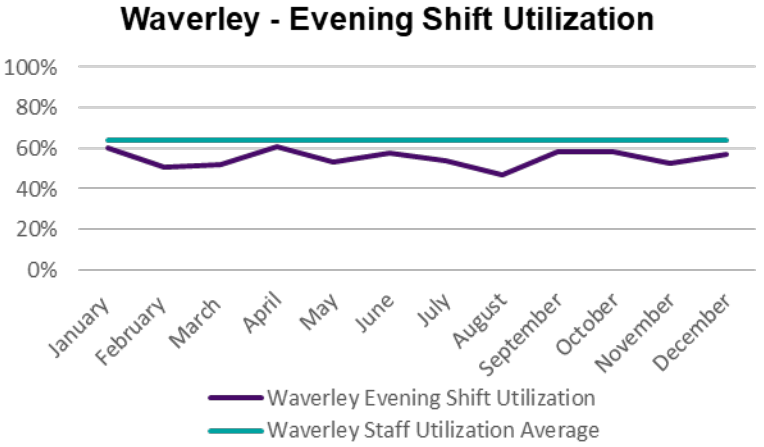
Still using 2017 work order data, evening shifts at each of the facilities were compared to: 1) the average annual evening shift utilization across the three facilities; and, 2) the overall utilization of the facility. The evening shift average utilization was approximately 52%.

The Thomas facility evening shift staff utilization is the highest of the three facilities' evening shifts. For each of the three sites, the evening shift was less productive than the sites' average. The three facilities seem to also have varying peak busy periods through the year.

Customers were reported saying they appreciated WFMA's effort to meet emergency repair needs with evening and midnight shifts. These shifts provide valuable spare capacity, though there may be opportunity to optimize them further.







Source:
Derived from data provided by WFMA for the period from January 1, 2016 to December 31, 2016 and January 1, 2017 to December 31, 2017.

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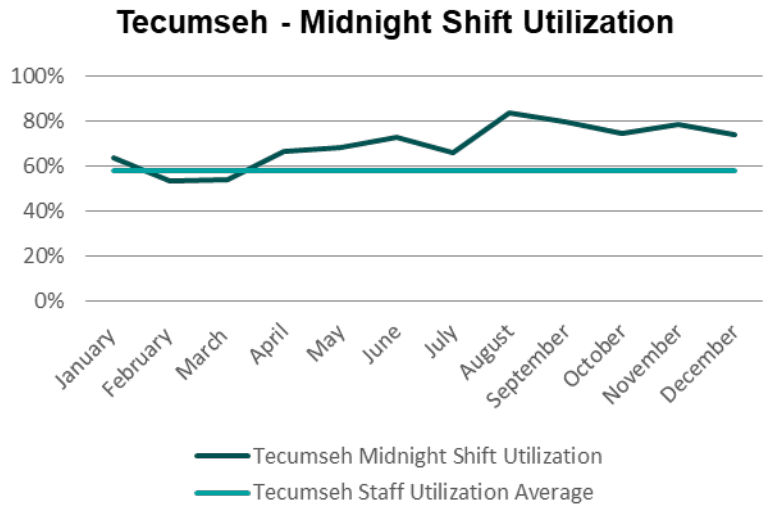
Operations - Utilization of Midnight Shift

Basis of Utilization Analysis

The following assumptions were used in developing this report's utilization calculations:

- Effective Working Hours – 7.5 hours for morning shift, 7 hours for the evening shift and 6.5 hours for the midnight shift.
- Facility Staff Utilization average – The overall utilization average of the facility (morning, evening and midnight, when applicable)
- *"Shift"* (morning, evening or midnight) Staff Utilization Average – The utilization average of the specific shift across all facilities.
- Average Utilization per Month – The utilization average of the midnight shift.

Note, Tecumseh is the only facility with a midnight shift. The midnight shift had significant variation in utilization through 2017, with a low of approximately 52% in February and March, and a peak of almost 82% in August 2017.



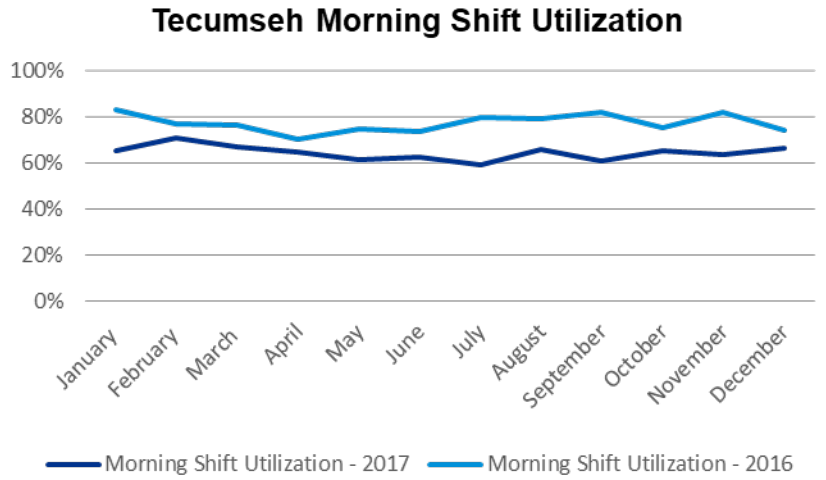
Source:
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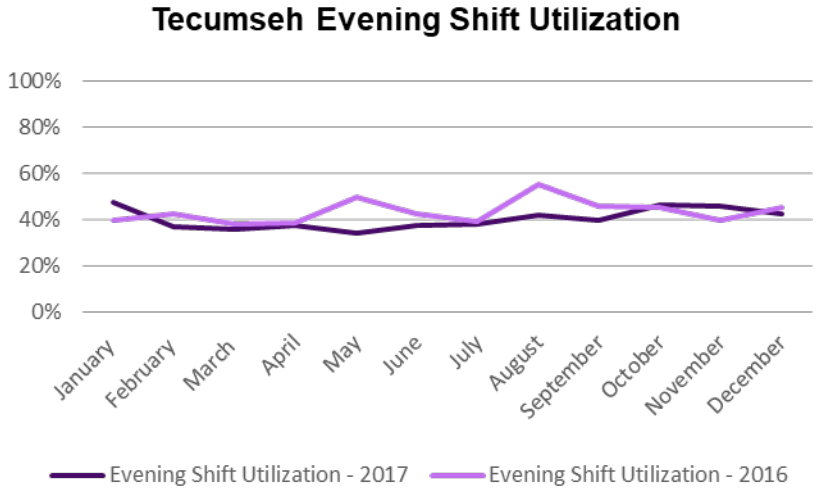
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Operations - Utilization of Shifts - Tecumseh

Comparing Tecumseh utilization in 2016 and 2017 reveals that morning shift utilization throughout 2016 was higher than 2017. Similarly, Tecumseh evening shift utilization during 2016 was better than 2017 with the exception of a few months. This variation may be due to differing management approaches or staffing levels.

Tecumseh repair staff were more efficient overall in 2017 as there were more jobs and work orders completed in fewer job hours.





	2017	2016
Total Jobs performed during the year	32,059	29,174
Work Order	5,427	5,103
Job Hours	20,434	25,068

Source:
Derived from data provided by WFMA for the period from January 1, 2016 to December 31, 2016 and January 1, 2017 to December 31, 2017.

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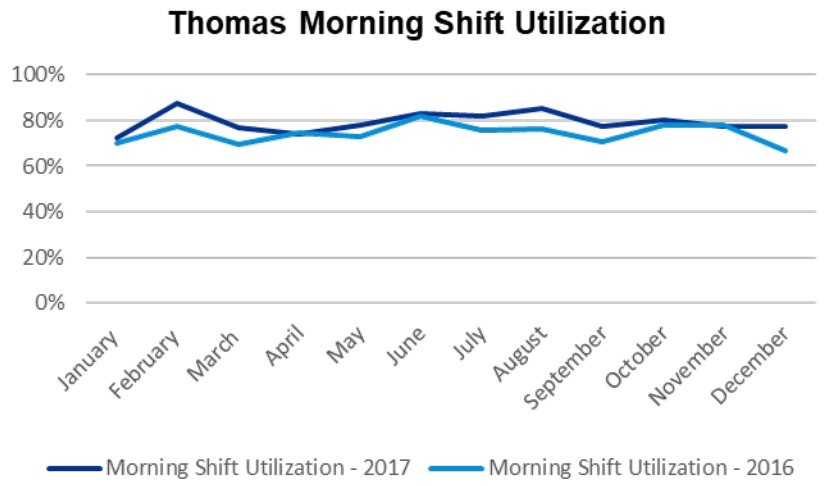
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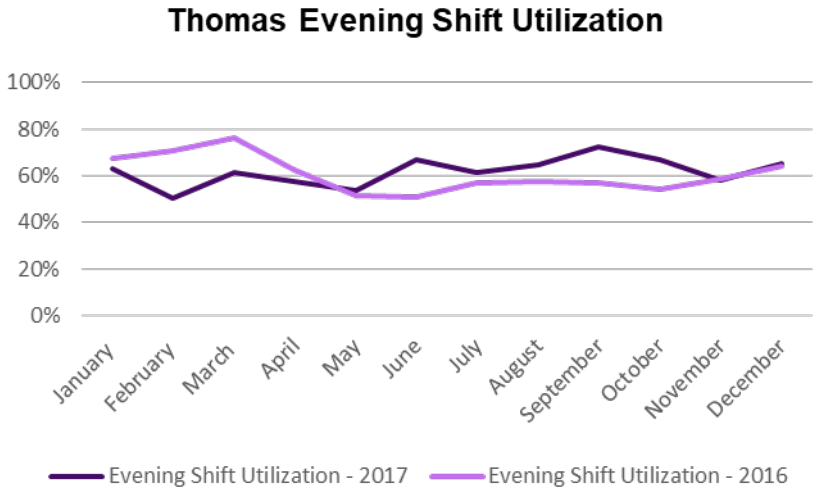
Operations - Utilization of Shifts - Thomas

Comparing 2016 and 2017 utilization at the Thomas shop shows a similar level of utilization during the morning shifts of the two years.

In contrast, the evening shifts of the two years show some variation, with each year up to 20% busier at different points.

Similar to Tecumseh, data indicates that staff are completing the jobs more efficiently, completing more jobs and work orders in fewer hours.





	2017	2016
Total Jobs performed during the year	13,979	13,346
Work Order	2,758	2,826
Job Hours	15,529	17,300

Source:
Derived from data provided by WFMA for the period from January 1, 2016 to December 31, 2016 and January 1, 2017 to December 31, 2017.

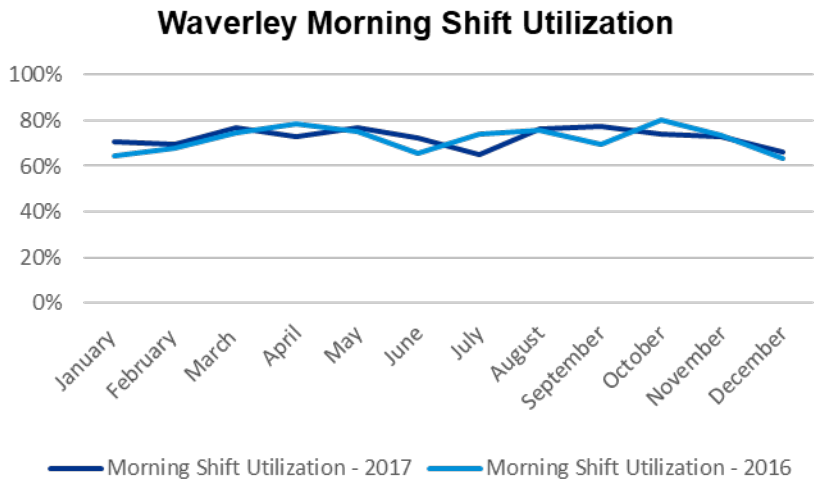
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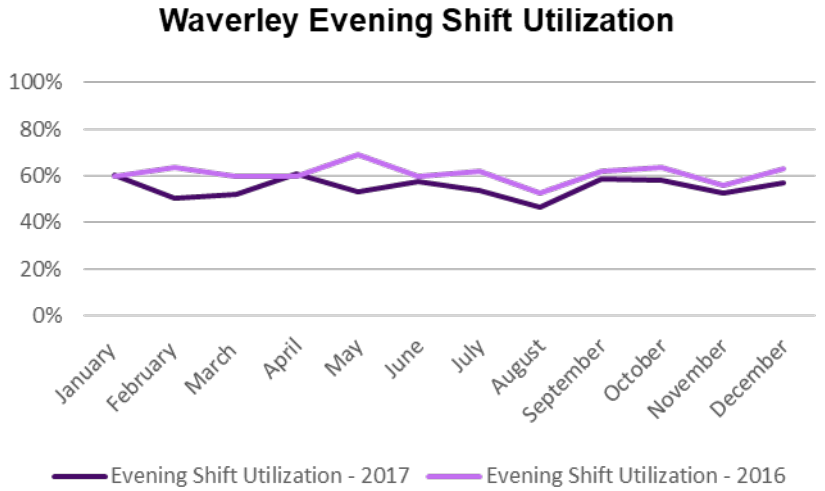
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Operations - Utilization of Shifts - Waverley

Comparing 2016 and 2017 for the Waverley shop, the results are similar to Thomas and Tecumseh in that utilization seems to be similar for the two years.

Also, like the other shops, data indicates that the Waverley shop completed work more efficiently – i.e., the number of jobs completed was higher, using fewer hours. In Waverley's case, the number of work orders completed was approximately 10% fewer, but the overall hours was over 20% lower.





	2017	2016
Total Jobs performed during the year	13,597	12,990
Work Order	2,359	2,708
Job Hours	13,068	17,731

Source:
Derived from data provided by WFMA for the period from January 1, 2016 to December 31, 2016 and January 1, 2017 to December 31, 2017.

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Operations - Utilization

Workshop staff record multiple time entries for maintenance and repair work orders on the Equipment Maintenance Application. It is worth noting that the actual time billed exclude the lunch and breaks time. It is acknowledged that daily time is required for unbillable activities such was time spent on the following tasks/activities:

- Cleaning the workshop
- Material handling
- Getting tools and parts
- Training and instructions

Being able to identify seasonal busy periods has the potential to provide faster turnaround of vehicle servicing, to smooth out peak busy seasons by moving scheduled preventative maintenance, and optimize productivity of all shifts and facilities.

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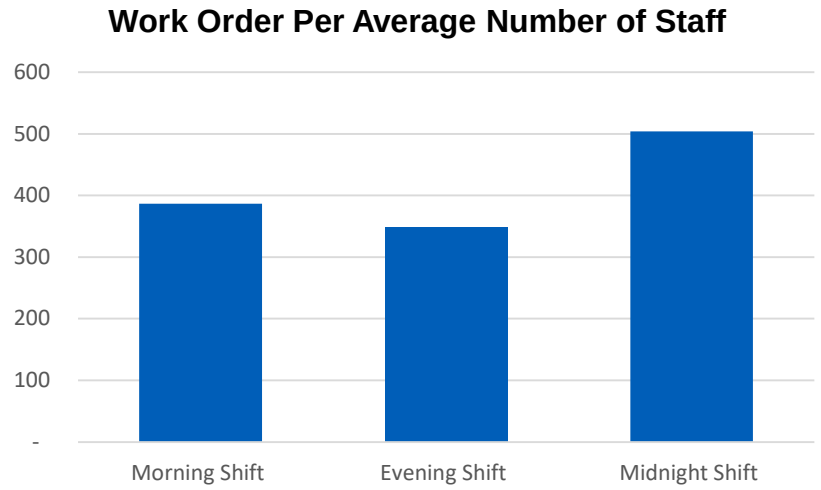
Operations - Facilities Analysis

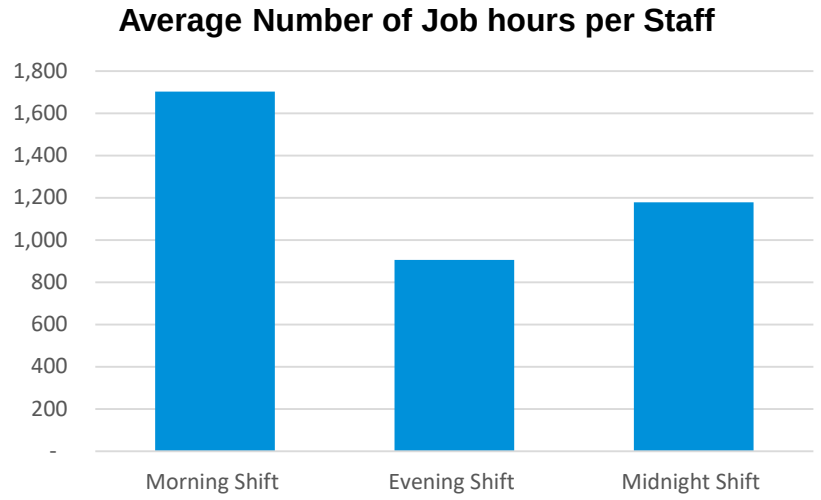
Observations

— As highlighted in the previous observation, management workload analysis has led to a proper staff allocation decision which in turn increased staff productivity in the midnight shifts.

— Work order per average number of staff in the midnight shift was even higher than the other two shifts.

— Number of job hours per average number of staff in the midnight shift was slightly higher than the evening shift.





Source:
Derived from data provided by WFMA for the period from January 1, 2017 to December 31, 2017.

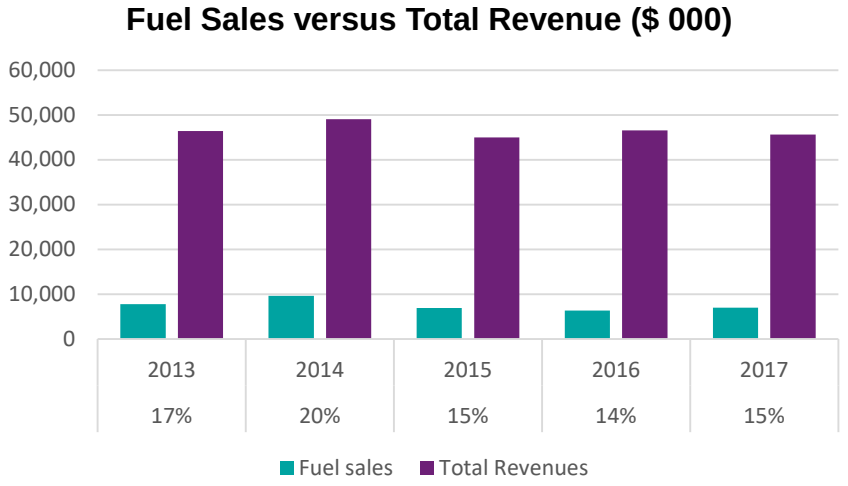
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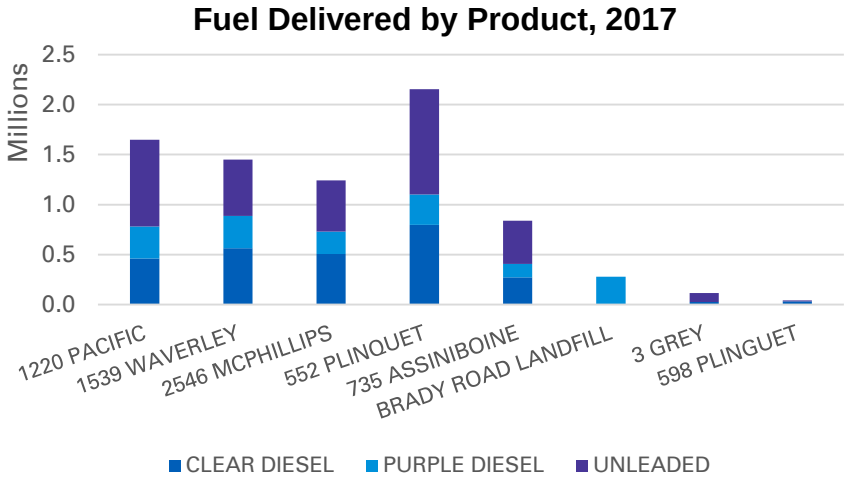
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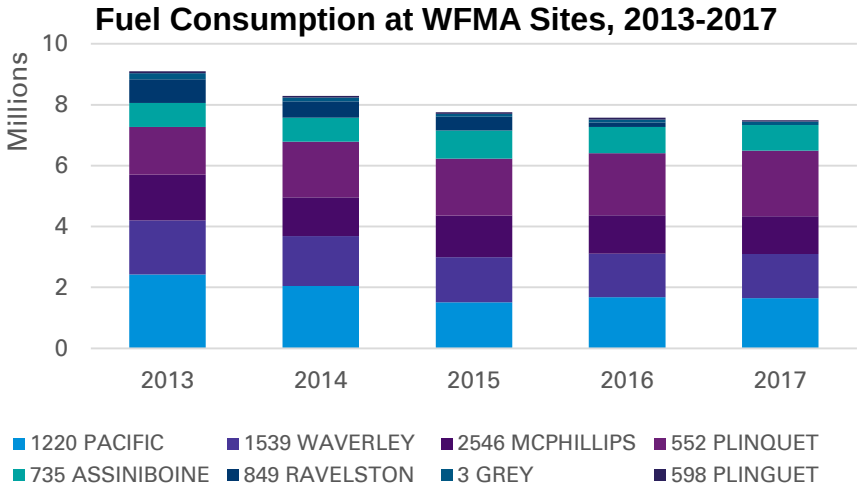
Trends in Fuel Sales

Observations

- Fuel sales contributes on average 14% to 20% of WFMA's total revenue.
- Fuel sites are located in four quadrants of The City.
- Most customers were fairly satisfied with the quality of fuel service operations. However, some noted that they can sometimes be a significant distance from the nearest fuel site, and the drive costs time and money.
- WFMA notes that there are environmental liabilities associated with fuel sites in the event of any future decommissioning, which The City would be advised to recognize an order of magnitude of potential remediation costs and allocate funding towards it. This is advised by PSAB's Asset Retirement Obligations.







Source:
Derived from data provided by WFMA.

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Fuel Consumption

WFMA tracks the fuel efficiency of the various City departments. Reviewing this data and departments with fuel consumption rates under 15 L/100km would suggest these have chosen smaller and more fuel efficient vehicles in conducting their business activities. Most have maintained similar fleet, but Public Works Engineering seems to have made a transition to smaller vehicles between 2014 and 2016. Customers with increasing fuel consumption likely are acquiring more large vehicles. The fuel consumption data from 2014 to 2016 suggests that some departments are trending toward increased fuel consumption (yellow arrows) and some toward increased fuel efficiency (green arrows).

Legend of apparent trends:

Increasing efficiency

Decreasing efficiency

Light Vehicle Fuel Efficiency by Department (L/100km)	2014	2015	2016	
Assessment and Taxation Department	9.1	9.9	9.9	←
Corporate Support Services Department	18.2	20.7	20.8	←
Winnipeg Fire Paramedic Service Department	19.3	20.0	19.0	
Fleet Management – Special Operating Agency	19.6	15.7	18.3	
Planning, Property and Development Department	18.1	16.6	19.8	←
Parking Authority – Special Operating Agency	13.0	12.3	13.3	
Public Works Department – Engineering	19.0	15.3	13.8	→
Public Works Department – Parks & Open Space	24.3	23.7	24.5	
Public Works Department – Streets Maintenance	27.6	22.0	23.1	
Public Works Department – Traffic Signals	27.7	32.4	30.7	
Public Works Department – Transportation Systems	23.8	23.8	22.5	→
Winnipeg Police Service	18.6	19.8	19.5	
Water and Waste Department – Engineering	15.9	16.0	17.6	←
Water and Waste Department – Environmental Standards	10.3	11.3	13.0	←
Water and Waste Department – Solid Waste	19.8	25.2	24.8	
Water and Waste Department – Wastewater	18.9	21.9	22.0	
City of Winnipeg Vehicle Fuel Efficiency by Fleet Category	**2014**	**2015**	**2016**	
Light vehicles (L/100km)	19.8	20.0	20.3	←
Heavy vehicles and specialty equipment (L/hr)	7.7	7.4	7.5	

Source: Derived from WFMA 2018 Business Plan.

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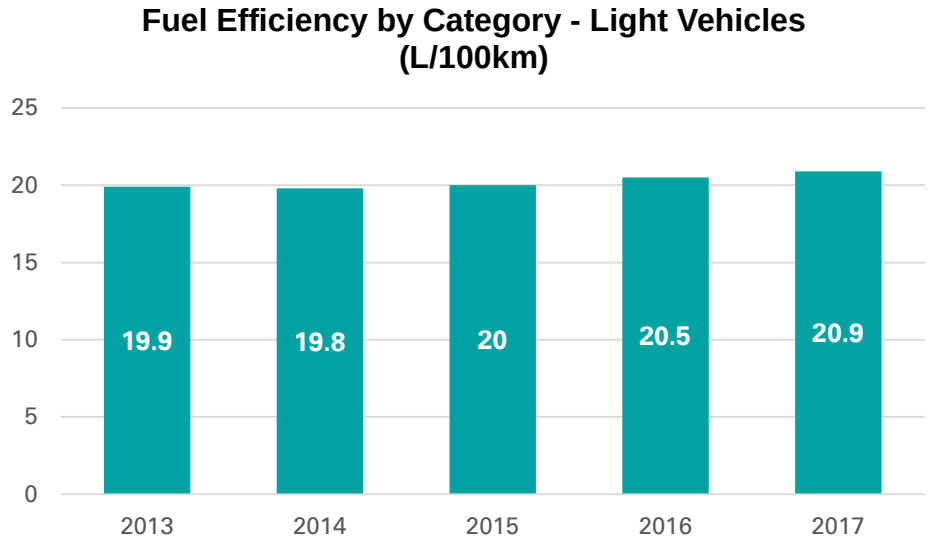
Fuel Consumption

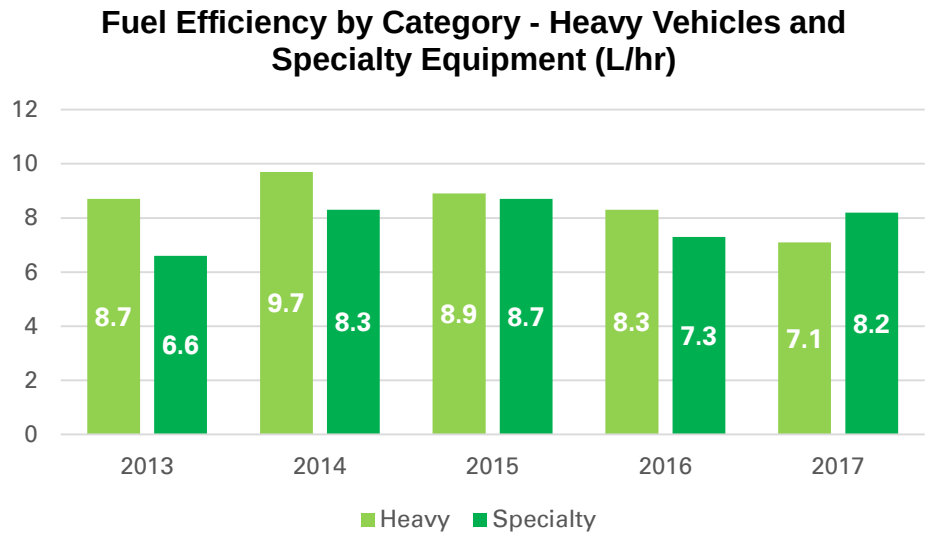
Average fuel consumption for light vehicles has slightly increased from 20.5 L/100km in 2016 to 20.9 L/100km. This may reflect a gradual increase in the proportion of larger vehicles making up the fleet, or possibly additional heavy equipment being added.

In contrast, the fuel consumption of heavy vehicles has decreased from 8.3 Litres/hour (L/hr) to 7.1 Litres/hour.

These figures may be impacted by the amount of cold weather use of heavy equipment and idling, or a number of related factors.

WFMA may wish to consider a "no-idling" policy for City vehicles, perhaps one similar to the City of Hamilton's policy.





Source: Derived from data provided by WFMA.

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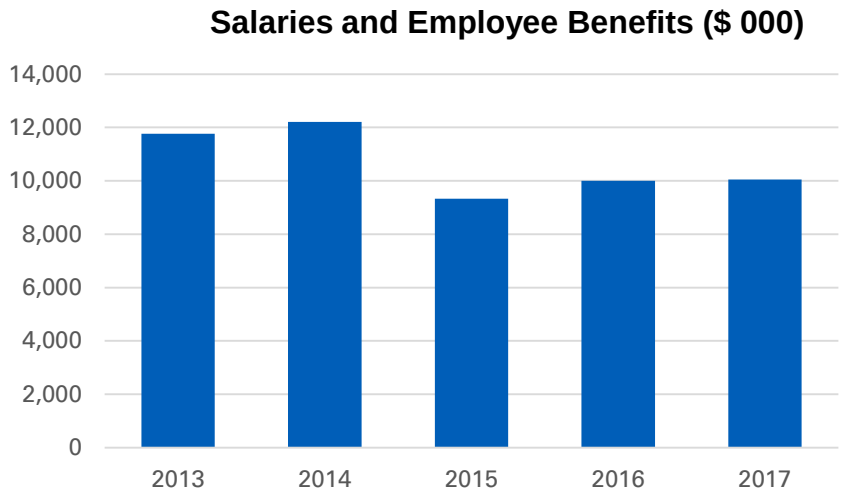
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Trends in Personnel Costs

Observations

— Based on discussions with management, staffing levels appears to be at stable levels and at relatively appropriate levels for the mandate and volume of work. As well, WFMA compares favourably to other comparable organizations (see benchmarking). There may be opportunity to distribute maintenance work across sites.

— Salaries and employee benefits have decreased from around $12 million in 2013 to around $10 million in recent years.



Source: Derived from WFMA financial statements.

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Financial Analysis

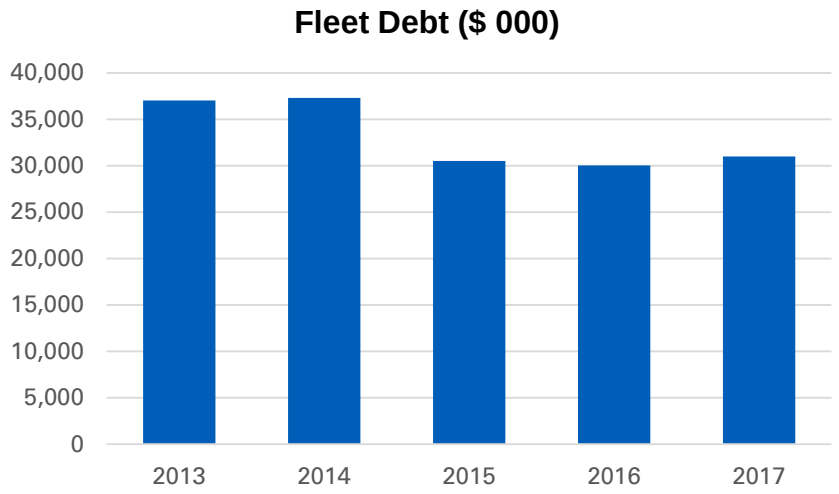
Observations

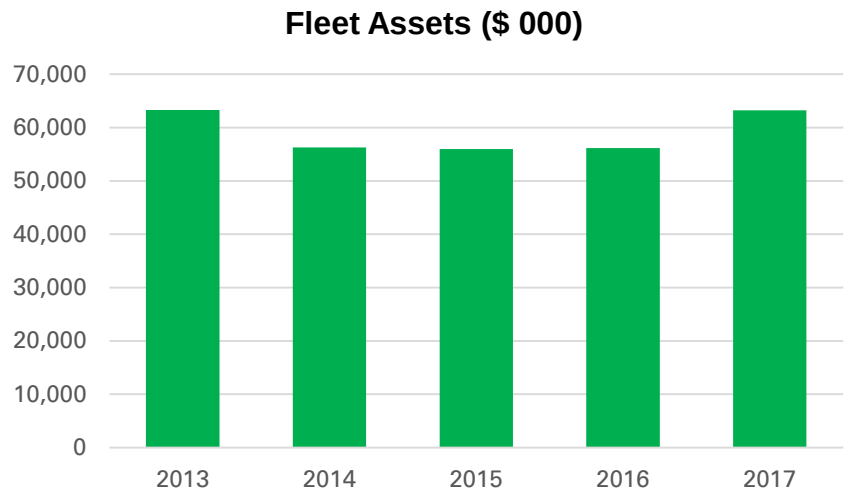
In recent years, WFMA has:

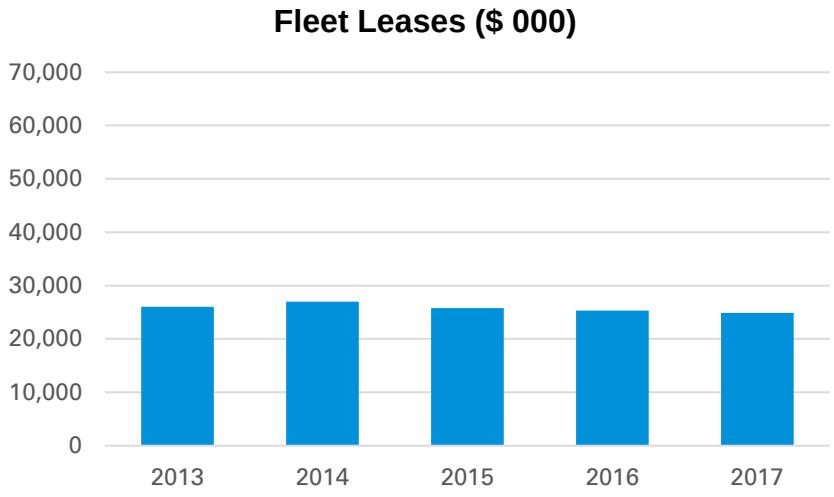
— Reduced the amount of debt it carries from approximately $37 million in 2014 to approximately $30 million in 2017. This may fluctuate with time.

— Moderated fleet leases at around $25 million annually.

— Renewed and maintained the size of the fleet portfolio and the services that this fleet enables The City to offer. Over 2014-2016, fleet assets were approximately $57 million, with an increase to approximately $63 million in 2017.







Source: Derived from data provided by WFMA.

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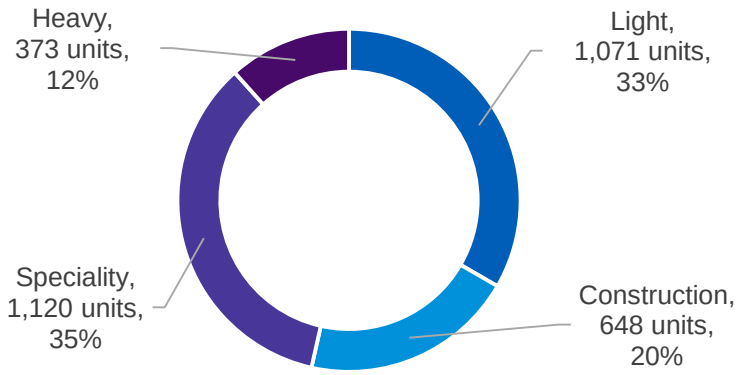
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Fleet Inventory

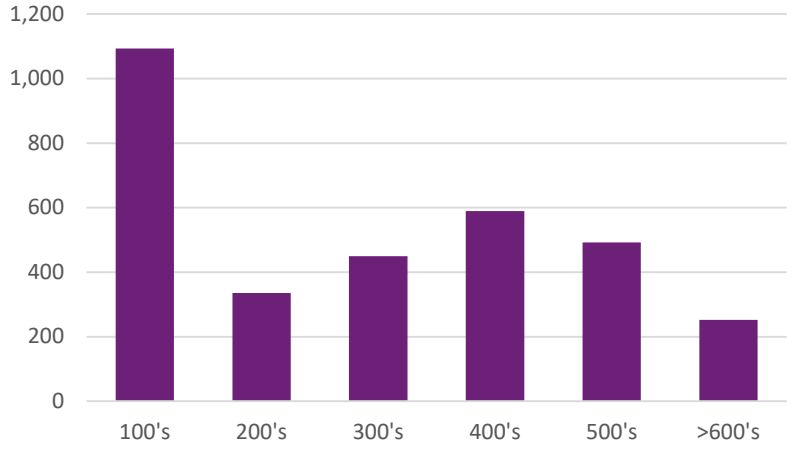
WFMA has been putting significant effort into developing Asset Management practices as they affect fleet operations. These essentials include:

- Life cycle planning of municipal assets. For WFMA, this means standardizing the costs and management practices over the vehicle life including:
  - Procurement
  - Preventative Maintenance
  - Repairs
  - Fuel management
  - Disposition
  - Insurance and licensing
- Building systems to track data in the activities mentioned above.

WFMA Vehicles (# of vehicles)



WFMA Vehicles and Equipment by Class (# of vehicles)



Class	Description
100s	Includes sedans (compact, full-size), pickup trucks, SUVs and vans
200s	Chassis class 3-8 trucks
300s	Tractors, sidewalk tractors, skid steer loaders, excavators, graders and forklifts
400s	Construction equipment, snowblowers, equipment accessories
500s	Specialty construction equipment
600s	Body spreaders, ambulances
700s	Trailers
800s	WFPS specialty emergency equipment

Source: Derived from "2017 Capital Assets" data provided by WFMA

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Facilities Analysis - Planned Maintenance

"Planned Maintenance" is a key operating metric for fleet management agencies. By definition, "planned maintenance" is "preventative maintenance" when it is scheduled. Preventative Maintenance (PM) is maintenance done to avoid breakdowns and is often smaller in cost or scale. Typical PM may include oil filter, brake and fluid changes and regular inspections. Planned maintenance also includes overhauls and replacements to avoid unexpected equipment failures.

Alternatively, "unplanned maintenance" is reactive repairs, including deferred maintenance and those due to accidents.

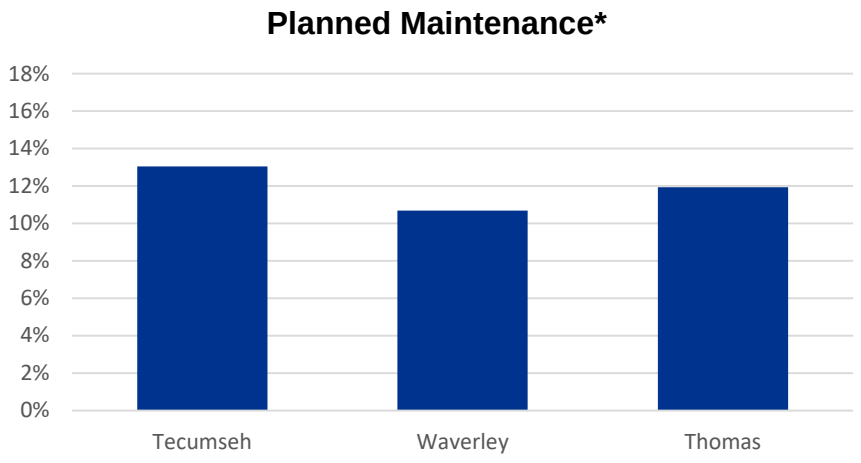
Health and Safety would include inspections of equipment guards, emissions, shop air quality, etc. Seasonal planned maintenance would include inspection of mowing or snow clearing equipment.

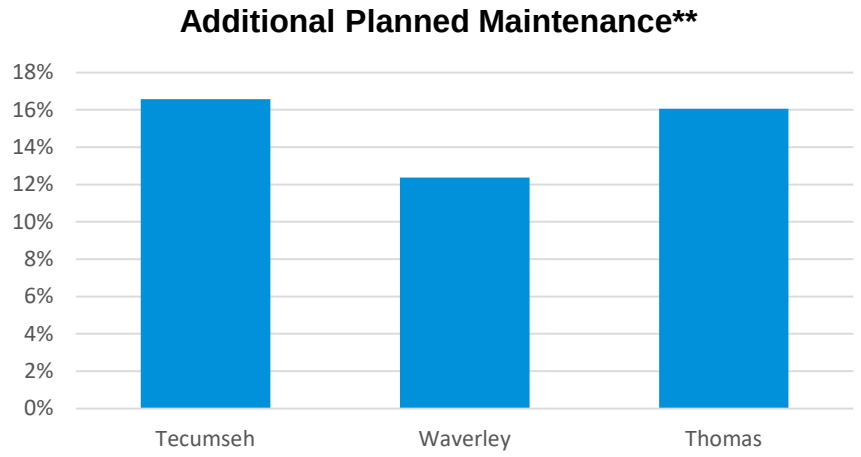
Reviewing Equipment Maintenance Application data provided, the following common tasks are not captured in the data on Planned Maintenance**:

- Final inspection
- Tires
- Brakes
- Manitoba Government Safety
- Seasonal Inspection

The total number of hours allocated to these jobs were between 12.4% and 16.6% of the total job hours.

The percentage of the scheduled maintenance was around 10.6% to 13% of the total job hours.





*Planned Maintenance as categorized in WFMA's Equipment Maintenance Application.
**Works that should be included in the Planned Maintenance definition.

Source:
Derived from data provided by WFMA for the period from January 1, 2017 to November 14, 2017.

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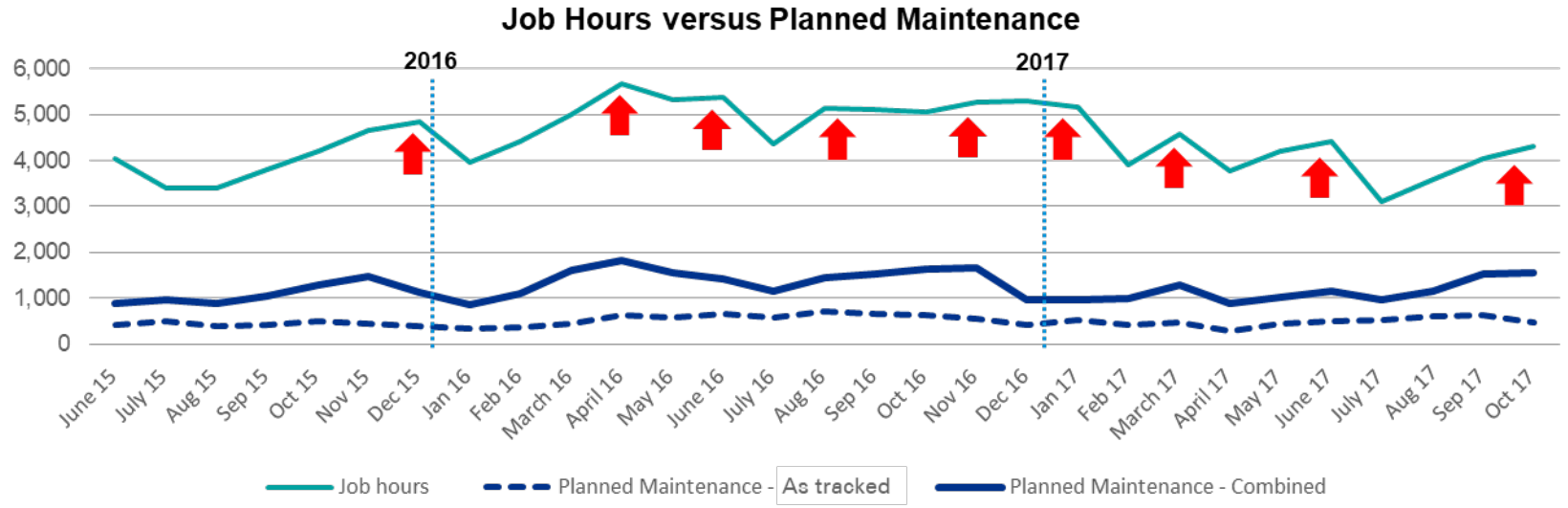
Facilities Analysis - Planned Maintenance

Observation

Reviewing data from June 2015 to November 2017, Planned Maintenance (PM) activity was typically high each year in Spring and Fall season, though the timing of that period is likely weather-affected.

The total hours spent on all work orders over all three facilities was also high during these seasons. The periods of high and low Planned Maintenance activity are relatively correlated with overall business of the facilities, likely related to: 1) seasonal change-over of equipment; and, 2) overlap in seasons of work (i.e., last occurrence of snow clearing, street sweeping, preparation of lawn mowers for summer use).

There is an opportunity to distribute Planned Maintenance across periods of low utilization to balance and smooth out utilization over the entire year.



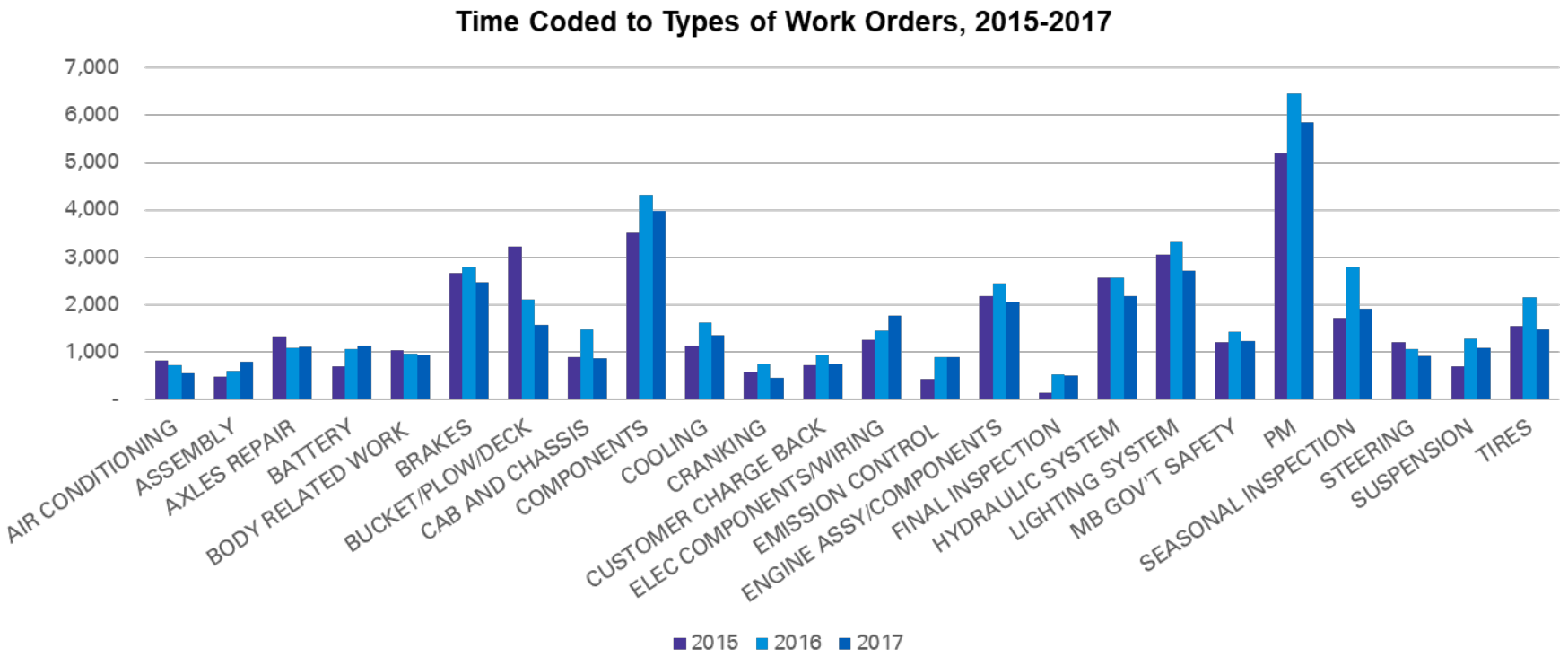
Notes:
1) Comparing to the previous page's charts, "Planned Maintenance" and "Additional Planned Maintenance" together are called "Planned Maintenance – Combined"
2) "Planned Maintenance – Combined" = sum of Final Inspection, Tires, Brakes, MB Government Safety and Seasonal Inspection hours together with "Planned Maintenance – As tracked" hours.

Source:
Derived from data provided by WFMA for the period from May 28, 2015 to November 14, 2017.

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Facilities Analysis - Jobs Analysis



Twenty-four job categories make up approximately 75% of total jobs in WFMA maintenance shops. Annual time charged to work orders totaled approximately 38,000, 45,000 and 38,000 in 2015, 2016 and 2017, respectively. WFMA reports that hours were higher in 2016 due to fewer workplace vacancies and revised procedures around work order documentation. Preventative Maintenance (PM) makes up 15% of 2017 hours, though conversations with management indicate that this should be higher if the Preventative Maintenance (PM) was more clearly defined and understood among staff.

Source: Derived from data provided by WFMA for the period from May 28, 2015 to November 14, 2017. Data was extrapolated to provide for each year an annual estimate of hours spent on each type of maintenance activity.

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Maintenance Management Systems

Observations

WFMA employs a number of applications which contribute to its information system:

— Equipment Maintenance Application – an application to track repairs on WFMA equipment, and track parts inventory.

— Asset Management and Billing Application – a repository of fleet assets, tracks services to each asset (insurance, leasing, rental, etc.), and bills customers.

— Fuel Transaction System – tracks fuel dispensing transactions at WFMA fuel sites.

— Fuel Inventory System – monitors fuel volumes at WFMA fuel sites.

Concerning the Equipment Maintenance Application, a number of weaknesses were noted, mainly due to the functional limitations of the current application in use:

— The Equipment Maintenance Application does not have the functionality to issue a summary report of only stock transfers. The user can run a Parts Adjustment report showing all adjustments including transfers. Additional canned reports are available with the Data link plug-in, but require configuration before available for use. Stores staff view the inventory quantities of other locations and can request them. Subsequently, the transfer function within the application (usually performed by the receiving department) will adjust the inventory quantities of both locations.

— The application does not provide a stand-alone receipt record to show a transfer has taken place.

— The application does not have the capability to provide a description or breakdown of the maintenance service provided on invoices.

— Management should either ensure that the Asset Management and Billing Application has the needed functions to mitigate the Equipment Maintenance Application weaknesses or enable other productivity features to be developed/procured.

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Key Highlights from Interviews

Several interviews were conducted with WFMA and customer groups. In October to early November, we held 12 separate sessions with internal groups and customer departments, with 45 city representatives in total. Comments and feedback received has been grouped into categories of:

What's working well?

What's not working well?

Opportunities for improvement

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Key Highlights from Interviews

Category	What's working well?
General	– Fleet is widely regarded as improving and moving in a good direction. – Management team's openness and willingness to collaborate is viewed as better in recent years. – Several Fleet staff have experience with other departments to understand their role and function. – Internal Fleet budgeting is being done at the shop level now within the last year.
Procurement	– Specifications Committees seem to function well. More back and forth recently. – Procurement was understaffed, but that has been resolved recently. – Finance has improved pricing and transparency of finances. – Multi-year agreements is a major improvement, providing better efficiency and flow in procurement of vehicles and equipment. – Examples of cost savings in refurbishing equipment (e.g., sanders saved $1.9M).
Leasing and Pricing	– Fleet has worked to charge at cost recovery only. Fleet has done analysis by class of vehicle, with plans to review annually or biannually, along with usage by class of vehicle. – Operating lease rates and rentals have come down as a result of costing analysis. – Fleet seems to have heard complaints that they are more expensive than the market; working to come in-line. – Fleet seems to be becoming more flexible on lease terms (unlike in the past).
Communication and Relationships	– Many customers volunteered that service and working relationships have improved notably in the last 1-2 years. – Customers respect Fleet for initiating this Operational Review. – Customers feel Fleet is genuinely working to improve service and relationships. – After hours drop-off has been well-received. Willingness to do overtime to has been appreciated.

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Key Highlights from Interviews

Category	What's working well?
Processes	– Success with the Asset Management and Billing Application, working to phase out the Equipment Maintenance Application. Better operating and capital lease data and analysis. – IT procedures are getting more consistent. – The application was used together with CCTV cameras to identify abuse of fuel stations. – Fleet participates in the Information Systems Leadership Group (ISLG) within The City of Winnipeg.
Invoicing	– Internal billing through IT better, faster than going through Finance. Internal process and document review has improved quality of invoices. – Billings for work orders billed as closed.
Resourcing	– Fleet seems to feel it is sufficiently resourced to handle its volume of work.
Service Levels	– Quality of work is good; mechanics diligent. Business processes seem to be what prevents quicker turnarounds. – Spares management has improved. – Small tool maintenance has worked well, but the cost is high.

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Key Highlights from Interviews

Category	What's not working well?
General	– Fleet needs to articulate and communicate its value proposition and service value to its customers. – Perception that Fleet is more expensive than the market. Fleet is working to come in-line.
Operations	– Midnight shifts at Fleet shops were found to be less productive. – Disagreements between Fleet and customers over maintenance required. Fleet is tracking discrepancies. Has led to less requests for bells and whistles. – AVL implementation was done poorly. Need further training and/or communication for customers.
Software and Processes	– The Equipment Maintenance Application is perceived as frustrating, inefficient and antiquated by Fleet and Customers. – Handling of "Facilities" is confusing. The database field combines ownership and usage status, though not necessarily location. – On the customer side, "The Equipment Maintenance Application takes a lot of effort to maintain." – Fuel Transaction System needs to be updated or replaced. – Mileage entry at fuel depots seems to be affected by user error.
Communication	– Communication over repairs is confusing. Trouble with timelines not being communicated and costs. – If a vehicle cannot be repaired by Fleet, it may be out-sourced. "If we don't ask, they don't tell." – Calling to inquire, customers get redirected to multiple people to get an answer on vehicle status. – Lack of communication between shifts.
Invoicing	– Billing is too slow (e.g., 4-6 weeks or longer). In some cases, no approval, no notice of repair until billing. Customers invest multiple FTEs across departments to review, track and resolve disputes, then manage repayments. – Ambiguity between "repair" and "maintenance." – Unclear descriptions of work completed. Invoices come as large, ambiguous excel spreadsheets.

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Key Highlights from Interviews

Category	What's not working well?
Procurement	– Specification design. It is unclear to many whether Fleet or Customers should drive specifications. There are instances of Fleet mandating specs that don't meet user needs. Should managers/supervisors have nicer vehicles? How are decisions to be made on level of comfort? – Lag in vehicles being made available for service – e.g., delay in decals, signs and accessories. – It seems that Fleet at times procures higher trim levels for the sake of resale. Is this cost-efficient? Many customers would accept lower trim levels. – Case was mentioned of vehicles that did not warm up during winter. Resulted in people avoiding these vehicles.
Dispositioning	– Why can't we dispose of a vehicle early?
Seasonal Equipment and Rentals	– Cases were mention of seasonal equipment out of service for entire seasons. – Transitioning equipment from summer to winter use. Difficult to time/plan. – Cost to change summer to winter tires seems excessive. – On occasion, Fleet will give 24-hour notice to return a vehicle. Inconvenient and disruptive to business. – Not as simple as it should be.
Resourcing	– Hard for shops to hire good staff since the private sector is paying better. Retention is similarly impacted. – Lack of coordination between repair facilities in managing capacity. – Lack of critical spares inventory. Often parts come from out-of-province. Lack of spare to store spares. – Management across facilities do not share procedures and practices. – No monitoring of staff training. People in acting roles may not be able to do well in providing support and answers to customer needs.

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Key Highlights from Interviews

Category	Opportunities for Improvement
Mandate	– Fleet to become strictly a cost centre. – Clarify and communicate the mandate with a clear understanding of WFMA role, responsibilities and accountabilities.

Software and Processes	– Provide AVL training and reporting (Automatic Vehicle Locators) to enable customers to internally monitor the usage of their vehicles. Monitor hours of use and consumables.
	– Create functionality for customers to make changes to software to fit their use.
	– Develop a mechanism to track vehicle condition. Tie to replacement timeline.
	– Track utilization and use the data to provide solid data analysis on utilization.
	– Continue to enhance the Asset Management and Billing Application. Add functionality to:
	  – Track Work Orders, monitor work volume and communicate expected return-to-use dates.
	  – Monitor turnaround times for above classes of work.

Policies and procedures	– Policies and procedures are outdated and inconsistent. – Continue to develop and improve documentation. Develop a repository of standard procedures. – Lack of KPIs prevents Fleet from having a benchmark for comparison. – Opportunity for WFMA to develop relevant group of consistent KPIs to measure, monitor and report.
Maintenance Facilities	– Formally evaluate the cost-benefit of the locations and number of repair facilities, as well as space constraints at Tecumseh. Business case would need to be developed. – Evaluate the volume and types of fabrication work completed in the Manufacturing Shop, considering ways to make it more efficient, and possibly sending select work to local industry. – Revamp Equipment Maintenance Application Work Order functions to more effectively track types of work completed in all facilities with a goal of improving factors influencing long maintenance turnaround times. – Consider combining maintenance shops of Fire, Transit and Fleet. – Consider outsourcing locomotive maintenance.

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Key Highlights from Interviews

Category	Opportunities for Improvement
Service Level Agreements and Communication	– Align expectations by developing Service Level Agreements (SLA) and align service delivery to agreed standards. – Together with tracking systems, improve communication with customers with respect to vehicle repairs, maintenance status and expected return-to-service date. – Communicate fuel site repairs to customers. – Review whether fuel site renewal charge is still being applied. – Develop master lease definitions. – Communicate the balance of priorities between Fleet efficiency and customer needs. – Lack of Service Level Agreements (SLA) means there is no agreed upon standard of work and expectations. – Opportunity to develop SLAs for the benefit of both WFMA and its key customers.
Disposal of Vehicles	– Does Fleet have sufficient scale to do this well? Review business practices around disposal. – Some customers have asked for disposal analysis.
Replacement of vehicles	– Customers are eager to develop clear replacement timelines. Develop schedule to review needs annually with each customer group. – Give customers opportunity to manage vehicle lifecycles internally. – Develop standard practices and schedules for replacement discussions. – Communicate any MPI rebates to customers and how those funds flow back to them. Ensure value is given by MPI for specialized equipment installed on vehicles. – Find a mechanism to keep vehicles past end-of-life for customers wanting such, including pricing.
Annual Reporting	– Improve and streamline annual process of validating customer assets.

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Key Highlights from Interviews

Category	Opportunities for Improvement
Procurement	– Consider sourcing vehicles directly from manufacturers, not only through dealers. – Build systems to ensure build-out dates of manufacturers are met. – Consider permitting customers to procure highly specialized equipment themselves (with WFMA coordination). – Consider partnering with VEMA, Manitoba Hydro, and nearby municipalities in select Procurement activities – e.g., fuel, oil, tires, shop supplies, parts, equipment, etc.
Invoicing	– Improve quality and clarity of invoicing presentation and information presented. Customer needs a proper summary invoice with backup details also available.
Rentals	– Improve quickness and ease of access. – Opportunity for inter-department sharing of common vehicles.
Relationship Maintenance	– Many customers have assigned one or more positions to monitor billing and other activities related to relationships with Fleet. Consider building systems to reduce the effort to maintain Fleet/customer relationships (e.g., error checking, confirming reimbursements, asset inventory reviews, etc.).
Communication	– Establish appropriate turnaround times for various classes of maintenance including: emergency repairs, preventative maintenance, and routine inspections and servicing. – Improve quality and clarity of invoicing. – Provide commercial-level customer care.
Fuel	– Formally evaluate the cost-benefit of Fleet providing fuel services and/or additional depots. – Explore opportunities to service customers with unique fueling needs – i.e., Brady Landfill, etc. – Consider a fueling system that does not require mileage entry to avoid customer error and frustration.

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Customer Satisfaction

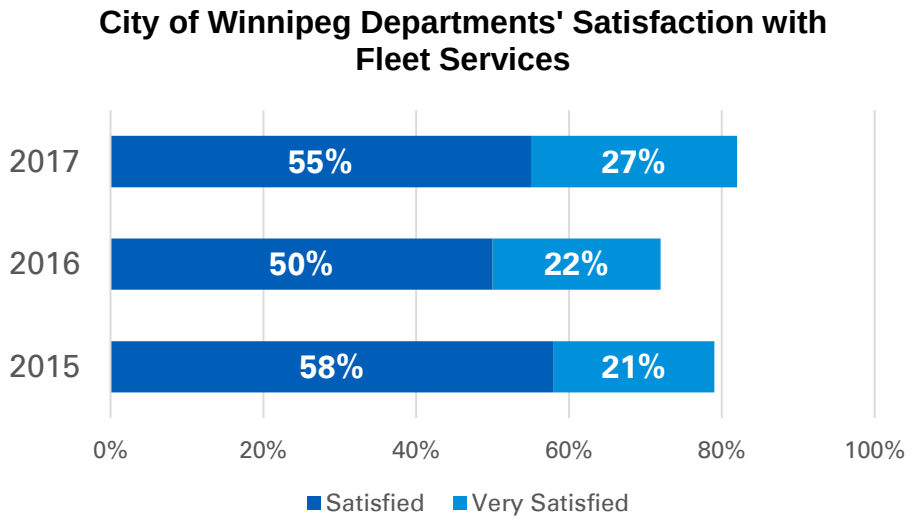
Annually, WFMA surveys its customers to attain an overall service satisfaction rating. WFMA has found that customer satisfaction has varied between 72% and 82% over the last five years. Interview comments reflected gradual positive change in customer service, and positive comments have stemmed from the change of leadership.

The metric confirms the sentiment that service is improving at Fleet and that customers are confident of further improvements. At the same time, customers indicated there are still areas needing significant improvement.

In wanting to consider a target customer satisfaction rate, historic values would provide a starting point, though it should be revised every few years. WFMA should identify its own internal customer satisfaction target.

Future survey questions should align with organizational KPIs by service line. Common transactional services such as licensing and fuel may only warrant short, annual surveys, whereas higher value interactions such as procurement and maintenance repairs, may warrant surveys on every occurrence, measuring:

— Courteous and respectful customer service.
— Timely repairs delivered within targeted timeframes.
— Completeness and quality of repairs.
— Consistent, clear communication.
— Expertise demonstrated through offers of suitable alternatives.



	2013	2014	2015	2016	2017
WFMA Customer Satisfaction	75%	73%	79%	72%	82%

Source: Data provided by WFMA

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Opportunity Gap Analysis

The following section identifies a number of opportunity gaps for improvement along with corresponding leading practices that would benefit WFMA. For each opportunity gap, an approximate level of benefit and effort to implement has been provided, as well as a suggested timeframe to implement such improvements. Opportunity gaps have been gathered under five categories, supporting advancements in the following areas:

- **Process and Standardization**
- **People and Change**
- **Strategy and Focus**
- **Operations**
- **Information Technology**

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Opportunity Gap Analysis - Process & Standardization

Observation and Implication	Leading Practices	B = Benefit E = Level of Effort T = Timeline
1. Policies and Procedures		
WFMA employs a loose mix for formal and informal policies and procedures covering various functions and activities. Many functions operate without policies or procedures. The following policies and procedures were found to be documented and exist: — Fleet Rental policy dated March 14, 2018 — Pricing Policy dated November 21, 2016. — Safe Work Procedures (Collection of 74 documents, signed off by Health and Safety Committee members) The following policies and procedures are not complete and/or quite dated: — Finance department related policies and procedures. — Maintenance functions policies and procedures. — IT function policies and procedures. — Customer service policies and procedures. — Procurement policies and procedures. It appears that senior management or "second line of defense functions" (e.g., risk management, internal control, compliance, etc.) are not formally conducting periodic review of policies and procedures. The apparent absence of well-documented, approved operating policies and procedures could make the WFMA and The City subject to operational risk. A lack of clear directives and defined activities makes performance measurement and management difficult.	Management should ensure that policies & procedures exist for all core business functions: — Finance department related policies and procedures. — Maintenance functions policies and procedures. — IT function policies and procedures. Customer Service policies and procedures. — Procurement policies and procedures. — Additionally policies and procedures should be reviewed by the second line of defense functions to ensure that the risks has been assessed and mitigating controls are in place. — Leading practice is that all policies and procedures should be contained in one source and accessible to all employees. Policies should be concise, clear and updated periodically.	(B) High (E) High (T) Short-term

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Opportunity Gap Analysis - Process & Standardization

Observation and Implication	Leading Practices	B = Benefit E = Level of Effort T = Timeline
2. Job Descriptions		
The use of Job Descriptions is largely consistent across the WFMA. 15 employees were randomly selected for review. Of these, 12 had formalized Job Descriptions that generally follow good practice and contain the following information. There was no evidence of formalized Job Descriptions existing for the remaining 3 employees. — Job Information and Classification — Job Summary — Organization Context — Duties and Responsibilities — Education and Experience — Knowledge, Skills and Abilities — Independence — Result of Errors — Contacts — Physical Requirements and Working While it is good practice to have acknowledgement and signoff on a Job Description by the employee, senior management, and an independent senior manager, there are no management or staff signatures on the documentation provided, or formal acknowledgement of management and employee review or agreement of content. All the job descriptions selected are on average 10 years old and some are 15 years old. Therefore, some information reflected in Job Descriptions is not up to date (e.g., organization context, job title, etc.). The absence of current and acknowledged Job Descriptions could result in the misalignment of employer/employee expectations surrounding work goals and responsibilities, resulting in potential conflict or operational inefficiency. Also, the lack of positional job descriptions could make the planning and coordination of resources and skillsets difficult and time consuming.	• Job Descriptions should be prepared for all WFMA employees. • Job descriptions should be signed and dated by the respective employee and their direct manager. • Job descriptions should be updated on a regular interval and whenever there are changes in goals, tasks or responsibilities.	(B) Moderate (E) Moderate (T) Short-term

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Opportunity Gap Analysis - Process & Standardization

Observation and Implication	Leading Practices	B = Benefit E = Level of Effort T = Timeline
3. Succession Planning		
WFMA has seen a significant turn-over in managers and supervisors over the last few years. Three out of four facility supervisors were recruited within the last year due to resignations or retirements of the previous supervisors. Interviews suggest that workforce planning is largely operational and tactical in nature and focused on immediate and short term (<1 year horizon) needs and priorities. A longer-term formal workforce plan does not exist, but if it were in-place, it would evaluate anticipated staffing demands, requirements, and trends, and align and schedule needed recruitment, training and succession plans. Other benefits may include: — Increased availability of capable individuals for management positions. — Reduced risk of losing experienced corporate leaders. — Less financial resources will be spent in the external search for replacement candidates. — HR departments can establish formal procedures to support the process of selecting top and middle management. — Reduced disruption, risk and stress during staffing transitions. — Clearer career development paths within WFMA and the City of Winnipeg. The absence of a long-term Strategic Workforce Plan makes it difficult for an organization to foresee, adapt and plan-for coming staffing requirements. A short-term focus makes it difficult to effectively evaluate staffing and operations, and very difficult to proactively address resourcing needs and priorities. Overall, effort invested here is more than saved through the identified benefits.	A Strategic Workforce Plan should be established, covering a period of at least 10-years. Management should identify and forecast planned retirements, department growth, as well as the implications of service delivery changes and technology on demand for resources at all levels.	(B) High (E) Moderate (T) Short-term

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Opportunity Gap Analysis - People & Change

Observation and Implication	Leading Practices	B = Benefit E = Level of Effort T = Timeline
4. Organizational Chart		
The WFMA has clear organization charts in place covering Administration, which includes Senior Management along with their teams, and Operations, which includes management and teams located at each of the facilities. The Operations organization chart is currently out of date and need to be updated with the new supervisors along with the minor changes in positions. Reporting relationships between management positions in IT and Finance should be dotted, as they report operationally to the City CIO and CFO, respectively, and administratively to the WFMA COO.	Organization chart should be regularly updated whenever there is any related changes. Additionally, dotted lines should be implemented in order to distinguish between the operational and administrative reporting structure.	(B) Low (E) Low (T) Short-term
5. Risk Identification		
Risk management at WFMA is generally operational and reactive in nature. Overarching enterprise risk management has been established corporately for The City, but has not been examined within the context of WFMA. The WFMA Business Plan identifies five service goals, along with supporting strategies for meeting their objectives. Thus far, when the WFMA conducts internal risk identification, it has not included it in its annual business plan. A strategic level evaluation of business risks should be completed to identify and evaluate current and emerging risks to the WFMA's achievement of business objectives. Where appropriate, risk management and/or mitigations strategies and plans should be established, along with regular monitoring and documenting when these are to be applied.	Risk identification and assessment is currently performed by Fleet Management Agencies in Canadian cities, with some examples noted: — City of Edmonton has performed the risk identification and assessment exercise and has published it in its Business plan. — City of Ottawa has implemented a risk framework and risk identification and process. — City of Hamilton Fleet Management has identified the risks that might prevent the organization from achieving its objectives.	(B) High (E) Moderate (T) Short-term

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Opportunity Gap Analysis - Strategy & Direction

Observation and Implication	Leading Practices	B = Benefit E = Level of Effort T = Timeline
6. Key Performance Indicators		
The WFMA has identified a limited set of performance measures within its Business Plan, and tracks and reports on these formally and informally at various times. — Customer Satisfaction — Operating Cost by category — Fuel efficiency by category — Financial Indicators — Operational Statistics — Fleet average age by category — Service Request — Labour statistics – broken down by departments Based on WFMA business objectives and information tracked by fleet management agencies in other Cities and government organizations, inward and outward facing measures could be better categorized and expanded to provide greater visibility and insight in to the operation and the services it delivers. These measures should be aligned and tuned to WMFA operational and business drivers. Some of these parameters may include: **Safety** — Lost Time Injuries — Accidents — Speeding Incidents **Equipment Reliability** — Failure Rate — Failure Types — Inventory turnover **Equipment Effectiveness** — Emergency Repairs — Planned vs. Unplanned Work — Deferred Maintenance **Responsiveness** — End-to-end time for repairs — Plant Availability — Wait Time **Operational Reliability** — Plant Downtime — Overcapacity outsourcing — Staff Turnover **Operational Effectiveness** — Fleet Utilization — PM Program Compliance — Cycle time While some measures are identified, there is little documentation surrounding how they are monitored, captured and used to support WFMA operations, planning and decision making relative to key business functions. The role of each measure relative to operational and performance management should be clearly defined, and appropriate performance targets and operating thresholds should be established for each measure.	Key Performance Indicators should be strengthened to aligned to business objectives. Roles of KPI in performance management, planning and decision making should be documented and operating targets and acceptability thresholds set. Performance should be tracked, and anomalies analyzed and appropriate mitigating action taken. KPIs should be discussed and analyzed regularly as part of management meetings, reports and reviews.	(B) High (E) High (T) Long-term

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Opportunity Gap Analysis - Operations

Observation and Implication	Leading Practices	B = Benefit E = Level of Effort T = Timeline
7. Fleet Utilization		
The WFMA does not currently employ Fleet Utilization as a core business metric. Utilization is a measure of fleet efficiency as determined by the comparison of a given unit's actual, versus total available business use. Information is used to identify surplus or underutilized assets, and reduce operating costs through the improved coordination of available units, the rationalization and reduction of inventory assets, and the optimization of asset mix and specification. Fleet utilization data (i.e., usage data) should be collected and tracked on each piece of equipment, and analysis performed regularly to assess fleet make-up and adequacy, to identify under and over committed assets, and to evaluate delivery (owned or contracted) strategies. This can be calculated based on mileage or days of use. Leading public and private fleet management organizations make extensive use of utilization data to support short and long range planning. Municipally, The City of London and Strathcona County have implemented utilization-focused management programs to boost productivity, decrease cost and increase profitability.	Fleet Utilization measurement should be adopted and integrated in to performance management, planning and reporting. Utilization as a metric can be used to identify specific customer vehicles that are under or over-used, which may impact maintenance requirements, vehicle reliability, or impact the available utility remaining in a vehicle. Under-utilized vehicles may provide opportunity to share vehicles, thus reducing costs.	(B) High (E) Moderate (T) Short-term
8. Depreciation		
The WFMA uses straight-line depreciation for all of its capitalized assets. Unlike many physical infrastructure assets, fleet vehicles lose a large percentage of their value during the first few years of operation. Applying straight-line depreciation could result in the agency overstating the net book value of its assets. Use of an accelerated depreciation method (e.g., faster depreciation early, followed by lower depreciation later in life) may better reflect the actual value of fleet related assets over time. Use of this method though possibly more accurate, results in a more erratic cost structure for customers. This may be explored with Finance.	Adoption of the accelerated depreciation method may improve alignment between financial and fiscal asset costing, and improve the effectiveness of lifecycle analysis and forecasting.	(B) Low (E) Low (T) Short-term

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Opportunity Gap Analysis - Operations

Observation and Implication	Leading Practices	B = Benefit E = Level of Effort T = Timeline
9. Lifecycle Replacement		
The WFMA uses lifecycle analysis in an effort to determine the optimal replacement point for fleet assets. Analysis is performed periodically for major asset categories and considers asset age in conjunction with acquisition, routine maintenance and disposal values in determining the optimal timeline for vehicle replacement. Other factors such as utilization, working conditions, repair history, deferred maintenance, assessed condition, market availability all can play significant roles in the viability of lifecycle options, particularly for under-utilized or specialized equipment assets. However, these factors are generally not considered in evaluating options or lifecycles. WFMA is thorough in understanding the categories of costs needing to be captured in such analysis. At this time, analysis is performed periodically based on 'typical' values for assets within a category, not on individual assets based on its history, and unique information. More granular, per vehicle (asset level) data collection would allow the WFMA to optimize asset strategy, improving effective utilization and performance, permit the identification of outliers, support analysis comparing vehicle types and classes, and minimizing lifecycle costs.	Enhanced lifecycle management techniques should be used to optimize lifecycle management and minimize the total cost of ownership for high-value and critical assets. Some typical enhancements to age-based analysis include: — *Economic Lifecycle Analysis* is a tool that analyzes the total cost throughout the fleet life to estimate the optimal point to repair and replace each vehicle. — *Exceeding Value of the Vehicle* in which the percentage of repairs and maintenance out of residual value is calculated and decision is made when the repair and maintenance cost is close to the residual value of the vehicle.	(B) High (E) High (T) Long-term

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Opportunity Gap Analysis - Operations

Observation and Implication	Leading Practices	B = Benefit E = Level of Effort T = Timeline
10. Physical Condition of Assets		
The WFMA does not employ a consistent means of evaluating or tracking the physical condition of its fleet assets. Replacement and maintenance decisions are typically made based on asset age or utilization (operating hours), and do not take in to account the asset's actual condition or performance. Depending on the nature and complexity of equipment, this can significantly skew an organization's understanding of current asset values, needs and liabilities, and limit the effectiveness of mid and long-range plans and forecasts. The WFMA should adopt a broad set of condition/performance measures across all of its assets to better guide planning and decision making.	A consistent condition rating method and scale should be adopted as part of a broad set of performance measures across all fleet assets. Condition should be measured to reflect wear and tear, and be used to adjust the timing of required maintenance and asset renewal. Condition rating and evaluation practices should be documented, and condition ratings captured and tracked throughout an asset's entire lifecycle.	(B) Moderate (E) High (T) Long-term

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Opportunity Gap Analysis - Operations

Observation and Implication	Leading Practices	B = Benefit E = Level of Effort T = Timeline
11. Maintenance Programs		
The WFMA understands the distinction between preventive and reactive maintenance, but the associated work programs and activities are challenging for clients to use. While some information is collected, it is not regularly analyzed or used to guide operational adjustments. The WFMA understands vehicle and equipment preventative maintenance (PM) requirements and has schedules for tracking timing of PM. The system issues notifications to client departments regarding maintenance needs and passively awaits client initiative to schedule such maintenance. Maintenance schedules exist for most asset groups, however, work is generally tied to manufacturer recommendations, not on agency experience in a Manitoba climate. Consistent preventive maintenance will help client departments receive the full value of their fleet assets of all types. A system that does not prioritize ease of use will consume additional staff time to manage and administer.	A performance-driven preventive maintenance policy should be created and approved by senior leadership management. Preventive and reactive maintenance activities and workflows should be clearly mapped and documented using Standard Operating Procedures. Effective PM programs minimize downtime, lengthen useful lives and improve residual value of assets. Maintenance information should be captured and tracked on each asset over its lifecycle and information should be periodically analyzed to support and enhance: — Equipment specification and selection. — Asset evaluation and lifecycle management. — Operational and asset planning and decision making. — Cost reduction, streamlining and business improvement. Maintenance program compliance and reporting should form of an organization's broader performance management process.	(B) Moderate (E) Moderate (T) Long-term

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Opportunity Gap Analysis - Operations

Observation and Implication	Leading Practices	B = Benefit E = Level of Effort T = Timeline
12. Service Level Agreements (SLAs)		
The WFMA does not have current and formalized Service Level Agreements (SLAs) with any of its internal or external customers or suppliers. SLAs are commitments between an organization and its customers, defining the terms and levels of service to be provided between the parties. For the purposes of the WFMA, SLAs should cover all key business relationships, including the provision of services between internal groups or business units, the provision of service to The City of Winnipeg and its various Departments, and for the receipt of services from external suppliers. The SLA serves as a core mechanism for establishing common expectations between partners, for defining how performance will be measured, and in defining the terms of service delivery. It is key to establishing the primary metrics used to measure performance and value for money, and can provide management with evidence to support the evaluation of the customer /supplier relationship. SLAs can benefit both WFMA and its customers by clarifying expectations of both parties, defining performance standards, establishing reasonable target timeframes, defining a resolution process and other service matters.	SLAs should be established to cover all key business relationships. The SLA should clearly document the nature and terms of service delivery between both parties. The SLA should establish clear performance measurement and management criteria, including what and how service will be provided, what the service will cost, and how performance will be measured and communicated. The SLA should be signed off by both parties, to verify agreement surrounding the terms and conditions.	(B) High (E) High (T) Long-term

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Opportunity Gap Analysis - Operations

Observation and Implication	Leading Practices	B = Benefit E = Level of Effort T = Timeline
13. Fleet Count		
Databases of fleet assets are maintained for use in supporting preventative maintenance, annual budgeting and replacement planning. Fleet count information is manually captured. Not conducting a year-end fleet count may affect the completeness and validity of the fleet balance, may result in discrepancies, and may increase operational risk.	Year end fleet counts should be conducted on all fleet assets provided through the agency. Fleet counts should be conducted on all customer vehicles, with sign off by both the agency and its customer. The fleet count process should be streamlined and automated using inventory management technology such as bar codes. The fleet count process should include the capture of supplementary information such as condition, mileage, damage, known mechanical issues, etc.	(B) Moderate (E) Moderate (T) Short-term
14. Parts Inventory Count		
All inventoried parts are counted at least once a year. Bar codes are used for inventoried parts. Not conducting an inventory count might affect the completeness and validity of the inventory balance, but more importantly, may increase operational risk. Existing practices are suitable for common materials and high-volume, relatively low-cost, low-risk parts.	More frequent parts inventory counts should focus efforts on high-criticality and high-priced items.	(B) Low (E) Low (T) Short-term

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Opportunity Gap Analysis - Information Technology

Observation and Implication	Leading Practices	B = Benefit E = Level of Effort T = Timeline
15. Data Analytics		
WFMA uses a variety of systems and spreadsheets to capture and track data. Spreadsheets are vulnerable to human errors, data loss and other risks (e.g., spreadsheet integrity, untrained employees, hidden cells, password protecting, etc.). Errors and irregularity may arise from using excel spreadsheets and might increase operational and financial risks.	— Management systems should be designed in a way to incorporate the activities that are currently performed in excel (e.g., Preventive Maintenance scheduling, costing, etc.). — Controls in place will reduce the spreadsheet risks (e.g., Maker/ checker, locking cells, protecting sheets, etc.). — Consider augmenting data capture and storage with data analytics tools (e.g., ACL, Tableau, etc.) to create value from the data collected.	(B) High (E) High (T) Short-term
16. Detailed invoicing		
WFMA invoicing is basic and poorly communicates important information to customers. Information is currently generated through the Asset Management and Billing Application, and customers access invoicing through an excel-based spreadsheet. Customers find the spreadsheet time-consuming and difficult to navigate and understand. While there has been recent progress, customers feel there is much room for improvement. Customers noted that they should receive an invoice similar to vehicle dealers, identifying work done, cost of parts, cost of labour with shop rate multiplied by hours, etc. Manual entry of spreadsheets can cause errors and irregularities and may increase operational, financial risks and lead to customer dissatisfaction.	Management Systems should be designed in a way to be able to generate a detailed invoice for customers that include all the information needed (e.g., materials used, hours spent on the repairs / maintenance, etc.). Invoices from Original Equipment Manufacturer (OEM) dealers would provide good examples for WFMA to consider in building a better customer invoice, recognizing limitations and IT effort required for WFMA design and implementation.	(B) High (E) High (T) Short-term

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2. Select Jurisdictional Comparisons



Select Jurisdictional Comparisons

As recognized at the outset, benchmarking is limited due to lack of available data in most areas. Where data is available, some benchmarking comparisons are provided. There is also a recognition that different municipalities may use different definitions or standards in providing benchmarking data, which does impact comparability to some extent. There are also significant variances in the composition and services provided by each city's fleet organization. Notwithstanding these limitations, there are some useful comparisons to other select jurisdictions in Canada, as well as based on our experience with leading practices in fleet management.

Comparisons to the Vehicle Equipment and Maintenance Agency (VEMA), a Special Operating Agency of the Province of Manitoba, were also assessed. Again, there are significant differences in size and composition of VEMA's fleet (e.g., more heavy-duty vehicles) compared to WFMA. These differences materially impact and limit direct comparisons.

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Benchmarking Comparisons

Understanding that there are significant variances in the composition and services provided by each city's fleet, WFMA's average operating cost was $0.67/km in 2016. The operating cost per vehicle kilometer has gradually increased from $0.55/km in 2015 to $0.67/km in 2016.

During the period of 2012 to 2016, fuel prices were largely stable and declined slightly to about $1.00/L at the end of 2016.

	2012	2013	2014	2015	2016
Operating Cost per kilometer	$0.81	$0.62	$0.43	$0.55	$0.67

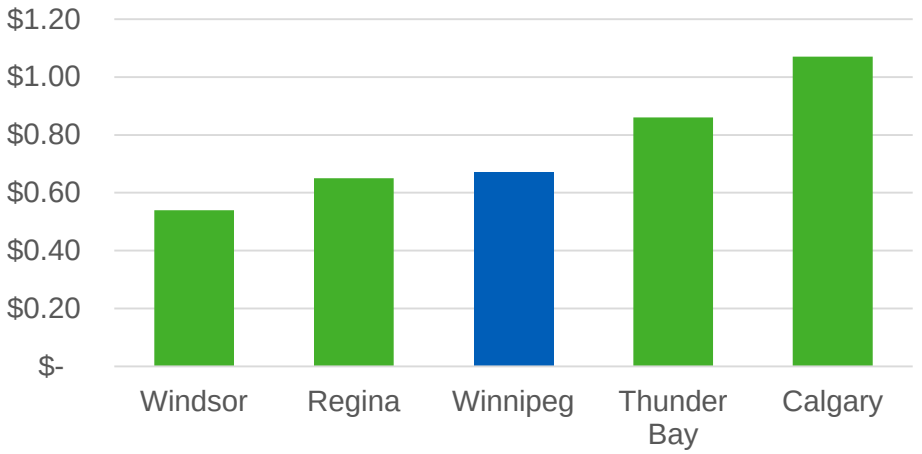
Operating Cost per Vehicle Kilometer <u>includes</u>:

Fuel, cost of repairs, damages, and consumables (regardless if performed internally or externally).

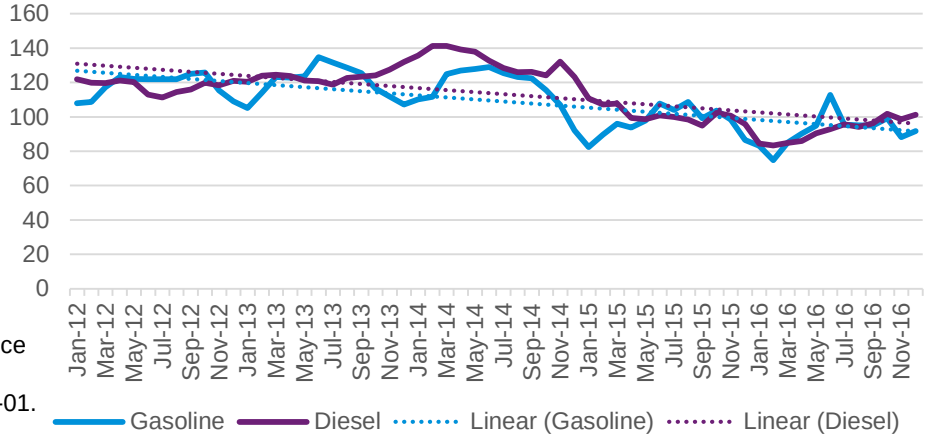
Operating Cost per Vehicle Kilometer <u>excludes</u>:

Depreciation, reserve fund contributions, indirect costs (e.g., driver training, scheduling, tool allowance), licensing, insurance.

Operating Cost per Vehicle Kilometer ($/km), 2016



Price of Gasoline and Diesel in Winnipeg (¢/L), January 2014 - December 2016



Sources:
1) Operating cost information has been obtained from "MBNCanadaPerformance Measurement Report 2017."
2) Gasoline and diesel price data as per Statistics Canada, Table: 18-10-0001-01.

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Benchmarking Comparisons (cont'd)

WFMA has monitored a basket of summary statistics that it shares in its annual business plans. The following fuel consumption table is a sample.

— Over the last three years, most statistics have favourably declined, indicating that the fleet portfolio is getting smaller, less maintenance is being required, less fuel expended and less maintenance labour has been required.

— The "number of vehicle and equipment motor pool rental days provided" may give an indication of increased customer willingness to use shared resources.

WFMA Service Level Statistics	2015	2016	2017
Number of vehicle and equipment units managed	2,269	2,224	2,199
Number of vehicle and equipment bid opportunities completed	62	67	64
Number of vehicle and equipment units acquired	180	182	265
Number of insurance and license registrations completed	1,889	1,900	1,835
Number of service repairs, by work order lines completed	36,409	35,536	33,779
Number of service labour hours completed	72,897	71,361	65,735
Number of parts transactions	39,991	41,528	35,631
Number of fuel fill-up transactions and odometer readings verified	119,988	116,618	115,955
Litres of unleaded gasoline, clear diesel, and marked diesel provided	7,981,212	7,880,797	7,770,068
Number of vehicle and equipment motor pool rental days provided	88,850	103,518	108,489
Number of vehicle and equipment units disposed	228	188	234

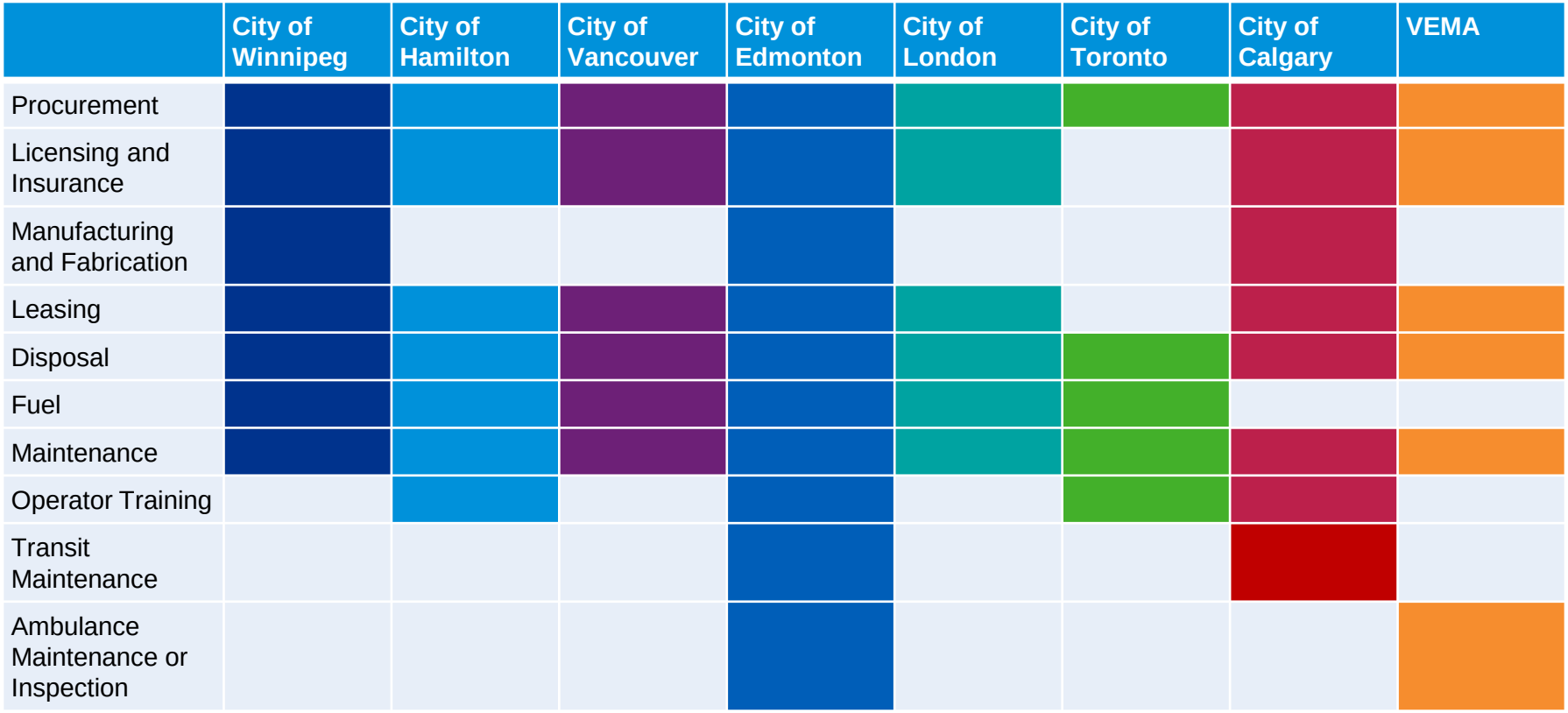
Source: Derived from data provided by WFMA.

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Municipalities Fleet Comparisons

A high-level comparison of WFMA's service line against a number of other comparable organizations yields the following.



	City of Winnipeg	City of Hamilton	City of Vancouver	City of Edmonton	City of London	City of Toronto	City of Calgary	VEMA
Procurement	■	■	■	■	■	■	■	■
Licensing and Insurance	■	■	■	■	■		■	■
Manufacturing and Fabrication	■			■			■	
Leasing	■	■	■	■	■		■	■
Disposal	■	■	■	■	■	■	■	■
Fuel	■	■	■	■	■	■		
Maintenance	■	■	■	■	■	■	■	■
Operator Training		■		■		■	■	
Transit Maintenance				■			■	
Ambulance Maintenance or Inspection				■				■

Source: Derived from information provided by WFMA and publicly available information from the organizations referenced.

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Municipalities Fleet Comparisons (cont'd)

Comparing WFMA's mandate to six other fleet agencies, there is moderate variation in the fleet services offered in each jurisdiction. WFMA has fewer maintenance and fuel sites as compared to the other agencies.

	City of Winnipeg	VEMA	City of Edmonton	City of Toronto	City of Ottawa	City of Hamilton	City of Calgary
Name of the Entity	Winnipeg Fleet Management Agency	Vehicle and Equipment Management Agency	Mobile Equipment Services Branch	Toronto Fleet Services Division	Ottawa Fleet Services Group	Hamilton Fleet Services Management	Calgary Fleet Services
Services provided	• Vehicle and equipment leasing • Vehicle licensing, registration and insurance • Asset management • Fleet maintenance • Fabrication technologies • Fleet safety training • Small tool rental • Administration • Fuel provisioning • Vehicle remarketing	• Vehicle and equipment leasing • Vehicle licensing, registration, insurance • Asset management • Limited fleet maintenance • Limited fuel provisioning • Short term rental vehicles • Information system outsourcing • Radio services	• Vehicle and equipment leasing • Vehicle licensing, registration, insurance • Asset management • Fleet maintenance • Fuel provisioning • Maintenance engineering services • Fabrication technologies • Fleet safety training	• Fleet acquisition • Fleet maintenance • Fleet disposal • Vehicle safety • Fuel acquisition • Fuel distribution	• Vehicle and equipment leasing • Vehicle licensing, registration, insurance • Asset management • Fleet maintenance • Fuel provisioning • Information systems • Administration	• Regulatory compliance and driver training • Materials, fuel and systems management • Capital planning and contract management • Fleet maintenance	• Fleet maintenance and repairs • Fleet acquisition and disposals • Fleet safety and governance • Engineering and manufacturing • Licensing and insurance • Operator training
Fuel Sites	8 (including 1 planned)	N/A	12	23	25	21	n/a
Maintenance Sites	4	13	15	7	8	8	n/a

Source: Derived from information provided by WFMA and publicly available information from the organizations referenced.

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Municipalities Fleet Comparisons (cont'd)

Comparing WFMA's mandate to six other fleet agencies, there is significant variation in fleet units per staff, operating expenditures per unit, and operating expenditures per staff. We note that there are significant differences among fleet agencies in fleet composition, operations and activities. Generally, in terms of these high-level metrics, WFMA is near the median among the select municipal fleet agencies.

	City of Winnipeg	VEMA	City of Edmonton	City of Toronto	City of Ottawa	City of Hamilton	City of Calgary
Name of the Entity	Winnipeg Fleet Management Agency	Vehicle and Equipment Management Agency	Mobile Equipment Services Branch	Toronto Fleet Services Division	Ottawa Fleet Services Group	Hamilton Fleet Services Management	Calgary Fleet Services
No. of Units	2,199	5,426	5,000	5,500	4,700	1,350	3,981
No. of staff	131	204	700	185	552	169	224
Operating Expenditures (2017/18)	$45.5 million	$88.3 million	$193 million	$57.7 million	$73.8 million	$23.3 million	$83.6 million
Fleet Units / Staff (rounded)	17	27	7	30	9	8	18
Operating Expenses ($) / Unit (rounded)	20,700	16,300	38,600	10,500	15,700	17,300	21,000
Operating Expenses ($) / Staff (rounded)	345,000	433,000	276,000	312,000	134,000	138,000	373,000

Source: Derived from information provided by WFMA and publicly available information from the organizations referenced.

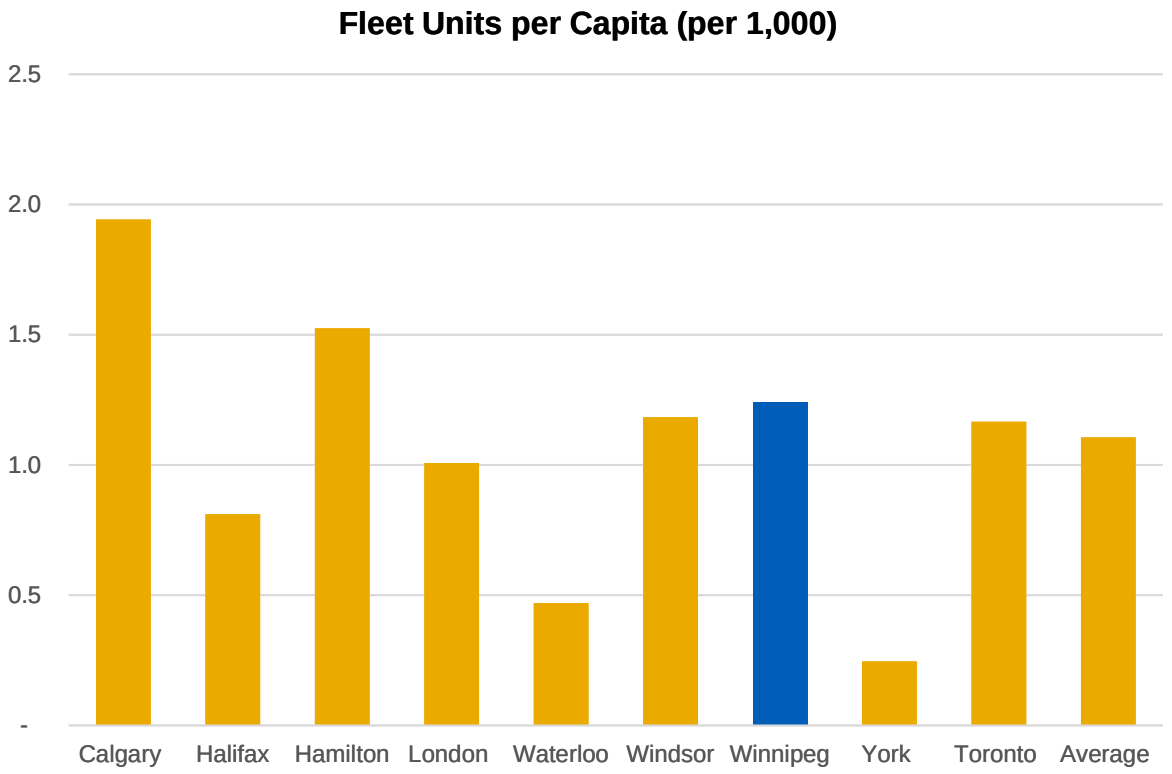
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Municipalities Fleet Comparisons (cont'd)

Benchmarking comparisons were made between WFMA and eight Canadian municipalities using Municipal Benchmarking Network Canada (MBNCanada) data. The City of Edmonton and the City of Ottawa both do not contribute to this benchmarking initiative.

In view of this data, WFMA is demonstrated to have a comparable number of fleet units per capita.



Source: Information obtained from “MBNCanada Performance Measurement Report 2017.”

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Municipalities Fleet Comparisons (cont'd)

Similarly, WFMA shop rates for 2016 and 2017 can be compared against MBNCanada data and compares favourably against the eight municipalities selected.

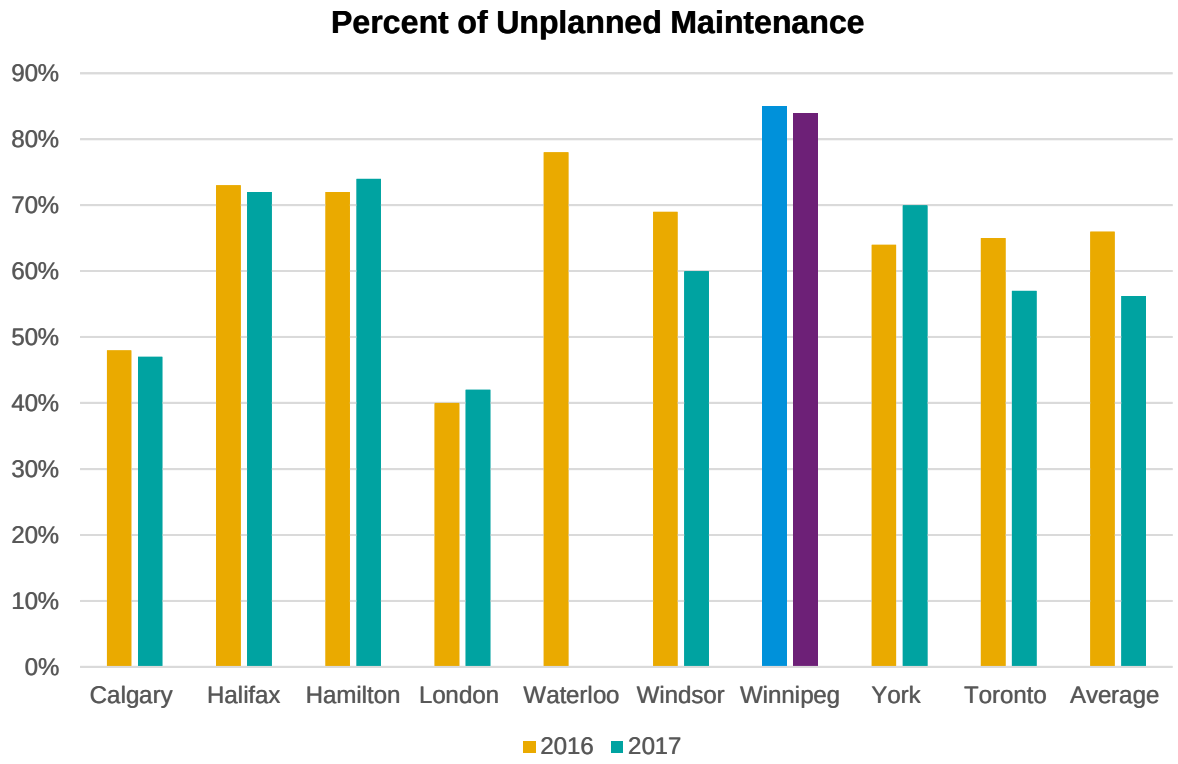


Source: Information obtained from “MBNCanada Performance Measurement Report 2017.”

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Municipalities Fleet Comparisons (cont'd)

Unplanned Maintenance seems to be higher at WFMA than the group of municipalities selected for comparison. However, different cities can have differing specific definitions of "unplanned maintenance." As discussed earlier, the operating category definitions of Planned Maintenance activities do not support this comparison well as they do not capture all Planned Maintenance categories of work.



Source: Information has been obtained from “MBNCanada Performance Measurement Report 2017.

Note: City of Waterloo data was not available for 2017.

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Comparing WFMA to VEMA

The Province of Manitoba's Vehicle and Equipment Management Agency (VEMA) is also a Special Operating Agency and a source of comparison for WFMA, recognizing there are significant differences in the mix of fleet assets and operations.

The agencies have similar numbers of vehicles (over 2,000 each), though VEMA has approximately two to three times the level of asset and debt. One key factor is significantly more heavy equipment owned by VEMA.

Also, note that the Province of Manitoba very recently announced that the Province of Manitoba's overall fleet would be reduced by 400 vehicles. This may be attributed to improving utilization and efficiency through use of GPS and data analytics and an overall phased-in reduction in provincial government staffing levels through attrition.

($ 000)	WFMA Year Ending December 31, 2017	VEMA Year Ending March 31, 2018
Total Revenue	45,634	93,639
Total Expense	45,548	88,283
Net Revenue over total Expense	86	5,356
Total Assets	71,619	151,825
Total Debt	46,441	114,856
Fleet & Equipment Value	66,751	132,335
Locations	4	13
Number of Vehicles	2,374	5,426
Number of Employees	138	204*
Shifts	3 Shifts	1 Shift (from 7:30am to 4:00pm)

Source: Derived from WFMA and VEMA reports. *The VEMA Annual Report notes 60 vacancies in 2017/18.

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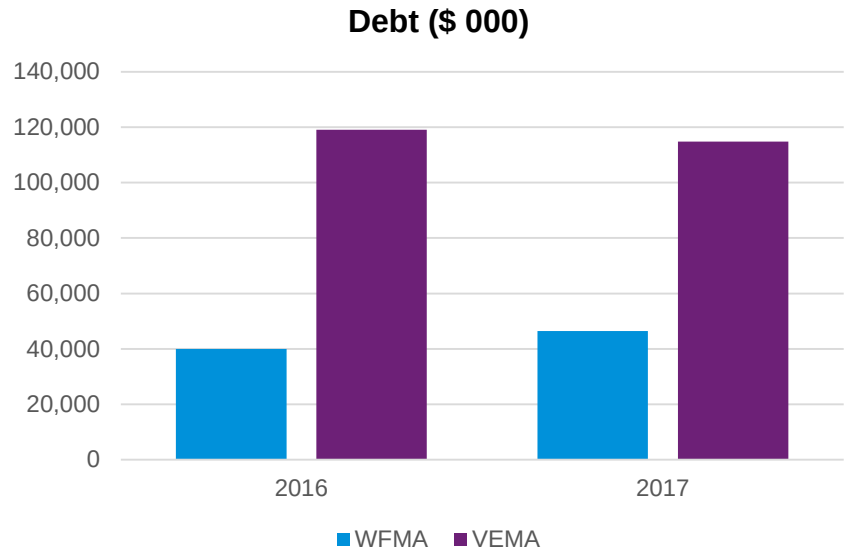
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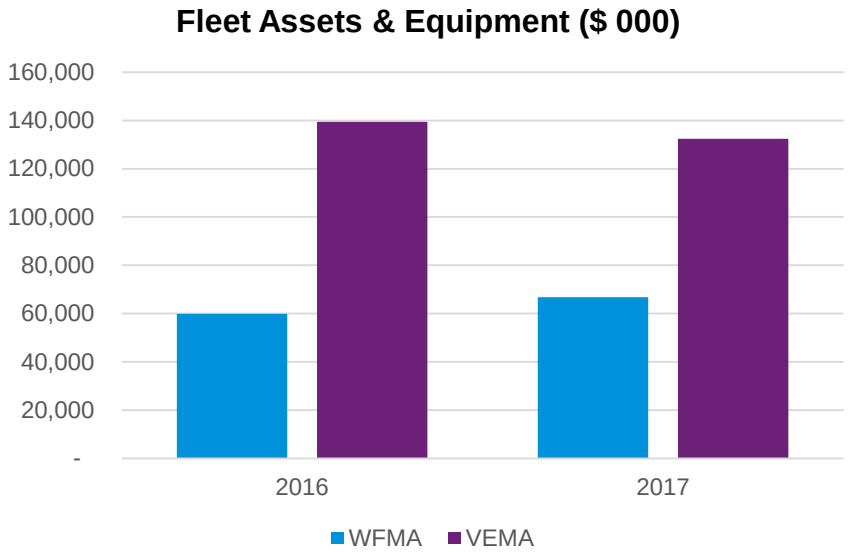
Comparing WFMA to VEMA (cont'd)

Observations

— The Province of Manitoba's Vehicle and Equipment Management Agency (VEMA) carries a portfolio of debt approximately 3x WFMA's debt.

— VEMA Fleet Assets and Equipment balance as at March 31, 2018 has slightly decreased as compared to prior year figure. WFMA Fleets Assets and Equipment balance as at December 31, 2017 has increased as compared to the prior year figure.





*Note: WFMA year end is December 31; VEMA year end is March 31.

Source: Derived from WFMA and VEMA reports.

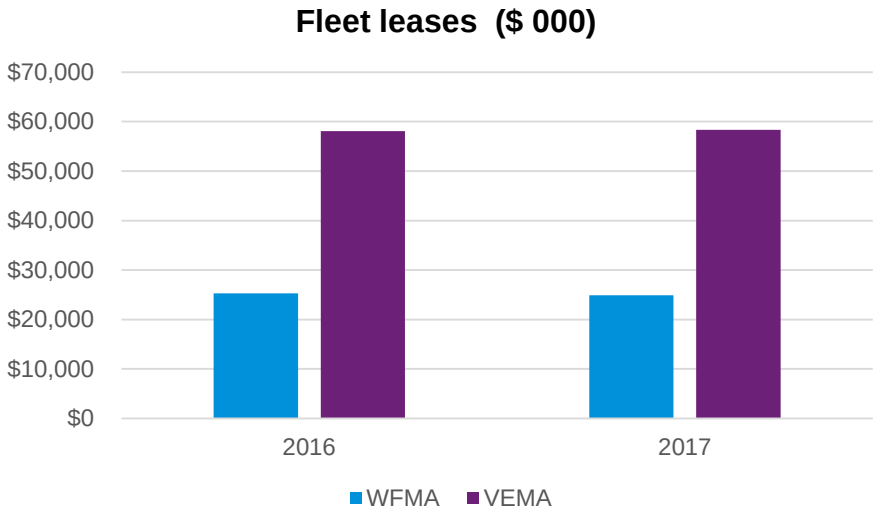
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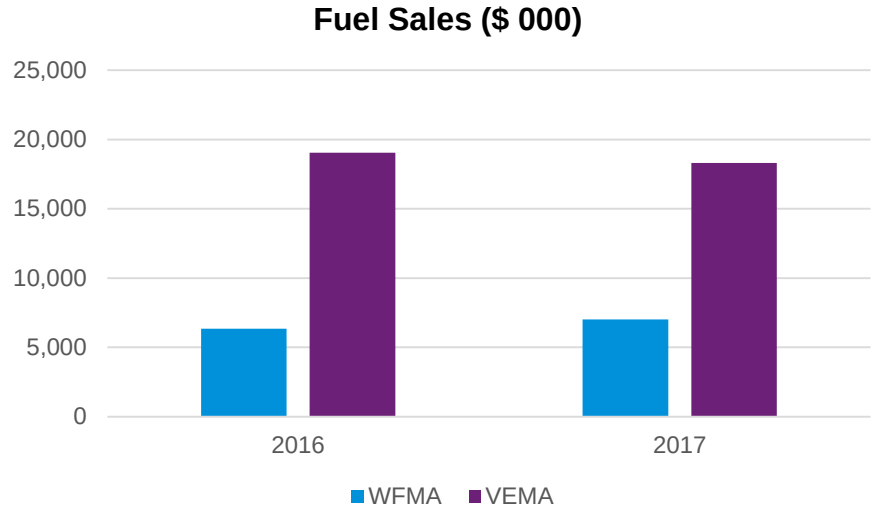
Comparing WFMA to VEMA (cont'd)

Observations

— There is no major or material changes in the Fleet Leases balance for the year ended December 31, 2017 for WFMA (March 31, 2018 for VEMA) as compared to the prior year figures.

— There is no major or material changes in the Fuel Sales balance for the year ended December 31, 2017 for WFMA (March 31, 2018 for VEMA) as compared to the prior year figures.





*Note: WFMA year end is December 31; VEMA year end is March 31.

Source: Derived from WFMA and VEMA reports.

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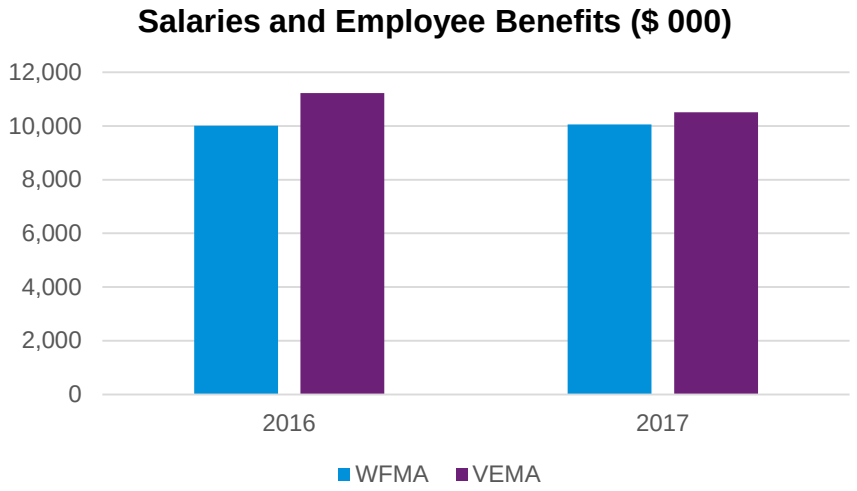
Comparing WFMA to VEMA (cont'd)

Observations

— VEMA Salary and Employee Benefits balance for the year ended March 31, 2018 has decreased as compared to the prior year figure.

— There are no major or material changes in WFMA Salaries and Employee Benefits balance for the year ended December 31, 2017 as compared to the prior year figure.

— VEMA Annual Report notes a very high level of vacancies (60) in 2017/18.



*Note: WFMA year end is December 31; VEMA year end is March 31.

Source: Derived from WFMA and VEMA reports.

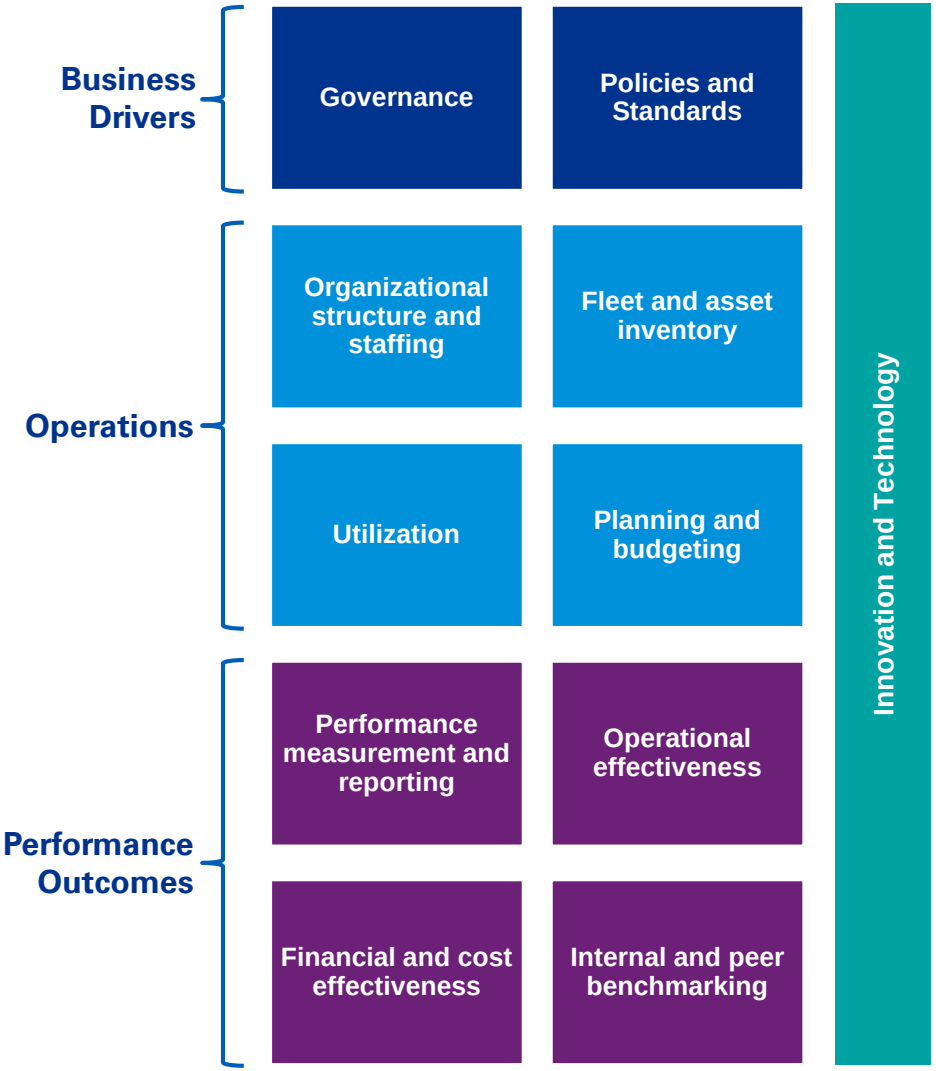
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Leading Practice Review

Overview and Approach

The following Leading Practice review was performed to provide insight into industry standards and benchmarks relating to municipal and public sector fleet management service delivery. This information is meant to provide contrast and perspective to WFMA operations, highlight challenges and opportunities, and provide context for future improvement.

KPMG used its extensive experience, combined with research on leading practices with the goal of providing insights and recommendations to improve service delivery and to improve the cost of municipal and public sector fleet management service delivery.



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Leading Practice Review - Business Drivers

Governance

An effective governance structure provides oversight and acts as an accountability mechanism for an organization, thus helping to ensure that the it is operating as effectively and efficiently as possible. Within industry, the following items are viewed as leading practice within this area:

- A defined governance structure covering WFMA in the context of overall City operations.
- The roles and responsibilities of City leadership, and Fleet Agency management and staff are clearly defined, and individuals are fully informed as to their roles and responsibilities.
- Management has sufficient decision-making responsibility delegated to them in order to ensure comprehensive and efficient oversight.
- There is clear separation of governance from operations, with clear distinction between the roles and responsibilities delegated to City leadership and Agency management.
- Responsibilities in providing effective stakeholder communication are defined, with direction provided on how the needs of individual stakeholders are addressed.

Policies and Standards

Policies and standards provide clear direction surrounding the nature and level of service provided to various groups. They clearly articulate the basis and criteria used in decision-making, as well as information on how decisions relate and are made within the governance structure. Within industry, the following items are viewed as leading practice:

- Policies clearly define the role of the Agency relative to "Customer Departments." Policies should cover all parties to whom the Agency provides services, including the provision of regular and special vehicles and equipment, as well as non-standard groups.
- There are standards for accommodating specialized services, including a clear chain of authority for adding and removing eligible service requests.
- Policies clearly articulate how costs incurred are addressed or transferred to respective groups. This cost allocation formula is rational and fair to all parties.
- There are executed purchasing agreements in place with all third parties and vendors. These agreements have clear terms and conditions, and performance standards, and address how the Agency and its Customers will pay or be charged.
- Policies and standards are regularly reviewed by the City and Management to ensure alignment with its broader objectives, directives and any overarching legislation.

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Leading Practice Review - Operations

Organizational Structure and Staffing

Appropriate organizational structure and staffing levels are key to enabling any fleet service delivery model. To be effective, the structure supports and integrates into the approved governance model, and the staffing compliment should provide the flexibility needed to address variations in demand for service. Within industry, the following items are viewed as leading practice within this area:

- The organization provides program of regular, progressive staff training on core tasks and procedures, activities and equipment.
- Expectations and competencies regarding system use are established for each position in the organization. A process is in place to ensure that training is available so that all staff have the tools to meet expected competencies.
- Data requirements for each position in the organization have been evaluated.
- The organization has identified and has programs in place to support the knowledge, data and capability requirements for each role within the organization. This assessment is used to guide recruitment, training and professional development program planning and execution.

Fleet and Asset Inventory

Fleet and asset make-up needs to be efficient in addressing current customer requirements, while providing flexibility for future shift or expansion to meet projected needs. While standardization provides consistency and economy of scale, it can also lead to practical and perceived inefficiency in delivering unused features or excessive amenity. Within industry, the following items are viewed as leading practice within this area:

- There is standardized fleet and equipment where practical to take advantage of consistency and economies of scale.
- The organization regularly reviews fleet make-up and performance to proactively identify trends and challenges, and improve the accuracy of plans and forecasts.
- The organization is proactive in seeking out and incorporating innovative technologies that are capable of enhancing service, reducing cost or improving operational effectiveness.
- The organization collects and analyzes fleet operating data to refine make-up, standards and procedures.

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Leading Practice Review - Operations

Utilization

Effective allocation and alignment ensures that staff and asset resources are utilized effectively in providing front-line service. Tracking and analysis are scientific, identifying the optimal type and configuration of equipment, based on customer functional and availability needs. Within industry, the following items are viewed as leading practice:

- There is a centralized planning and rationalization of equipment selection and allocation. Supporting technologies are in place to capture, track and analyze vehicle, utilization, and requirements information.
- The organization regularly analyses fleet allocation effectiveness and efficiency, providing review of selection and allocation criteria, utilization rates, and latent availability. Results of these evaluations including cost implications are communicated to management on a regular basis.
- Tasks and timelines necessary to effectively deploy vehicles and equipment are clearly delineated and include an evaluation of necessary staffing resources and demand for resources and maintenance.
- Utilization data is periodically extracted as part of tracking/monitoring process and information is analyzed to identify performance relative to established benchmarks, service gaps, and opportunities for improvement.

Planning and Budgeting

Leading practice in fleet planning and budgeting balances robust analysis with practicality to create the transparency and defensibility needed to effectively manage needed expenditures. Within industry, the following items are viewed as leading practice:

- The organization has planning and budget cycles that are established with specified tasks, timelines, and assignments.
- Plans and priorities are linked to organizational and customer objectives, which are clearly defined, documented, and approved by City leadership.
- The planning and budgeting process is transparent, clearly communicated and incorporates input from all key stakeholders.
- The organization has strong long-term financial planning capabilities that consider strategies for adapting to changes in funding levels and demand for vehicles.
- The organization regularly analyzes portions of its service delivery model (such as its use of outsourced services) to ensure that it is providing the most effective and efficient service.
- There are appropriate policies, procedures and internal controls for the accounting of charge-backs/revenues and expenses.

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Leading Practice Review – Performance Outcomes

Performance Measurement and Reporting

Structured and regular performance measurement and reporting drives transparency and accountability throughout an organization, providing visibility to staff, management, leadership and outside stakeholders. Within industry, the following items are viewed as leading practice:

- There are a defined set of metrics, Key Performance Indicators (KPIs), to assess fleet and operational performance over time. These KPIs are tracked, and are regularly reported to leadership, and changes above a pre-determined threshold are investigated and reported. Other performance monitoring processes such as performance feedback surveys are also utilized to assess performance.
- A regular schedule has been established for the monitoring of KPIs including the data needed to calculate each KPI as well as a process to assist in the interpretation of values including a rationale for the measure, expected values and trend indicators.
- The organization has established a budget monitoring process, with regular follow-up and reporting to City leadership, that ensures that it is accountable for and transparent with its expenditures.

Operational Effectiveness

In a fleet management context, operational effectiveness drives service reliability and effectiveness by creating consistency and defensibility in how resources are being applied and utilized in achieving desired outcomes. Within industry, the following items are viewed as leading practice:

- There are procedures in place to communicate fleet and equipment policies, including forms, appeals and emergency protocols.
- The organization maintains comprehensive and clearly defined procedures, rules and regulations that give consideration to special circumstances that may need to be accommodated to ensure the safe and effective delivery of service.
- There is a clear assignment of responsibilities for key tasks such as development and review of policies, implementation of programs, and conducting utilization, operational and facility check-ups to ensure that performance requirements are being fulfilled.

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Leading Practice Review - Performance Outcomes

Financial and Cost Effectiveness

Financial and cost effectiveness are a measure of efficiency in service delivery, with ongoing tracking and communication of financial performance forming a key component of oversight. Within industry, the following items are viewed as leading practice within this area:

- Agency financial performance is reported on a regular basis, in line with its own policies and financial reporting requirements imposed by City leadership and its stakeholders.
- City leadership and Management periodically reflect upon financial reporting documentation and responsibilities. In line with its financial management policies, the organization examines and reports on its financial results over time.
- Where feasible, the organization integrates and realigns fleet service planning with customer business planning to identify and evaluate the financial implications of changes to demands for fleet, equipment and services.

Internal and Peer Benchmarking

Comparing metrics and processes with other peer organizations, or internally over time, provides context and perspective on current performance and trends over time. Within industry, the following items are viewed as leading practice within this area:

- Benchmarking is performed regularly supporting the identification of trends or variances in performance.
- Metrics and reporting is aligned or compatible with peer organizations to support the efficient and meaningful comparison of performance and operating factors and information.
- The organization has identified factors and constraints which separate it from peer agencies, and assesses the implications to benchmarks and results.
- Results are communicated and shared among peers, building a network of collaboration at the local/regional industry level.
- The organization benchmarks on metrics as well as practices, to identify and capture unique and innovative service delivery methods, as they are introduced and tested within industry.

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Leading Practice Review - Innovation and Technology

Innovative Service Delivery

Under growing fiscal pressure, fleet agencies are exploring the use of non-traditional innovations and delivery models as ways to reduce costs or increase revenues. The following trends are emerging within this area:

Customer Focus and Experience – The alignment of assets and operations, plans and decisions with customer and business outcomes is central to sound asset management. Many agencies are realigning how they define and measure performance, plan and deliver service, and communicate and report, to better address and satisfy customer needs.

Fleet-as-a-Service – Dedicated vehicle allocations are inherently inefficient, particularly for occasional users with general equipment requirements. The drive to reduce fleet size has some organizations borrowing from car and bike sharing businesses to pursue a pooled, fleet-as-a-service delivery models and on-demand reservation systems to address general user needs.

Inter-Agency Sharing and Collaboration – Seeking to offset equipment and specialized labour costs, many public sector fleet agencies are looking to expand their customer base outside of their own organizations. Public utilities and other government organizations have similar fleet and equipment needs, which can be serviced by existing operations at low incremental cost.

New Technologies

Vehicle, equipment and business technologies are advancing rapidly and providing fleet agencies with new and exciting ways to plan and deliver service to their customers. The following trends are emerging within this area:

Green Fleets – Ongoing advancements in technology and environmentally friendly mindsets have electric and alternative fuel vehicle use expanding within Canada's public sector. New carbon taxes and pricing schemes are giving many organizations a growing financial incentive to embrace the green fleet movement.

Telematics and Internet of Things (IoT) – Sensors and telemetry can be configured to monitor the location, movements, status and behavior of a vehicle or fleet of vehicles. Many agencies are implementing telematics programs to help monitor driver behavior and fuel use, proactively identify service needs and priorities, and optimize utilization.

Data and Analytics – Properly configured, fleet agencies can produce vast amounts of information on vehicles, equipment, and operations. Many fleet organizations are effectively harnessing this information to gain insight into vehicle usage and performance, enhance and optimize service, and forecast future needs. The integration of targeted and enterprise technologies are streamlining and supporting the collection, management and use of information to plan, deliver and manage service delivery.

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3. Recommendations/ Considerations



Recommendations/Considerations

Our considerations fall into three broad categories:

Communications & Customer Relations

1. Overall Positive Trend in Direction
2. Education and Communications
3. Continue to Improve Transparency
4. Clarity of Mandate and Direction
5. Better Customer Invoicing
6. Service Level Agreements
7. Unique Requirements of WPS
8. Revenue Neutrality

Internal Operations & Efficiency

9. Staffing Levels, Workforce Plan & Job Descriptions
10. Document Policies and Procedures
11. Continue Life Cycle Asset Management Approach
12. Consider Strategic Outsourcing
13. Further Enhance Technology
14. Enhance Risk Processes
15. Maintenance Shop Efficiency
16. Long-term Relocation of Tecumseh
17. Fuel Services

Performance Management

18. Performance Measurement
19. Emphasize Fleet Utilization
20. Data Analytics
21. Replacement Metrics
22. Planned Maintenance

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Communications and Customer Relations

Overall Positive Trend in Direction

1. Continue positive momentum with further improvements.

— There is general recognition that WFMA is trending in the right direction and that there is a commitment by WFMA Management Team to change through consulting with departments. Also, there has been some improvement in transparency.

Education and Communications

2. Need for better communication with customers.

— WFMA is hampered by past perceptions of the agency, lack of trust, the need to convince customer departments of WFMA's value proposition. Significant improvements are required in communication for WFMA to convey its value and operational role and mandate within The City.

Continue to Improve Transparency

3. Improvement has been made by WFMA in accountability and transparency.

— There is recognition of better accountability and transparency over the past few years. However, customer departments suggest further work is necessary and will benefit all parties. Particular concerns around definitions of what is included and excluded from agreements and services offered.

Clarity of Mandate and Direction

4. Balance individual customer service expectations and overall City mandate to control fleet costs.

— From an overall City value proposition, there is a fine balance between meeting customer expectations and delivering cost-efficient, effective services.

— With budget constraints, The City is challenged to rationalize and maximize the utilization of its asset base and to streamline operations.

— Operating Charter is not clear on WFMA's authority on "whole of City," or corporate-wide efforts for broader fleet issues such as fleet rationalization (e.g., light duty vehicles) to help control overall fleet budgets and costs.

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Communications and Customer Relations

Better Customer Invoicing

5. Customer departments are demanding better invoicing.

— Invoicing has improved in recent years. However, customers do not have easy access to a customer-friendly summary invoice detailing the breakdown of services delivered per asset.

— From interviews, customer departments expect an invoice similar to what vehicle dealers provide to customers for services.

Service Level Agreements

6. Customer department relations could be significantly improved with Service Level Agreements.

— Service Level Agreements (SLAs) have not been formalized between the WFMA and its customers, resulting in the misalignment of expectations surrounding the WFMA's mandate, and on the nature and levels of service it is committed to delivering. Departmental use of anecdotal examples of outliers in service can portray a negative picture of WFMA service.

— For WFMA, clearly defined and published service level targets would improve transparency and allow the organization to manage toward delivering on priorities.

— For customer departments, service level targets that are met consistently will build confidence and trust in WFMA's ability to deliver timely, efficient service.

Unique Requirements of WPS

7. Winnipeg Police Service requirements are distinct from those of other business units, requiring a unique relationship with the WFMA.

— Establish a collaborative dialogue to explore how the WFMA can best support the WPS in meeting its fleet procurement, maintenance and disposal needs.

— Enhance collaboration and knowledge sharing, exploring opportunities to work together on the procurement, maintenance and disposal of common assets.

— Explore opportunities to leverage practices and agreements established by other police agencies, including the RCMP. Focus areas may include the sharing of asset specifications and performance data, the exchange of leading practice, and the participation in group buying programs with key manufacturers.

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Communications and Customer Relations

Revenue Neutrality

8. WFMA has transitioned into a break-even operation and needs to maintain vigilance to sustain cost-recovery.

— Over the past few years the WFMA has achieved revenue neutrality, and operated on a break-even basis. However, departments still perceive that WFMA is designed to provide a dividend back to The City. More effective communication of the facts will assist this clarification.

— While revenue neutral overall, there may be parts of the WFMA that operate at surplus or deficit. Operating units at full cost recovery will enhance transparency and trust between the WFMA and its customers.

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Internal Operations & Efficiency

9. Staffing Levels, Workforce Plan & Job Descriptions

9. Organizational structure and staffing levels appear to be in-line compared to other fleet management operations.

- The general organizational structure, staffing levels and span of control are relatively in-line for the mandate and size of operations and assets.
- Management should contain staffing levels to the current state as it continually searches for operational efficiencies. Some reallocation of resources is likely required to improve customer service and improve capability for data analytics and performance.
- Job Descriptions should be updated for all WFMA employees, with a consistent template and standardization of language for general sections, with signoff and acknowledgement by each employee, their supervisor and senior management. Job Descriptions and classifications should be reviewed regularly and kept up to date.
- Succession plans for all key roles should be in place. Management should identify and forecast planned retirements, department growth, as well as the implications of service delivery changes and technology on demand for resources at all levels.

Document Policies and Procedures

10. Policies and procedures are outdated and not consistent, and a new set of documented policies and procedures should be developed and documented.

- Current policies and procedures should be updated and consolidated in to a single database. A project manager should be assigned to coordinate and drive this process, and governance established to ensure that documents remain current and applicable over time.

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Internal Operations & Efficiency

Continue Life Cycle Management Approach

11. WFMA should continue to take a life-cycle asset management approach.

— WFMA takes a life-cycle approach to managing assets under its control, but the basis for planning and decision-making is basic, and not well understood across The City.

— Lifecycle analysis should be expanded to cover and drive the effective management of all fleet assets. This would include expanded tracking and use of asset performance, condition and work history information to drive the optimization of preventive maintenance and asset replacement activities.

— Building upon its inventory database, lifecycle activity and cost information could be better tracked and analyzed to enhance the effectiveness of maintenance plans and replacement decisions.

Consider Strategic Outsourcing

12. Consider outsourcing non-core services

— Generally speaking, efficiency is driven by standardization and scale. Operations which produce or deliver a limited, fixed set of services can be streamlined and optimized to take advantage of consistency and economies of scale. Operations that perform a broad range of activities must trade this efficiency for flexibility and responsiveness to diverse set of needs. Within the WFMA, services, such as manufacturing, require dexterity and are inherently less efficient.

— When breaking down operations, some areas of WFMA have a history of not breaking even, and remain disproportionate consumers of time and resources. Related services should be assessed thoroughly to see whether strategic outsourcing may be a better long-term option.

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Internal Operations & Efficiency

Further Enhance Technology

13. Leverage technologies to support organizational goals and objectives.

- Consolidate and clean-up current data sets, and expand and standardize the collection of asset, service and work data to improve the quality and consistency of available information.
- Phase out the use of the Equipment Maintenance Application and strive to consolidate functionality into an integrated and scalable system tailored to WFMA needs. This will require that WFMA: (1) define functional needs, (2) evaluate current systems; (3) define gaps and requirements; (4) conduct a market scan; and (5) develop a transition strategy.
- Continue to develop in-house data and analytic capability, and incorporate analysis in to performance management, planning and decision making across the WFMA.
- A "single source of truth" should be established for each of these data sets. This will require agreement on what data (attributes) need to be collected, who will collect it, collection process, data governance and control, and data management and storage requirements.

Maintenance Shop Efficiency

14. Enhance efficiency of core operations, such as vehicle maintenance.

- Within the WFMA, core services such as vehicle maintenance are relatively consistent and good candidates for process improvement and standardization.
- Focus short term efforts on expanding the analysis of work demand and related functions and resources to identify opportunities to better organize and optimize work activities across existing operations. The following opportunities should be explored:
  - Grouping functions and activities that utilize similar skillsets and equipment,
  - Improving the flow of vehicles through shops and minimize cycle time,
  - Reducing bottlenecks and activities which require disproportionate amounts of time or resources.
- The WFMA’s current compliment of four maintenance and manufacturing shops is appropriate for a city of Winnipeg's size. Select comparable cities have more maintenance shops than Winnipeg and other cities have multiple locations in key geographic areas. There may be an opportunity for future shop consolidation, or for provision of distributed quick lube shops; consideration of either course requires a robust business case.

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Internal Operations & Efficiency

Long-term Relocation of Tecumseh

15. WFMA has raised that eventually the Tecumseh yards/shops may need to be relocated.

- As Manitoba's largest healthcare complex, the Health Sciences Centre, continues to expand and the shops at Tecumseh continue to age, questions as to the opportunity/viability of relocating the WFMA's current main facility will continue to grow.
- Having four shops, two central, one in the north and one in the south, appears to be a reasonable balance for operations and customer access. Most cities of a similar size have locations in addition to a central shop.
- It was noted in WFMA's Business Plan that, in collaboration with Planning, Property & Development, WFMA wishes to prepare a Basis for Estimate for the Agency's Ross/Tecumseh head office, repair and manufacturing operations future relocation to a new estimated 58,000 sq.ft. facility. This is an appropriate initial step for future long-term planning.
- In the short-term, WFMA efforts should focus on improving effectiveness with customer departments and increasing operational efficiency through implementation of priority initiatives outlined in this report. Should a decision be made to outsource manufacturing, shop space would become available to improve maintenance and repair capacity.
- Given the current fiscal environment at The City, relocation of WFMA shops is unlikely in the near term. The WFMA's short-term efforts should focus on refining operations and collecting the information needed to support development of a robust business case for relocation of Tecumseh.

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Internal Operations & Efficiency

Enhance Risk Processes

16. Formalize risk identification, assessment and monitoring processes.

— Risk management at WFMA is generally operational and reactive in nature. Overarching enterprise risk management has been established corporately for The City, but has not been examined within the context of WFMA.

— The WFMA Business Plan identifies five service goals, along with supporting strategies for meeting their objectives. WFMA management has not identified or evaluated risks that might prevent them from achieving these required outcomes.

— The WFMA should undertake a strategic level evaluation of business risks to identify and evaluate current and emerging risks to the agency's achievement of business objectives. Where appropriate, risk management and/or mitigations strategies and plans should be established, along with regular monitoring and governments detailing when these are to be applied.

Fuel Services

17. Continue to monitor operations at fuel sites.

— Fuel has eight service locations that appear to be generally adequate.

— Given the size of The City and city related operations, current locations and processes are occasionally problematic, warranting an assessment of potential mitigations, such as restricted commercial fuel purchases, in "urgent" or unique situations.

— Detailed analysis was not completed, however, the number and distribution of facilities are consistent with those of other similarly-sized fleet operations. WFMA may consider conducting a detailed analysis, including routing, utilization, and potential environmental liabilities for future long-term planning purposes.

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Performance Management

Performance Measurement

18. Fleet utilization data and performance statistics need to take a more prominent role in managing the system and in justifying additional vehicle needs and acquisitions.

- For vehicles, utilization is a key performance indicator that needs to be regularly monitored, reported and justified. In leading practice, fleet utilization data assists decision-making toward controlling, expanding or reducing fleet size and use.
- Other financial and operational key performance indicators (KPIs) should be developed as part of an "executive management" dashboard that are consistently measured, monitored and reported.
- A second tier of further KPIs should also be regularly tracked, reported and analyzed to support the business and for continuous improvement.
- Appendix A provides a range of the type of KPIs (financial and operation) that WFMA should consider in developing its own executive dashboard and second tier KPIs as part of WFMA's implementation phase.

Emphasize Fleet Utilization

19. Inter-departmental sharing of common vehicles presents an opportunity to improve City costs and increase the utilization of existing vehicles.

- Many noted that departments have common equipment such as light-duty vehicles that could be shared.
- Building a system that allows increased ease-of-use for rentals and short-term leases, as well as one that can accommodate overlapping seasonal maintenance demand, The City could reduce the number of vehicles and increase utilizations.

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Performance Management

Data Analytics

20. Leverage data analytics to optimize operations.

— WFMA uses a variety of systems and spreadsheets to capture and track data. Data analytics could be used to provide insight into performance issues, bottle necks and cost drivers.

— A robust set of operational performance measures should be established and used to evaluate current operations. Governance and controls should also be established to support their ongoing monitoring and use in planning and decision making.

Replacement Metrics

21. Strengthen replacement planning and decision making by expanding metrics to include condition, work history and other measures of vehicle performance.

— The WFMA uses lifecycle analysis to determine the optimal replacement point for fleet assets. Analysis is performed periodically for major asset categories and considers asset age in conjunction with acquisition, costs of routine maintenance, and disposal values in determining the optimal timeline for vehicle replacement.

— Other factors, such as utilization, working conditions, repair history, deferred maintenance, assessed condition, market availability all can play significant roles in the viability of lifecycle options, particularly for underutilized or specialized equipment assets. These factors, however, are generally not considered in evaluating options or lifecycles.

— The WFMA should expand lifecycle analysis, evaluating cost of service and optimizing replacement decisions for each asset. This will require consistent collection and tracking of performance and maintenance information over each asset's entire lifecycle. This will enable analysis and comparison of vehicles' performance against customer and WFMA specifications, as well as performance and lifecycle cost comparison of different vehicle types and classes. Efficient systems to support such monitoring will rely on increasingly automated data collection.

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Performance Management

Planned Maintenance

22. Enhance tracking system for managing preventative maintenance and routine service.

- The WFMA understands preventative maintenance requirements, but processes that schedule, manage and track the completion and verification of works could be improved.
- The WFMA should expand the use of information to target and support preventive maintenance at improving service and reducing the total cost of asset ownership. Key initiatives may include:
  - Creation of a performance driven preventive maintenance policy that is approved by senior leadership management.
  - Mapping and documentation of preventive and reactive maintenance activities and workflows using Standard Operating Procedures.
  - Capture and tracking of maintenance information on each asset over its lifecycle. Information should be periodically analyzed to support and enhance:
    - Equipment specification and selection
    - Asset evaluation and lifecycle management
    - Operational and asset planning and decision making
    - Cost reduction, streamlining and business improvement
  - Incorporation of maintenance program compliance and reporting in to the WFMA's broader performance management process.
- Continue to develop and improve processes and procedures related to Fleet counts.

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4. Implementation Plan Roadmap



Implementation Plan Roadmap

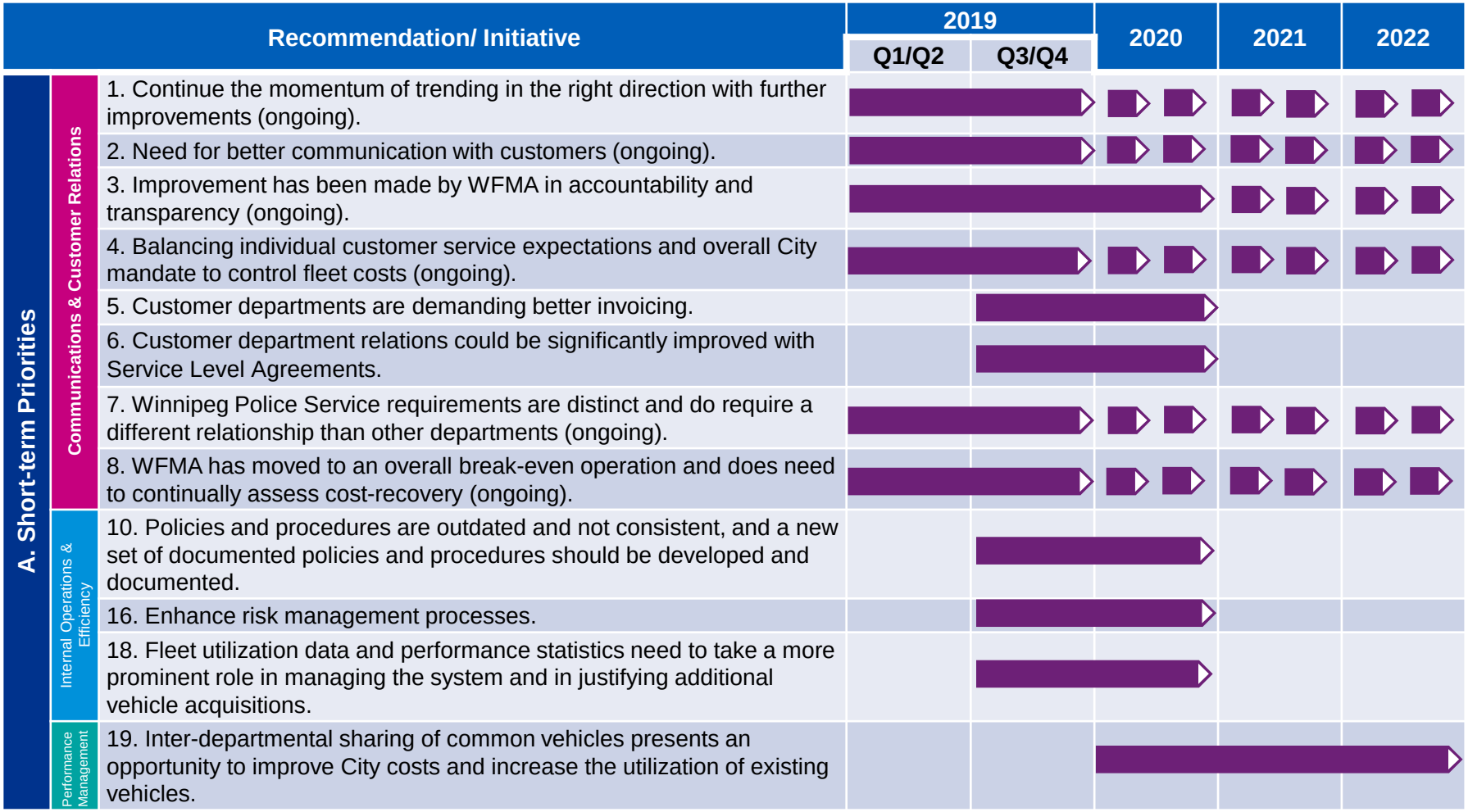
The following high-level implementation roadmap sets out the key steps for WFMA to implement the recommendations/considerations included in this report. The roadmap spans four years and two timing phases: 1) short-term (within one year), and 2) longer-term. The initiatives in the roadmap are categorized as high or medium priority.

The roadmap is at a high level, and timelines are approximate targets. Specific implementation plans would evolve and adjust based on decisions undertaken, and in response to changing circumstances and priorities.

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Implementation Plan Roadmap



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Implementation Plan Roadmap

		Recommendation/ Initiative	2019 Q1/Q2	2019 Q3/Q4	2020	2021	2022
B. Longer-term Priorities	Internal Operations & Efficiency	9. Contain overall staffing levels. Develop long-term workforce plan. Organizational structure and staffing levels are generally in-line with other fleet management operations (ongoing).					
		11. WFMA should continue to take a life-cycle asset management approach (ongoing).					
		12. Consider outsourcing non-core services such as relatively small service lines (e.g., custom manufacturing).					
		13. Continue development of technologies to support organizational goals and objectives (ongoing).					
		14. Enhance maintenance shop efficiency. Being in the business of repairing and maintaining vehicles and equipment, consistently strive for efficiency (ongoing).					
		15. WFMA to explore relocation of Tecumseh in the long-term.					
		17. Continue to monitor operations at fuel sites.					
	Performance Management	20. Leverage data analytics to optimize operations.					
		21. Strengthen replacement metrics by documenting physical condition appropriate to the vehicle class.					
		22. Enhance tracking system for managing preventative maintenance and routine service.					

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Implementation Plan Roadmap

#	Improvement Opportunity	Potential Solution	Expected Benefits (M, H)	Expected Effort (L, M, H)	Priority (M, H)	Timing (Short, Medium, Long)	Responsibility/ Accountability
Communications & Customer Relations							
1	Continue right direction	Continue to change the culture. More partnerships and collaboration with customers.	H – Trust and Credibility	M	High	Short-term and long-term	COO and all Senior Management
2	Better communication with customers	Develop value proposition and communications briefing on WFMA. Communicate value frequently. Add Customer Representative position.	H – Trust and Transparency	M	High	Short-term and long-term	Communications designate
3	Continue to improve transparency	Continue improvements in transparency. Clearly define and communicate what is included and not included in operating leases.	H – Trust and Transparency	M	High	Short-term	Manager, Finance and other Senior Manager
4	Clarity of mandate and direction	Need clarity from City CAO and CFO on mandate and authority. Overall direction and authority to rationalize assets.	H – Credibility and Authority; Potential Cost Savings If Overall Fleet Is Rationalized	M	High	Short-term	COO to work with CAO, CFO and Chief Transportation Officer
5	Better Customer Invoicing	Develop a more customer-friendly summary invoice with detail available as needed.	H – Trust and Transparency	H	High	Short-term and medium-term	Manager, IT Manager, Finance
6	Service Level Agreements	Establish SLAs with departments, starting with Public Works and Water & Waste.	H – Trust and Transparency; Potential Cost Savings	H	High	Short-term and medium-term	Communications Designate

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Implementation Plan Roadmap

#	Improvement Opportunity	Potential Solution	Expected Benefits (M, H)	Expected Effort (L, M, H)	Priority (M, H)	Timing (Short, Medium, Long)	Responsibility/ Accountability
7	Unique Requirements of WPS	Establish a SLA with WPS.	H – Trust and Transparency	H	High	Short-term	COO, Supervisor of Fleet Procurement and Support Services
8	Revenue Neutrality	Confirm revenue-neutrality and cost-recovery mandate with City Executive Management. Educate and communicate with customer departments.	H – Trust and Transparency; Potential Cost Savings	M	High	Short-term	COO working with City Executive Management, COO and Manager, Finance communicate with departments
Internal Operations Efficiency							
9	Staffing Levels, Workforce Plan & Job Descriptions	Staffing is relatively in-line, need to control within overall levels even with growth, additions should be marginal and/or from reallocation of resources. Better communications, scheduling and SLAs should improve overall efficiency. Review and update job descriptions.	H – Efficiency and Clarity; Potential Cost Savings	H	High	Short-term and long-term	COO, Senior Management, HR, Project Coordinator
10	Document Policies and Procedures	Assign Project Coordinator to update and develop a single policy and procedures manual.	H – Efficiency and Clarity; Potential Cost Savings	H	High	Short-term	Project Coordinator, with input from across WFMA
11	Continue Life Cycle Asset Management Approach	Further life cycle approach, build from a leading practice asset management planning framework.	H – Efficiency and Effectiveness; Potential Cost Savings	H	High	Long-term	COO, Supervisor of Fleet Procurement and Support Services, Manager of Finance

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Implementation Plan Roadmap

#	Improvement Opportunity	Potential Solution	Expected Benefits (M, H)	Expected Effort (L, M, H)	Priority (M, H)	Timing (Short, Medium, Long)	Responsibility/ Accountability
12	Consider Outsourcing Non-core Services	The manufacturing shop has historically lost money. However, management reports that it has turned the corner in recent months with new leadership. Revisit this next year.	M – Efficiency and Effectiveness; Potential Cost Savings	H	Medium	Medium-term	COO, Manager, Finance Manager, Facilities and Equipment
13	Further Enhance Technology	Continue to develop in-house capability and phase-out Equipment Maintenance Application data analytics.	H – Efficiency and Effectiveness; Requires Investment for Long-term Potential Cost Savings	H	High	Long-term	Manager, IT
14	Maintenance Shop Efficiency	Better data on work orders. Implement tool for scheduling revenue allocation.	H – Efficiency and Effectiveness; Potential Cost Savings	H	High	Short-term and long-term	Manager of Repair Facilities and Equipment
15	Long-term Relocation of Tecumseh	After implementation of short-term initiatives, in the medium-term, develop a robust business case for planned relocation and/or modernization of Tecumseh yards.	H – Efficiency and Effectiveness; Requires Investment for Long-term Potential Cost Savings	H	High	Long-term	COO, Manager, Operations Manager, Finance
16	Enhance Risk Management Process	Conduct a rigorous management process to identify, assess and monitor key risks.	M – Transparency and Effectiveness; Potential Cost Savings	M	Medium	Short-term	Senior Management

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Implementation Plan Roadmap

#	Improvement Opportunity	Potential Solution	Expected Benefits (M, H)	Expected Effort (L, M, H)	Priority (M, H)	Timing (Short, Medium, Long)	Responsibility/ Accountability
17	Fuel Services	Continue to monitor operations of fuel sites. Consider allowing limited permission for fuel purchases from outside vendors in urgent situations. Improve transparency of benefits of bulk fuel programs.	M – Efficiency and Effectiveness	M	Medium	Medium-term and long-term	Supervisor of Fleet Procurement and Support Services, Manager, Finance
Performance Management							
18	Performance Measurement	Establish performance management framework and performance metrics dashboard for management.	H – Efficiency and Effectiveness; Potential Cost Savings	M	High	Short-term	Senior Management, Manager of Finance, Manager of Facilities and Equipment, Manager of Information Systems, Supervisor of Fleet Procurement and Support Services
19	Emphasize Fleet Utilization	Focus on clear utilization statistics, leveraging AVL/GPS. Monitor and report utilization consistently. Utilize and analyze data to support overall asset rationalization.	H – Efficiency and Effectiveness; Potential Cost Savings	M	High	Short-term	Manager of Finance, TBD
20	Data Analytics	Establish a data analytics function. Consider adding or re-allocating resources to Finance and IT to add a data analytics position.	H – Efficiency and Effectiveness; Potential Cost Savings	H	High	Medium and long-term	Supervisor of Fleet Procurement and Support Services, Manager, IT
21	Replacement Metrics	Document physical condition by vehicle class and equipment type.	M – Efficiency and Effectiveness; Potential Cost Savings	M	Medium	Long-term	TBD

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Implementation Plan Roadmap

#	Improvement Opportunity	Potential Solution	Expected Benefits (M, H)	Expected Effort (L, M, H)	Priority (M, H)	Timing (Short, Medium, Long)	Responsibility/ Accountability
22	Planned Maintenance	Enhance a tracking system for preventative maintenance and routine service.	M – Efficiency and Effectiveness; Potential Cost Savings	M	Medium	Long-term	TBD

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Implementation Plan Roadmap

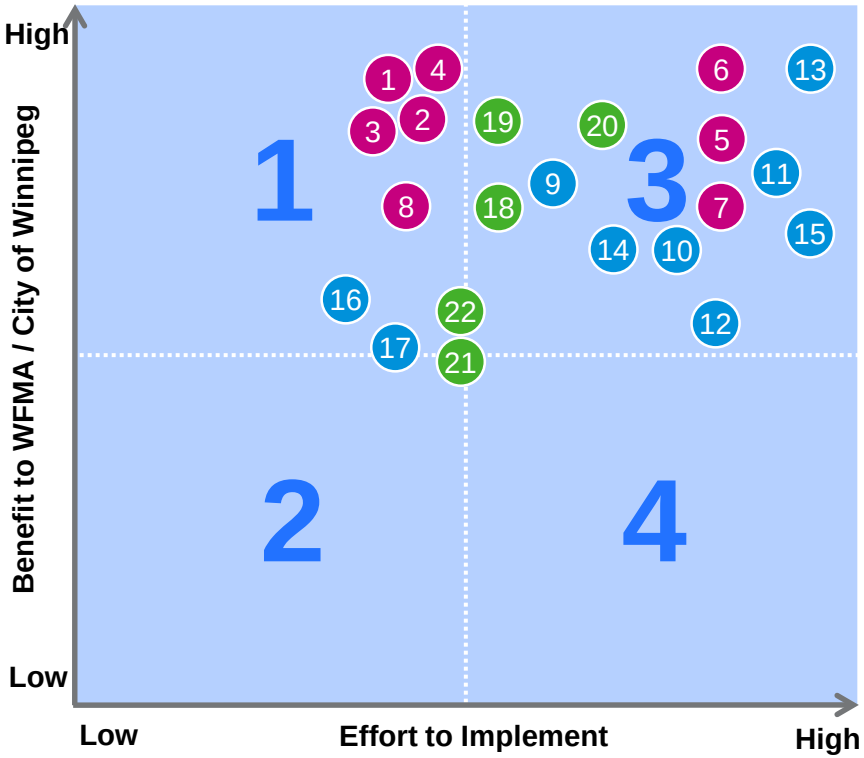
A list of recommendations/considerations for improvement have been proposed earlier in this section. These have been categorized in terms of relative benefit and relative effort to implement, and then plotted on a chart in order to suggest an order of prioritization.

1. Low effort, high benefit (top left quadrant) – These items appear to represent high value for money, and therefore should be more aggressively pursued.

2. Low effort, low benefit (bottom left) – These items are generally best coordinated and pursued strategically in conjunction with other works in order to minimize the cost and effort of implementation.

3. High effort, high benefit (top right) – These items will add incremental value, but should be selectively pursued, where and when convenient and it makes business sense to do so.

Those in the bottom right quadrant (4) would be considered to be of lowest priority due to the potential effort required versus the potential benefit derived.



Legend:

Communications and Customer Relations	#
Internal Operations and Efficiency	#
Performance Management	#

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Appendix A:
Sample Fleet Performance Management Framework



Sample Fleet Performance Management Framework

In combining insights and recommendations in key areas, the following provides a sample framework for regularly reporting and monitoring performance. This provides a tool and templates for Management to utilize and modify according to its own reporting and decision-making purposes.

Developing a framework

Having examined WFMA's mandate, operations, relationships with customers, internal processes and procedures, staffing, and technologies employed, a view of the organization as a whole develops and how WFMA can focus effort toward the next steps in organizational growth.

This section introduces a Sample Fleet Lifecycle Management Framework (the "Framework") which could serve as a starting point in developing a tailored performance management system for the WFMA. The sample Framework provides an overview of the lifecycle of a fleet asset as WFMA performs the following services:

- **Procure the asset** – Includes specification, inspection and procurement.
- **Service, monitor and maintain the asset** – Includes insurance, licensing and registration; vehicle and equipment leases; repair and maintenance; manufacturing and fabrication; and fuel.
- **Dispose the asset** – Includes surplus sales and disposal.

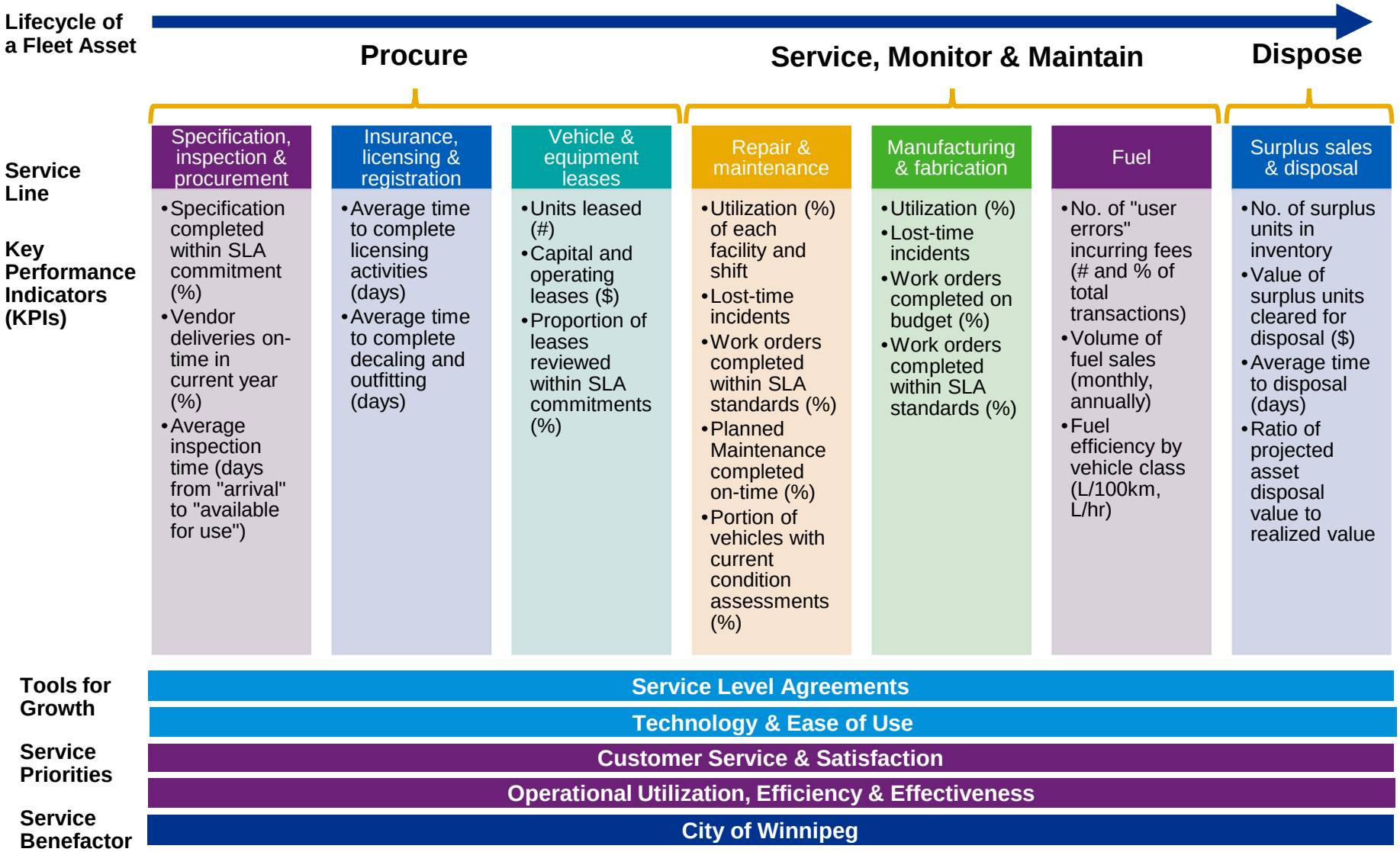
These service areas can be evaluated at an executive level through select Key Performance Indicators (KPIs), understanding that service priorities of customer satisfaction, efficiency and effectiveness are supported by business tools such as service level agreements and technology. All of this is done keeping in mind the Asset Management maxim, **"Infrastructure exists to deliver a service."** In this case, the benefactor is The City of Winnipeg's internal departments and also the citizens of Winnipeg.

As WFMA implements these KPIs, it will want to want to identify it's current performance against them and identify suitable targets to help further drive growth and improvement.

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Fleet Performance Management Framework



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Fleet Performance Management Framework

Once tailored to WFMA needs, three categories of metrics can be introduced and integrated into standard reporting. This reporting would be focused at the senior management levels, of which highlights can be readily available for the CAO to report periodically to The City executive level (CAO, CFO) as required.



1. **Monitoring financial results and organizational performance** – includes metrics for reporting key financial results and trends. A sample could include:
   - Financial revenues and expenses
     - Capital lease revenue
     - Operating lease revenue



2. **Monitoring for customer service delivery** – monitors priority activities affecting customers and their operations. These may have relative priorities to support, for example: emergency repairs (24 hour turnaround), seasonal equipment repair (5 day turnaround), planned maintenance (planned within a two week period), and service of specialized accessory equipment (planned within a four week period). A sample of these could include:
   - Specification, inspection and procurement
     - Specification cycles completed within SLA commitment (%)
     - Average inspection time (days from "arrival" to "available for use")
   - Insurance, licensing and registration
     - Average time to complete licensing activities (days)
     - Average time to complete decaling and outfitting (days)



3. **Monitoring for efficiency and effectiveness** – includes metrics for reporting, benchmarking, compliance and safety. A sample of these could include:
   - Repair and maintenance
     - Utilization (%) of each facility
     - Lost-time incidents
     - Work orders completed within SLA standards (%)
   - Surplus sales and disposal
     - No. of surplus units
     - Value of surplus units cleared for disposal ($)

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Executive Dashboard (Operational)

Procurement & Leasing KPI	Current Value	Prior Period	Status/ Trend
No. of units leased			
Value of units leased ($)			
Specification completed within SLA commitment (%)			
Vendor deliveries completed on-time in current year (%)			
Average inspection time (days from "arrival" to "available for use")			

Licensing KPI	Current Value	Prior Period	Status/ Trend
Average time to complete licensing activities (days)			
Average time to complete decaling and outfitting (days)			

Repair KPI	Current Value	Prior Period	Status/ Trend
Utilization (%) of each facility			
Work orders completed within SLA standards (%)			
Planned Maintenance completed on-time (%)			
Proportion of vehicles with current condition assessments (%)			

Legend:

Status	Symbol	Trend	Symbol
Good		Improving	
Caution		Flat	
Warning		Declining	

Manufacturing KPI	Current Value	Prior Period	Status/ Trend
Utilization (%)			
Work orders completed on budget (%)			
Work orders completed within SLA standards (%)			

Fuel KPI	Current Value	Prior Period	Status/ Trend
Volume of fuel sales (monthly, annually)			
Fuel efficiency by vehicle class (L/100km, L/hr)			
No. of "user errors" incurring fees (# and % of total transactions)			

Disposal KPI	Current Value	Prior Period	Status/ Trend
No. of surplus units in inventory			
Value of surplus units awaiting disposal ($)			
Average time to disposal (days)			

Other Operating Statistics	Current Value	Prior Period	Status/ Trend
Customer Satisfaction (%)			
Fleet utilization (%)			
Fleet mileage (km)			
Annual staff turnover (%)			

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Executive Dashboard (Financial)

Financial Revenues & Expenses ($ 000)	Current Month	Month Last Year	YTD	YTD Prior Period	Status/ Trend
Total Revenues					
Capital lease revenue					
Operating lease revenue					
Service and parts revenue					
Fuel sales					
Rental income					
Total Expenses					
Salaries and benefits					
Supplies and services					
Debt interest					
Other expenses					
Revenue over expenses					

Financial Position	Current Month	Month Last Year	YTD	YTD Prior Period	Status/ Trend
Tangible capital assets ($)					
Inventory ($)					
Parts inventory turnover rate					
Fuel inventory turnover rate					
Debt ($)					
Accumulated Surplus ($)					

Key Financial Ratios	Current Month	Month Last Year	YTD	YTD Prior Period	Status/ Trend
Return on total revenue (%)					
Return on average non-financial assets (%)					
Return on average accumulated surplus ratio					
Assets to net debt ratio					
Net debt to accumulated surplus ratio					
Days sales in receivables (days)					
Cash conversion cycle (days)					

Cost-saving Initiatives	
Briefly describe each	
$ value of projected annual cost savings	

Note: Any material variance to budget and/or key trends should be identified and shared.

Legend:

Status	Symbol	Trend	Symbol
Good		Improving	
Caution		Flat	
Warning		Declining	

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Management Monitoring – Procurement and Disposal

Procurement KPI	Current Value	Prior Period	Expected Range	Trend Description
Specifications completed within SLA commitment (%)				
Vendor deliveries completed on-time in current year (%)				
On-time delivery (%)				
Average time from receipt to ready-for-service (days)				
Supplier lead time (days from order to delivery)				
Proportion of rejected orders (%)				
No. of vehicles ordered (#)				
Value of vehicles on order ($)				
Capital lease revenue ($)				
Operating lease revenue ($)				

Disposal KPI	Current Value	Prior Period	Expected Range	Trend Description
No. of surplus units in inventory (#)				
Value of surplus units cleared for disposal ($)				
Average time to disposal (days)				
No. of vehicles disposed (#)				
Value of vehicles disposed ($)				
Ratio of projected asset disposal value to realized value				

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Management Monitoring - Licensing

Licensing KPI	Current Value	Prior Period	Expected Range	Trend Description
Average time to complete licensing activities (days)				
Average time to complete decaling and outfitting (days)				
No. of vehicles received (#)				
No. of vehicles insured (#)				
No. of vehicles licensed (#)				
No. of vehicles registered (#)				
Sales of insurance and licenses ($)				

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Management Monitoring – Repair, Manufacturing and Fuel

Repair KPI	Current Value	Prior Period	Expected Range	Trend Description
Utilization (%) of each facility and shift				
Lost-time incidents				
Work orders completed within SLA standards (%)				
Planned Maintenance completed on-time (%)				
Proportion of vehicles with current condition assessments (%)				
No. of Work Orders completed (#)				
Planned Maintenance work orders (#)				
Planned Maintenance compliance within timelines (%)				
Planned Maintenance labour (hours)				
Repair work orders (#)				
Repair work orders (hours)				
Average labour time to complete common maintenance items (hours)				
Average vehicle downtime (hours or days)				
Lost time injuries (person-hours)				
Service equipment failures (#)				
Emergency repairs completed (#)				
Parts inventory obsolescence ($ and %)				

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Management Monitoring – Repair, Manufacturing and Fuel

Repair KPI	Current Value	Prior Period	Expected Range	Trend Description
Utilization (%)				
Lost-time incidents				
No. of Work Orders completed (#)				
Work orders completed on budget (%)				
Work orders completed within SLA standards (%)				
Lost time injuries (#)				
Service equipment failures (#)				
Emergency repairs completed (#)				

Disposal KPI	Current Value	Prior Period	Expected Range	Trend Description
Volume of fuel sales (monthly, annually)				
Fuel efficiency by vehicle class (L/100km, L/hr)				
No. of "user errors" incurring fees (# and % of total transactions)				

Note:
"Lost-time incidents" refers to an event causing a lost-time injury.
"Lost-time injury" is an injury that causes an employee to be unable to work, due to the severity of the injury.

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Reporting Frequency & Escalation Triggers

Frequency of reporting

Reporting should be linked to the decision making timeliness, action process and reports of different frequency will be required for different decision making levels.

The table below highlight some of the more common frequencies that that be used for indicator reporting.

Frequency	Audience
Monthly	Facilities Supervisors Manager of Repairs Facilities and Equipment
Quarterly	Facilities Supervisors Manager of Repairs Facilities and Equipment Senior Management headed by COO
Yearly	Facilities Supervisors Manager of Repairs Facilities and Equipment Senior Management headed by COO City Executive Management

Escalation Triggers

KPIs should include thresholds that when exceeded should alert the company to a potentially bad performance or even a risk exposure. Limits should be established and escalation structure should be attached to each threshold level. For example, assume that the customer satisfaction on a monthly basis is set at 80% the agency could establish the following threshold structure:

- At 80%, Supervisor threshold – The facilities supervisors should be informed and needs to take action.
- At 70%, Manager of repair facilities and equipment threshold – Manager should be informed and needs to take action.
- At 60%, COO threshold – The COO should be informed and needs to take action.

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Appendix B: Key Risk Indicators



Informational Key Risk Indicators

As per the Committee of Sponsoring Organization of the Treadway Commission, **Key Risk Indicators (KRIs)** are defined as, **"Key risk indicators are metrics used by organizations to provide an early signal of increasing risk exposures in various areas of the enterprise."**

While Key Performance Indicators (KPIs) are designed to provide a high-level overview of the performance of the organization and its major operating units, KRIs provide timely leading-indicator information about emerging risks. In another words, KPIs are metrics to measure the performance based on past or historic activities or events, while KRIs are metrics that provide an early signal of increasing risk exposures in various areas of the enterprise.

During this review, KRIs were not observed in use at the WFMA, but they would be of material value to The City, and implementing a similar process will help the agency in monitoring and proactively mitigate risks. The following pages demonstrate an example of KRIs that were developed based on one sample objective and two related strategies obtained from WFMA 2017 Business Plan.

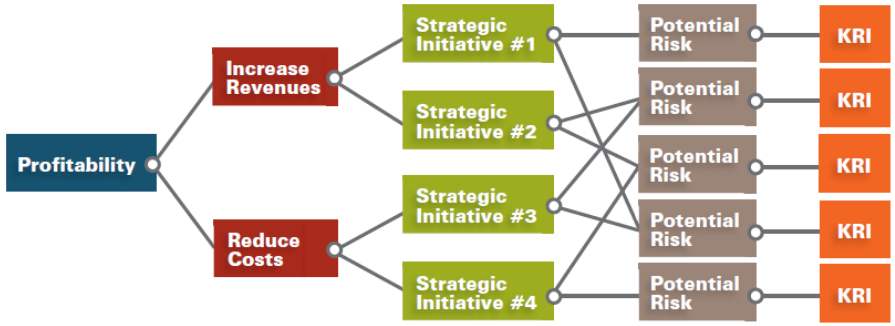
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Key Risk Indicators (cont'd)

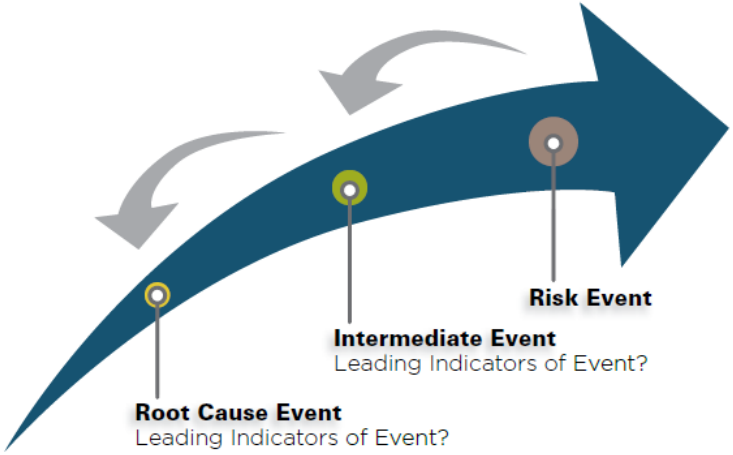
Developing and selecting the right set of KRI's

Mapping key risks to core strategic initiatives puts management in a position to begin identifying the most critical metrics that can serve as leading key risk indicators to help them oversee the execution of core strategic initiatives.



Leading Indicators of Risk Event

An effective method for developing KRIs begins by analyzing a risk event that has affected the organization in the past (or present) and then working backwards to pinpoint intermediate and root cause events that led to the ultimate Loss or lost opportunity.



Sources:
1. COSO – Developing Key Risk indicators to Strengthen Enterprise Risk Management – How Key Risk Indicators can Sharpen Focus on Emerging Risks.
2. COSO – Developing Key Risk indicators to Strengthen Enterprise Risk Management – How Key Risk Indicators can Sharpen Focus on Emerging Risks.

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KRI Example

Reporting Guidelines

High Risk	Should be reported by the Risk Management function to the senior management and the respective management on a weekly basis along with the action taken.
Medium Risk	Should be reported by the Risk Management function to the senior management on a monthly basis along with the action taken.
Low Risk	Should be reported by the Risk Management function to the senior management on a Quarterly basis along with the action taken.

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KRI Example (cont'd)

Objective	Strategy	Risk	KRI	Nature	KRI	Benchmark
Maintain Fleet Repair and Manufacturing facilities to support The City's geographically dispersed and diverse fleet complement while, providing superior customer services, reliability and safety.	Continue to explore ways in which to enhance repair service for customers through the implementation of improved shift schedules for increased shop productivity and enhanced maintenance services.	Low experienced personnel available to fill all the shift schedules.	High experienced mechanics turnover rate.	Leading		
			High turnaround time for recruitment.	Leading		
			The attendance ratio for repairs and maintenance training for the preceding 12 calendar months.	Leading		
			The number of repairs and maintenance training provided to the staff.	Leading		
		High fleet repairs and maintenance failure rate.	The attendance ratio for repairs and maintenance training for the preceding 12 calendar months.	Leading		

Note:
A "leading" indicator is a forward looking measure (predictive in nature), while a "lagging" indicator is a backward looking measure (follows an event, it records what happened).

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KRI Example (cont'd)

Objective	Strategy	Risk	KRI	Nature	KRI	Benchmark
Maintain Fleet Repair and Manufacturing facilities to support The City's geographically dispersed and diverse fleet complement while, providing superior customer services, reliability and safety.	Continue to explore ways in which to enhance repair service for customers through the implementation of improved shift schedules for increased shop productivity and enhanced maintenance services.		The number of fleet oil change during the preceding 12 calendar months over the total number of fleet.	Current, Lagging		
			The number of fleet maintenance during the preceding 12 calendar months over the total number of fleet.	Current, Lagging		
	Investigate cost saving opportunities with Corporate Finance for parts and service standing order contracts taking advantage of large volume discount pricing.	A purchase may be unauthorized or improperly authorized. With the absence of a fully executed contract, there is an increased risk of exposure to increased prices, receipt of products not in compliance with quality standards and inaccurate shipments.	Purchases made with no contracts during the preceding 12 calendar months.	Current, Lagging		

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KRI Example (cont'd)

Objective	Strategy	Risk	KRI	Nature	KRI	Benchmark
Maintain Fleet Repair and Manufacturing facilities to support The City's geographically dispersed and diverse fleet complement while, providing superior customer services, reliability and safety.	Investigate cost saving opportunities with Corporate Finance for parts and service standing order contracts taking advantage of large volume discount pricing.	No evaluation process in place to evaluate the offers received and to select the most suitable supplier.	Total of purchase made with no proposal evaluations during the preceding 12 calendar months.	Current, Lagging		
		Purchases may be made from unauthorized vendor.	Purchases made from unauthorized vendor during the preceding 12 calendar months.	Current, Lagging		
			Access review performed over the supplier master file during the preceding 12 calendar months and the action taken implemented.	Leading		
		Assets may be purchased without proper approval and/or without an appropriate business purpose. Insufficient capital expenditure approval procedures may increase costs and reduce efficiency.	The number of utilized maintenance machinery during the preceding 12 calendar months	Leading		

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KRI Example (cont'd)

Objective	Strategy	Risk	KRI	Nature	KRI	Benchmark
Maintain Fleet Repair and Manufacturing facilities to support The City's geographically dispersed and diverse fleet complement while, providing superior customer services, reliability and safety.	Investigate cost saving opportunities with Corporate Finance for parts and service standing order contracts taking advantage of large volume discount pricing.		Access review performed over the supplier master file during the preceding 12 calendar months and the action taken implemented.	Leading		
	Continue engaging in opportunities with The City of Winnipeg Aboriginal Youth Strategy, Oshki Annishinabe Nigaaniwak, for internal hiring of apprentice and journey Person trades.	Low job application rate by The City of Winnipeg Aboriginal Youth Strategy, Oshki Annishinabe Nigaaniwak.	Low funding allocation by the government to The City of Winnipeg Aboriginal Youth Strategy.	Leading		

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This confidential report (the "Report") is provided to Winnipeg Fleet Management Agency ("WFMA") and The City of Winnipeg ("The City") pursuant to the engagement with KPMG LLP ("KPMG") to conduct an operational review (the "Review") of the Winnipeg Fleet Management Agency.

If this Report is received by anyone other than The City and WFMA, the recipient is placed on notice that the attached Report has been prepared solely for The City and WFMA for its own internal use and this Report and its contents may not be shared with or disclosed to anyone by the recipient without the express written consent of The City and KPMG LLP ("KPMG"). KPMG does not accept any liability or responsibility to any third party who may use or place reliance on the Report.

Our scope was limited to a review and observations over a four month timeframe. The procedures we performed were limited in nature and extent, and those procedures will not necessarily disclose all matters about WFMA'S function, policies and operations, or reveal errors in the underlying information.

Our procedures consisted of inquiry, observation, comparison and analysis of City-provided information. In addition, we considered leading practices and conducted benchmarking comparisons with select municipalities. Readers are cautioned that any potential savings outlined in this Report are order of magnitude estimates only. Actual results achieved as a result of implementing recommended opportunities are dependent upon City, WFMA and Department actions, and variations may be material.

The procedures performed do not constitute an audit, examination or review in accordance with standards established by the Chartered Professional Accountants of Canada, and we have not otherwise verified the information we obtained or presented in this report. We express no opinion or any form of assurance on the information presented in this report, and make no representations concerning its accuracy or completeness. The City and WFMA are responsible for the decisions to implement improvements and for considering their impact. Implementation of these recommendations will require The City and WFMA to plan and test any changes to ensure that The City and WFMA will realize satisfactory results.

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