Minutes – Executive Policy Committee – February 16, 2022

Report – Standing Policy Committee on Innovation and Economic Development – January 24, 2022

Item No. 4 Winnipeg Fleet Management Agency – 2022 Business Plan

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Innovation and Economic Development and submitted the following to Council:

1. That the 2022 Business Plan for the Winnipeg Fleet Management Agency (WFMA), including the 2022-2025 budget, included as Appendix A-1 be approved.

2. That the 2020 audited financial statements, included as Appendix A-2, be received as information.

3. That the Fleet Accountability Report, included as Appendix B, be received as information.

4. That annual long-term borrowing authority of up to $11.0 million in 2022 be approved in accordance with subsection 215 (4) of The City of Winnipeg Charter with respect to Special Service Units, and authorization be given to the Winnipeg Fleet Management Agency to finance a portion of its operations through external sources, for the purpose of acquiring fleet assets, including from The City's bank, or from any other persons or corporations, including The City of Winnipeg Sinking Fund Trustees.

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

Report – Standing Policy Committee on Innovation and Economic Development – January 24, 2022

DECISION MAKING HISTORY:

Moved by Councillor Browaty,

That the recommendation of the Standing Policy Committee on Innovation and Economic Development be concurred in and forwarded to Council.

Yea:	Bowman, Allard, Browaty, Gillingham, Gilroy, Mayes, Rollins	7
Nay:		0

Carried

STANDING COMMITTEE RECOMMENDATION:

On January 24, 2022, the Standing Policy Committee on Innovation and Economic Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

STANDING COMMITTEE RECOMMENDATION:

On November 29, 2021, the Standing Policy Committee on Innovation and Economic Development laid the matter over to its meeting on January 24, 2022.

ADMINISTRATIVE REPORT

Title: Winnipeg Fleet Management Agency – 2022 Business Plan

Critical Path: Standing Policy Committee on Innovation and Economic Development – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
D. Konowich	J. Berezowsky	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

An annual business plan for the Winnipeg Fleet Management Agency (WFMA) is submitted for Council approval to ensure WFMA's strategic direction is in alignment with the general planning, budgeting and reporting requirements of The City of Winnipeg. The business plan allows WFMA to fulfill its mandate and mission by providing efficient and effective fleet management services to civic departments in support of their service delivery.

RECOMMENDATIONS

1. That the 2022 Business Plan for the Winnipeg Fleet Management Agency (WFMA), including the 2022-2025 budget, included as Appendix A-1 be approved.

2. That the 2020 audited financial statements, included as Appendix A-2, be received as information.

3. That the Fleet Accountability Report, included as Appendix B, be received as information.

4. That annual long-term borrowing authority of up to $11.0 million in 2022 be approved in accordance with subsection 215 (4) of The City of Winnipeg Charter with respect to Special Service Units, and authorization be given to the Winnipeg Fleet Management Agency to finance a portion of its operations through external sources, for the purpose of acquiring fleet assets, including from The City's bank, or from any other persons or corporations, including The City of Winnipeg Sinking Fund Trustees.

5. That the proper officers of The City be authorized to do all things necessary to implement the foregoing.

REASON FOR THE REPORT

WFMA is required to present an annual business plan to Council, in accordance with the WFMA Operating Charter.

IMPLICATIONS OF THE RECOMMENDATIONS

In 2022, WFMA will transfer $0.092 million to The City of Winnipeg – General Revenue Fund, representing a dividend.

HISTORY/DISCUSSION

History Overview

On March 25, 1998, Council adopted the Policy and Framework for Alternate Service Delivery, which recommended that certain services be studied as potential candidates for service delivery outside of the departmental structure of government.

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

On October 18, 2000, Council approved the Alternate Service Delivery Committee's feasibility study recommendation that Administration produce a Business Plan and Operating Charter to convert the Equipment and Material Services Division to a Special Operating Agency. Further, Council approved that the Business Plan and Operating Charter be premised on the following principles:

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

On May 28, 2003, WFMA received Council approval to operate as a Special Operating Agency of The City of Winnipeg, effective January 1, 2003.

2022 Business Plan Highlights

- Revenues and Expenses of approximately $49 million projected in 2022.
- Acquisition of Fleet Assets of $15.7 million projected in 2022.
- Vehicle and equipment units managed of approximately 2,237.
- 111 budgeted full-time equivalent positions (FTE’s) in 2022-2025.
- WFMA forecasts operating within its established debt limit through deferred replacement of fleet assets.
- WFMA to continue on the path of exploring opportunities with the Province of Manitoba and other government agencies on ways to eliminate duplication, reduce costs and take advantage of efficiencies in the areas of fleet procurement and operations.
- WFMA to develop and implement Service Level Agreements with civic departments for enhanced transparency and accountability.

- To increase the transparency of the fleet a Fleet Accountability report has been include in the business plan as appendix B showing year over year statistics with regards to vehicle idling and AVL statistics, damage costs, fuel costs by department and fleet size.
- WFMA has reviewed the strategies and action items of its Green Fleet Plan for 2022, which is included in the business plan Appendix C.
- The 2022 business plan now incorporates risk identification that takes into consideration the 4 effective risk management strategies of risk avoidance, risk acceptance, risk transference and risk limitation related to the delivery of services and accomplishing the goals identified in the business plan.

FINANCIAL IMPACT

Financial Impact Statement

Date: November 8, 2021

Project Name:

First Year of Program **2022**

Winnpeg Fleet Management Agency - 2022 Business Plan

	2022	2023	2024	2025	2026
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

2022 to 2025 projected financial statements and notes are presented in Appendix A-1.

Joseph Chammartin, CPA, CGA
Manager of Finance
Winnipeg Fleet Management Agency

CONSULTATION

This Report has been prepared in consultation with the departments listed below, and they concur with its content.

- Assessment and Taxation Department
- Community Services Department
- Corporate Finance Department
- Corporate Support Services Department
- Planning, Property and Development Department
- Public Works Department
- Water and Waste Department
- Winnipeg Fire Paramedic Service Department
- Winnipeg Parking Authority – Special Operating Agency
- Winnipeg Police Service Department
- Legal Services (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

In alignment with the following: "OurWinnipeg" Plan By-law No. 67/2010 and the Direction Strategies of "A Sustainable Winnipeg" and "Sustainable Transportation".

"OurWinnipeg" Section 01-3 Prosperity (Pg. 48-52) – the Direction 1: Provide efficient and focused civic administration and governance. Enabling Strategies:

- Demonstrate exemplary customer service standards.
- Continuously pursue innovative, streamlined service delivery and decision-making processes.
- Demonstrate accountability through service performance measurement and reporting.
- Endeavor to apply environmentally sustainable practices in all aspects of civic operations.

"OurWinnipeg" Section 02-2 Environment (Pg. 68) – Directions:

- Reduce the environmental impact of our activities, through strategies such as planning for sustainable energy use and greenhouse gas reduction.

"A Sustainable Winnipeg" Section 05: The Foundation: Leading by Example (Pg. 16-17) – Direction 2: Incorporate sustainable practices into internal civic operations, programs and services. Enabling Strategies:

- In partnership with the community, create and maintain a Climate Change Action Plan to reduce The City of Winnipeg's corporate greenhouse gas emissions by a further 20% below 1998 levels.
- Establish corporate greenhouse gas reduction targets for 2020 and 2035.
- Green the City's fleet operations through a plan that includes direction on anti-idling, efficient vehicles, use of alternate fuels and the right-sizing of the fleet.

"A Sustainable Winnipeg" Section 07: Integrate Sustainability into Internal Decision-Making (Pg. 27) – Direction 1: Strengthen existing integrated decision-making and planning mechanisms, and build new mechanisms where required. Enabling Strategies:

- Implement pilot and demonstration projects to drive efficient and focused service provision, based on the sustainability indicators.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Strategic Opportunity #1 – Corporate Leadership

Key Direction: 1.3 Encourage Sustainable Transportation Options

SUBMITTED BY

Department: Public Works
Division: Winnipeg Fleet Management Agency (WFMA)
Prepared by: D. Konowich
Date: November 10, 2021

Attachments:
Appendix A – Winnipeg Fleet Management Agency Special Operating Agency Business Plan 2022

Appendix A-1 – 2022 to 2025 Projected Financial Statements and Notes

Appendix A-2 – 2020 Auditors' Report and Financial Statements

Appendix B – Fleet Accountability Report

Appendix C – Green Fleet Plan Strategies

APPENDIX A

THE CITY OF WINNIPEG

WINNIPEG FLEET MANAGEMENT AGENCY – SPECIAL OPERATING AGENCY

BUSINESS PLAN

2022

STRATEGIC OVERVIEW

Winnipeg Fleet Management Agency was established in 2003 as a Special Operating Agency, a Special Service Unit of The City of Winnipeg, delivering services and operating within The City's organization.

The Special Operating Agency concept permits WFMA to operate in a business-like and transparent manner, through managerial flexibilities including special delegations, exemptions and authorities.

WFMA's strategic direction, as set out by its Operating Charter and Business Plan, places emphasis on managing for results, bottom-line accountability, customer satisfaction, and full disclosure.

MISSION

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

VISION

Be the most efficient public sector fleet service provider in Canada with a dedicated focus on innovation, safety and customer service.

VALUES

1. Accountability.
2. Commitment to excellence.
3. Fairness.
4. Respect.
5. Trust.

GUIDING PRINCIPLES

1. Quality service to The City of Winnipeg.
2. Safety for employees and customers.
3. Financial accountability and sustainability.

MANDATE

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

SERVICE GOALS

1. ***Develop innovative strategies and efficiencies through the introduction of new technologies and business processes that enhance fleet services across WFMA.***

   Strategies:
   - Investigate potential efficiencies for bar coding or RFID technologies to improve data collection, productivity and efficiencies in operations.
   - Continue on the path of exploring opportunities with the Province of Manitoba and other government agencies on ways to eliminate duplication, reduce costs and take advantage of efficiencies in the areas of fleet procurement and operations.
   - Continue with the implementation of the new Fleet Management Information System (FMIS) in collaboration with WFPS for increased transparency and efficiencies.

- Collaborate with Planning, Property & Development to secure the services of a consultant, to prepare a Basis of Estimate (BOE) budget for WFMA's Ross/Tecumseh head office, repair and manufacturing operations potential future relocation.
- Investigate opportunities to create an employee succession planning training matrix for future employee career support and advancement.

2. To be a leader in environmental stewardship through the management of WFMA's fueling infrastructure and promote fleet emission reductions.

Strategies:

- Investigate fuel dispensing options and cost savings in collaboration with the Province of Manitoba for improved fuel services and efficiencies to accommodate department fueling needs due to city expansion.
- Continue to upgrade and improve fuel transaction/distribution hardware and software to modernize the data collection for better fuel consumption reporting and monitoring fuel inventory levels.
- Submit an administrative report to Standing Policy Committee on Innovation and Economic Development in 2022 on the evaluation of two all-electric vehicles and supporting infrastructure in determining future department operational suitability.
- Develop an emission reduction strategy aligned with the City Climate Action Plan in collaboration with the Office of Sustainability.
- Investigate methods for reporting on fleet emission reduction technologies currently being utilized in the SOA fleet.
- Evaluate the cost saving benefits of purchase, lease, rent or refurbishment options to reduce capital fleet expenditures.
- In preparation for future inclusion of additional all-electric vehicles WFMA will commission an all-electric vehicle infrastructure study through a consultant to best prepare for implementation for reduced costs.

3. Optimize the operational and financial performance of WFMA's repair and manufacturing facilities to support the delivery of essential services to a diverse civic customer base.

Strategies:

- Continue to investigate the root cause of vehicle downtime and develop a plan to improve the percentage of time vehicles and equipment are in service in collaboration with departments.
- Continue to update and improve preventative maintenance scheduling for all fleet vehicles for reduced costs and align with current industry standards.
- Investigate opportunities to create automated customer preventative maintenance notifications via an email or an app.
- Apply parts warehouse performance metrics in collaboration with other provincial government agencies through comprehensive use of key performance indicators and dashboards that will enable WFMA to better measure quantifying objectives, such as inventory accuracy, inventory stock turns, slow moving inventory and customer satisfaction.
- Continue to investigate further development of parts and service contracts in collaboration with other provincial government agencies that will focus on strategic procurement to reduce or eliminate costs to WFMA such as freight, restocking and minimum order quantity fees.
- Explore methods to develop a safety training matrix for agency employees that is directly correlated to Safe Work Procedures and their job duties.

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

Strategies:

- Investigate options to implement a system to track customer service complaints and feedback that identify customer needs and priorities for value-added service delivery.
- Continue to explore ways to enhance customer relationships through improved communications, resulting in fully transparent fleet charges, services, and decision-making processes.
- Continue to develop and implement Service Level Agreements with civic departments for enhanced transparency and accountability.
- Investigate opportunities and methods to engage more customer feedback in survey responses for improved services.

SERVICE DELIVERY & GOALS RISK ASSESMENT

Risk Event	Risk Impact	Risk Probability	Risk Severity	Risk Response
Lack of funding for replacement vehicles and equipment.	Increased maintenance and downtime of aging fleet units.	High	Medium	Prioritize replacement of units based on critical service impacts.
Increase in delivery times for vehicles and equipment.	Increased maintenance and downtime of aging fleet units.	Low	Low	Prioritize maintenance of units based on critical service impacts. Utilize external vendors as needed to meet repair timelines.
Staffing shortages in WFMA Repair Facilities.	Delays in repair and maintenance of fleet units, leading to increased downtime and service delays.	Low	Medium	Implementation of succession planning to ensure adequate staffing levels and training.
Delays in fuel delivery.	Fleet units will not be operational for user needs.	Low	High	Monitor delivery timelines and use public refueling stations as needed.
Lack of participation in returning under-utilized fleet vehicles and equipment.	Unable to meet optimization of fleet units.	Medium	Medium	Collaborate with customers and senior management to ensure under-utilized fleet units are returned.

POLICY DIRECTION

Winnipeg Fleet Management Agency is a Special Operating Agency of The City of Winnipeg, and abides by the City's collective agreements and by-laws. The City of Winnipeg Charter, Section 215, references the establishment and powers of Special Service Units. WFMA has its own Operating Charter approved by Council.

WFMA follows provincial regulations associated with the Environment Act, the Contaminated Sites Remediation Act, Workplace Safety and Health Act, and the Employment Standards Code.

SERVICES

WFMA delivers the following comprehensive fleet management services to City of Winnipeg departments:

1. Specification, inspection and procurement.
2. Insurance, licensing and registration.
3. Manufacturing and fabrication.
4. Vehicle and equipment leases, seasonal and short-term rentals.
5. Surplus fleet asset disposal.
6. Fuel.
7. Repair and maintenance.

Certain fleet management services are not provided to the Winnipeg Police Service Department's fleet, and the Winnipeg Fire Paramedic Service Department's Heavy Fire Apparatus fleet, including fleet supply with maintenance lease, repair and maintenance, and accident reporting. WFMA delivers fleet supply without maintenance lease service, applicable only to the Winnipeg Police Service department's fleet and the Winnipeg Fire Paramedic Service Department's Heavy Fire Apparatus fleet, as an alternate to WFMA's fleet supply with maintenance lease service.

WFMA's seven fleet management services are not provided to the Winnipeg Transit department's bus fleet, and certain fleet management services are not provided to the department's vehicle fleet including fleet supply with maintenance lease, fuel, repair and maintenance, and accident reporting. Fleet supply without maintenance lease service is not applicable to the Winnipeg Transit department's bus fleet and vehicle fleet.

WFMA provides manufacturing and fabrication, and fuel services to other public sector organizations.

PERFORMANCE MEASUREMENTS

CUSTOMER SATISFACTION

WFMA conducted a customer survey during 2021, which indicated that 60% of customers were satisfied with 2020 fleet management services.

CUSTOMER SATISFACTION	2018	2019	2020
Satisfaction rate	68%	80%	60%

OPERATING COSTS BY CATEGORY

City of Winnipeg operating costs, excluding the Winnipeg Transit department, the Winnipeg Police Service department, and the Winnipeg Fire Paramedic Service Department's Heavy fleet, are presented by fleet category, excluding off-road vehicles, as defined by the Municipal Benchmarking Network Canada (MBNC) initiative on a per kilometer basis, with the following components:

- Fuel is determined based on liters consumed by City departments at WFMA selling price.
- Repairs performed in-house by WFMA are determined based on labor hours at WFMA shop labor rates, and parts at WFMA shop with markup.
- Vendor repairs are based on WFMA shop with markup.
- In 2019 Fleet experts contributing to the Municipal Bench Marking Canada Network have adopted a new ratio for vehicles recording usage in runtime hours. This ratio is now 1 hour of run time = 40 kilometers of travel for classifications. Previously hours were converted to kilometers according to fleet classification, with a range from 18 kilometers per hour (for Heavy) to 30 kilometers per hour (for Light and Medium).
- This above explains the significant drop of operating costs per kilometer for the Heavy and Specialty equipment category in the chart below. For this new ratio, 2018 has not been restated but remain at the previous ratio.

CITY OF WINNIPEG OPERATING COSTS BY FLEET CATEGORY *(in dollars per kilometer)*	2018	2019	2020
Light vehicles	0.41	0.39	0.34
Medium vehicles	0.80	0.79	0.62
Heavy vehicles and specialty equipment	1.42	0.63	0.62

FUEL EFFICIENCY BY CATEGORY

WFMA collects and provides monthly fuel management information to City departments, including liters of fuel supplied, and kilometer and hour usage information as reported at time of fueling by City department vehicle and equipment operators.

City of Winnipeg Light Vehicle Fuel Efficiency by Department and Division

Fuel efficiency is presented for light vehicles by City department and division, excluding the Winnipeg Transit Department, in liters per 100 kilometers.

CITY OF WINNIPEG LIGHT VEHICLE FUEL EFFICIENCY BY CITY DEPARTMENT AND DIVISION *(in liters per 100 kilometers)*	**2018**	**2019**	**2020**
Assessment and Taxation Department	9.8	8.5	9.0
Corporate Support Services Department	16.0	15.7	14.3
Winnipeg Fire Paramedic Service Department	20.9	20.8	20.4
Fleet Management – Special Operating Agency	21.7	22.0	20.0
Planning, Property and Development Department	20.2	21.3	19.0
Parking Authority – Special Operating Agency	14.5	12.9	11.9
Public Works Department – Engineering	15.7	15.2	13.7
Public Works Department – Parks & Open Space	25.1	25.2	24.1
Public Works Department – Streets Maintenance	22.6	23.0	23.0
Public Works Department – Traffic Signals	32.4	25.4	23.3
Public Works Department – Transportation Systems	20.7	20.5	21.5
Winnipeg Police Service	19.5	20.0	19.0
Water and Waste Department – Engineering	17.1	17.1	16.8
Water and Waste Department – Environmental Standards	10.5	9.8	10.4
Water and Waste Department – Solid Waste	24.1	24.6	23.0
Water and Waste Department – Wastewater	22.2	21.8	21.9
Water and Waste Department – Water Services	24.3	23.6	21.3

City of Winnipeg Fuel Efficiency by Fleet Category

Fuel efficiency is reported for the City, excluding Winnipeg Transit and Winnipeg Police Service. In 2017, WFMA aligned data gathering with MBNC and CAMFM vehicle definitions. This creates more insight with respect to the different sizes of vehicles. The Medium category includes vehicles that previously would have been in either the Light or Heavy category using previous categorization. The Medium category is defined by gross vehicular weight in the range of 4,500kg to 9,000kg for on-road vehicles, and value of $30,000 to $100,000 for off-road vehicles. Light and heavy categories are below and above these ranges.

CITY OF WINNIPEG FUEL EFFICIENCY BY FLEET CATEGORY	**2019**	**2020**
Municipal On-Road Vehicles		
Light vehicles (in litres per 100 km)	20.1	19.7
Medium vehicles (in litres per 100 km)	30.6	27.3
Heavy vehicles and specialty equipment (in litres per hour)	7.3	7.8
Emergency Vehicles		
Medium vehicles (in liters per 100 km)	40.7	28.0
Heavy vehicles and specialty equipment (in litres per hour)	9.4	8.2
Off-Road (Construction and Agricultural equipment)		
Light vehicles (in litres per hour)	4.0	4.7
Medium (in litres per hour)	7.4	3.8
Heavy (in litres per hour)	7.3	7.7

ASSUMPTIONS TO THE PROJECTED FINANCIAL STATEMENTS

The projected financial statements include management's best estimates of future financial performance, and incorporate the financial implications of WFMA's goals and strategies.

The financial projections are estimates of the financial position, operations and accumulated surplus, cash flows, and net financial liabilities using management's assumptions that reflect WFMA's planned course of action for the three years ending December 31, 2024.

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

The financial forecast and projections are based on prior year results of operations, with increases for annual inflation, except where otherwise described in the notes to projected financial statements, or as noted in these assumptions.

The 2022 to 2025 Projected Financial Statements and Notes are presented in Appendix A-1.

The 2020 Auditors' Report and Financial Statements are presented in Appendix A-2.

REVENUES

Fleet Leases

WFMA enters into leases to supply and maintain vehicles and equipment to City departments for specified lease periods.

Fleet leases revenue is derived from WFMA's 2022 to 2025 fleet replacement plan, with current unit types and quantities assigned to City departments, and consists of the following revenue components:

- Fleet leases capital revenue reflects capital and financing costs, with lease terms and residual values based on lifecycle cost management principles.
- Fleet leases operating revenue is determined based on repair history by type classification and usage level, with an annual inflation factor.

Gain on Sale of Tangible Capital Assets

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

EXPENSES

Amortization

Tangible capital assets are amortized on the basis of cost less approximate residual value over estimated useful lives using the following rates and methods:

- Buildings; 4% to 8% straight-line.
- Fleet assets acquired at start-up; 30% declining balance.
- Fleet assets purchased; 1 to 15 years straight-line.
- Equipment; 3% to 30% straight-line.

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

Supplies

Fuel expense is determined from annual projected fuel sales net of an 8% markup.

Computer and safety expenses are based on estimated requirements.

Salaries and Employee Benefits

Salaries and employee benefits expense is based on collective agreements, and 111 budgeted full-time equivalent (FTE) positions in 2022. In 2022 Pension, group insurance, dental, vision, and employment insurance benefits are projected at 18% of salaries.

WFMA operates 3 fleet service centers and one satellite repair facility, located across the City to provide repair and maintenance, and manufacturing and fabrication services, with 85 budgeted FTE positions in 2022 as follows:

- 77 CUPE permanent FTE positions
- 8 WAPSO permanent FTE positions

Fleet lease, specification, inspection and contract administration, seasonal and short-term rentals, disposals, insurance, licensing and registration, and fuel services are provided with 11 budgeted FTE positions by 2022 as follows:

- 8 CUPE permanent FTE positions
- 3 WAPSO permanent FTE positions

Professional and Support teams, include 15 budgeted FTE positions by 2022 as follows:

1. Office of the Fleet General Manager;
    - 1 WAPSO exempt permanent FTE position
    - 1 CUPE exempt permanent FTE position
    - 1 CUPE permanent FTE positions

2. Information Technology;
    - 1 WAPSO exempt permanent FTE position
    - 2 WAPSO permanent FTE positions
    - 1 CUPE permanent FTE position

3. Finance;
    - 1 WAPSO exempt permanent FTE position
    - 1 WAPSO permanent FTE positions
    - 3 CUPE permanent FTE positions

4. Safety, Project Management and Customer Service;
    - 3 WAPSO permanent FTE positions

Services

Consulting, professional services and training expenses are based on estimated requirements.

External long-term lease expense is based on current long-term lease agreements.

Interest

Debt interest expense is based on current term loan debt agreements for existing debt, and estimated long-term borrowing rates for projected term loan debt.

Due to The City of Winnipeg – General Revenue Fund interest expense is based on estimated short-term borrowing rates.

Other expenses

Other expenses include miscellaneous, provincial payroll tax, transfers to The City of Winnipeg, power tools, and other equipment.

Transfer to The City of Winnipeg – Municipal Accommodations Fund expense includes the following services provided by the Planning, Property and Development Department to WFMA:

- $546 thousand annually for East Yards Repair Facility lease costs, based on information provided by the Planning, Property and Development Department.

Transfer to The City of Winnipeg – General Revenue Fund expense includes the following services provided to WFMA:

- $101 thousand annually for business technology service based on information provided by the Corporate Support Services Department.
- $100 thousand to $103 thousand annually in 2022-2024 for Human Resource service, provided by the Public Works Department.
- $62 thousand to $65 thousand annually in 2022-2024 for a shared HR consultant, provided by the Public Works Department.

OTHER

Transfer to the City of Winnipeg – General Revenue Fund (Dividend)

Transfer to The City of Winnipeg – General Revenue Fund is $92 thousand for 2022 and thereafter based on information provided by the Corporate Finance Department.

Debt/worth ratio is to be maintained at 4.1 or better for dividend eligibility, in accordance with WFMA's Adopted 2007 Business Plan, Operating Charter Section 5.10 Revision. Debt/worth ratio is determined as total liabilities divided by accumulated surplus, based on the Projected Statement of Financial Position contained in Appendix A-1.

PROJECTED DEBT / WORTH	2022	2023	2024
Debt/Worth ratio	**2.2**	2.3	2.4

LIABILITIES

Due to/from the City of Winnipeg – General Revenue Fund

Due to/from The City of Winnipeg – General Revenue Fund, acts as WFMA's line of credit for short-term financing, and is used for the purpose of acquiring fleet assets between the time when cash is needed and when term financing is arranged. The balance as at December 31st is repaid annually by WFMA during the following year, upon drawdown of term loan debt.

Debt

Debt is comprised of term loan debt, and The City of Winnipeg debt.

Term loan debt represents unsecured term financing for the purpose of acquiring fleet assets, payable to external lenders. WFMA is authorized to finance its operations through external sources under The City of Winnipeg Charter with respect to Special Service Units. Monthly payments are made on the principal and interest portion of the outstanding term loans.

The City of Winnipeg debt is held by WFMA on behalf of City departments for the purpose of acquiring communication equipment, and is payable to City departments.

Debt is disclosed in the Projected Statement of Financial Position, contained in Appendix A-1.

PROJECTED DEBT *(in thousands of dollars)*	**2021**	**2022**	**2023**	**2024**
Term loan debt opening (Note 1)	$46,883	**$42,185**	$45,210	$48,298
Proceeds from term loans (Note 2)	5,900	**14,000**	$14,000	14,000
Repayment of term loans (Note 3)	(10,598)	**(10,975)**	(10,912)	(10,393)
Rounding				
Term Loan Debt	$42,185	**$45,210**	$48,298	$51,905
The City of Winnipeg debt (Note 4)	178	**178**	178	178
Debt	$42,363	**$45,388**	$48,476	$52,083

Notes:

1) Term loan debt opening in 2021 is based on actual term loan debt as at December 31, 2020, and estimated for 2022 to 2024.
2) Proceeds from term loans in 2021 are based on actual loan drawdowns, and estimated for 2022 to 2024 based on the December 31st prior year due to The City of Winnipeg – General Revenue Fund balance.
3) Repayment of term loans in 2021 is based on actual term loan amortization schedules, and estimated for 2022 to 2024.
4) The City of Winnipeg debt is based on the balance as at December 31, 2020.

Maximum debt was established at $65.3 million in WFMA's 2010 Adopted Business Plan, based on projected debt, and due to The City of Winnipeg – General Revenue Fund line of credit. WFMA forecasts that it will operate within this established debt limit through deferred replacement of fleet assets and reduction in the size of the fleet.

PROJECTED DEBT LIMIT *(in thousands of dollars)*	**2022**	**2023**	**2024**
Maximum debt	**$65,300**	$65,300	$65,300
Debt	**(45,388)**	(48,476)	(52,083)
Due to The City of Winnipeg – General Revenue Fund	**(6,731)**	(5,473)	(4,141)
Debt Limit	**$13,181**	$11,351	$9,076

Borrowing Authority

WFMA requests Council approval for long-term borrowing authority on an annual basis in accordance with subsection 215 (4) of The City of Winnipeg Charter with respect to Special Service Units. Annual long-term borrowing authority enables WFMA to finance a portion of its operations from external sources for the purpose of acquiring fleet assets. Due to The City of Winnipeg – General Revenue Fund, line of credit, is included in the total cumulative borrowing authorization as established in WFMA's 2007 Adopted Business Plan.

Cumulative borrowing authorization is determined based on accumulated long-term borrowing authority approved by Council in WFMA's Adopted Business Plans, and The City of Winnipeg Adopted Operating Budgets, net of accumulated proceeds from term loans.

PROJECTED BORROWING AUTHORITY *(in thousands of dollars)*	**2022**	**2023**	**2024**
Proceeds from term loans	**$14,000**	$14,000	$14,000
Due to The City of Winnipeg – General Revenue Fund	**6,731**	5,473	4,141
Debt limit	**13,181**	11,351	9,076
Cumulative borrowing authorization opening (Note 1)	**(22,910)**	(19,912)	(16,824)
Annual Long-term Borrowing Authority	**$11,002**	10,912	$10,393
Cumulative borrowing authorization opening (Note 1)	**22,910**	19,912	16,824
Proceeds from term loans	**(14,000)**	(14,000)	(14,000)
Cumulative Borrowing Authorization	**$19,912**	$16,824	$13,217

Note:

1) Cumulative borrowing authorization opening in 2022 is based on actual borrowing authority net of actual term loan draws cumulative to 2022, and is estimated for 2023 to 2024.

NON-FINANCIAL ASSETS

Tangible Capital Assets

Tangible capital assets include fleet assets, land, buildings, and equipment. Tangible capital asset acquisitions are contained in the Projected Statement of Cash Flows in Appendix A-1.

PROJECTED ACQUISITION OF TANGIBLE CAPITAL ASSETS *(in thousands of dollars)*	**2022**	**2023**	**2024**
Fleet assets	**$15,670**	$15,670	$15,670
Land, buildings and equipment	**1,151**	905	1,231
Acquisition of Tangible Capital Assets	**$16,821**	$16,575	$16,901

Fleet asset acquisitions are based on WFMA's 2022 to 2025 fleet replacement plan, and are subject to future revision due to WFMA and City department decisions, and vendor availability. Fleet acquisitions in 2022 are estimated by fleet category as follows (in thousands of dollars):

- Construction Equipment $ 3,453
- Light Duty Fleet $ 3,515
- Specialty Equipment $ 6,163
- Heavy Duty Fleet $ 2,539

Land, buildings and equipment acquisitions are estimated based on operational requirements, and include leasehold improvements, shop equipment, office equipment, computer, power tools, and fuel equipment.

ACCUMULATED SURPLUS

Accumulated surplus is comprised of contributed surplus, and surplus.

Contributed surplus is $11,425 thousand, representing a transfer from long-term debt due to The City of Winnipeg, excluding funds specified for City department communication equipment, as at January 1, 2008.

Surplus consists of the following:

- Accumulated annual surplus (deficit), with the adoption of Canadian Public Sector Accounting Standards effective in 2010.
- Retained earnings, comprised of accumulated net income reduced by accumulated dividend transfers, in accordance with Canadian generally accepted accounting principles (GAAP) prior to 2010.

INDICATORS AND STATISTICS

FINANCIAL INDICATORS

FINANCIAL RATIOS	2018	2019	2020
Return on total revenues (Note 1)	0.54%	2.14%	1.22%
Return on average non-financial assets (Note 2)	0.36%	1.41%	0.76%
Return on average accumulated surplus ratio (Note 3)	1.22%	4.84%	2.50%
Parts inventory turnover ratio (Note 4)	2.37	2.48	2.32
Fuel inventory turnover ratio (Note 4)	25.39	22.98	16.67
Non-financial assets to net debt ratio (Note 5)	(1.40)	(1.43)	(1.45)
Net debt to accumulated surplus ratio (Note 6)	2.53	2.32	2.23
Days sales in receivables ratio (Note 7)	3.32	2.05	2.38

Notes:

1) Annual surplus (deficit) divided by total revenues.
2) Annual surplus (deficit) divided by average non-financial assets.
3) Annual surplus (deficit) divided by average accumulated surplus.
4) Cost of goods sold divided by average inventory.
5) Non-financial assets divided by net financial liabilities.
6) Net financial liabilities divided by accumulated surplus.
7) Accounts receivable divided by days sales.

OPERATIONAL STATISTICS

Service Level Statistics

Service level statistics include WFMA activities reported by service level category.

SERVICE STATISTICS	2018	2019	2020
Bid opportunities	58	57	30
Fleet unit acquisitions (Note 1)	325	200	102
Insurance, license and registrations	1,864	1,916	1,813
Service repairs by work order lines completed	30,673	32,265	31,185
Parts transactions	35,914	32,525	30,870
Service labour hours completed	52,620	51,211	46,607
Fuel fill-up transactions	115,275	116,544	104,619
Total fuel liters provided (internal customers)	6,944,279	6,950,546	6,609,737
Total fuel liters provided (external customers)	774,752	910,112	596,630
Seasonal and short-term rental days	109,069	108,275	112,143
Fleet unit dispositions	322	317	156
Fleet units managed (Note 2)	2,230	2,273	2,237

Notes:

1) Units acquired in 2020 are assigned and leased (or pre-leased) to City departments as follows:

Public Works	45
Winnipeg Police Service	33
Water and Waste	15
Winnipeg Parking Authority	4
Community Services	2
Planning, Property and Development	1
Winnipeg Fire Paramedic	1

2) “Fleet units managed” is the count of units at the start of the report year. This figure includes vehicles (light fleet, heavy fleet, and specialty equipment) plus fleet-managed trailers plus attachments not attached to a chassis (spare attachments awaiting a chassis to be installed upon).

Fleet Average Age by Category

Fleet average Age is presented for light, medium and heavy municipal vehicle and equipment measured using MBNC/CAMFM categorizations:

FLEET AVERAGE AGE *(in years)*	**2018**	**2019**	**2020**
Light municipal vehicles and equipment	6.7	6.0	6.4
Medium municipal vehicles and equipment	8.2	8.2	7.1
Heavy municipal vehicles and equipment	7.4	6.7	6.1

Service Request

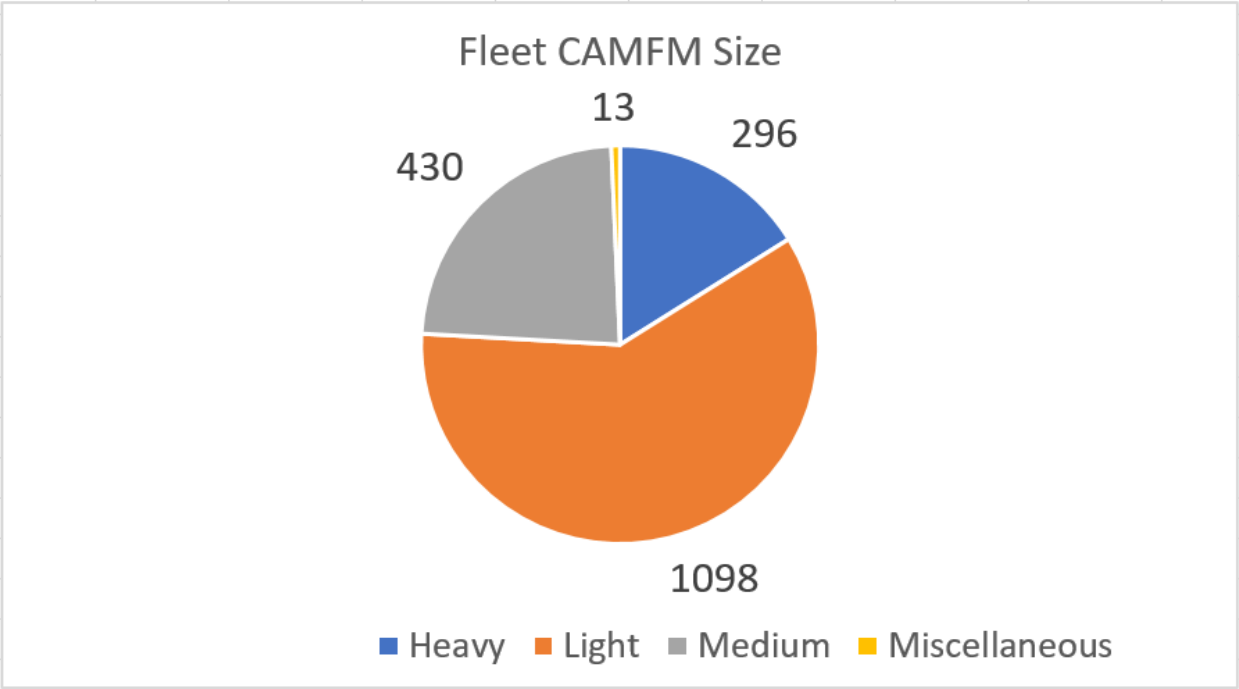
Service request rate is determined by unscheduled work order hours, divided by total work order hours including unscheduled hours and preventative maintenance hours.

SERVICE REQUEST	**2018**	**2019**	**2020**
Service request rate	83%	85%	91%

CURRENT FLEET FACTS

Fleet facts are now shown using Canadian Association of Municipal Fleet Managers (CAMFM) classifications.

Fleet Units by Category (chassis only) Total: 1,837



Notes:

Light includes:

Municipal and Emergency vehicles (Light Duty Trucks, Vans (Cargo and Passenger). Sedans and SUVs) with GVW < 4,500 kg.
Construction Equipment with Original purchase cost less than $30,000.

Medium includes:

Municipal and Emergency vehicles (Medium Duty Trucks, Vans and SUVs) with GVW between 4,500 kg and 9,000 kg).
Construction Equipment with Original purchase cost between $30,000 and $100,000.

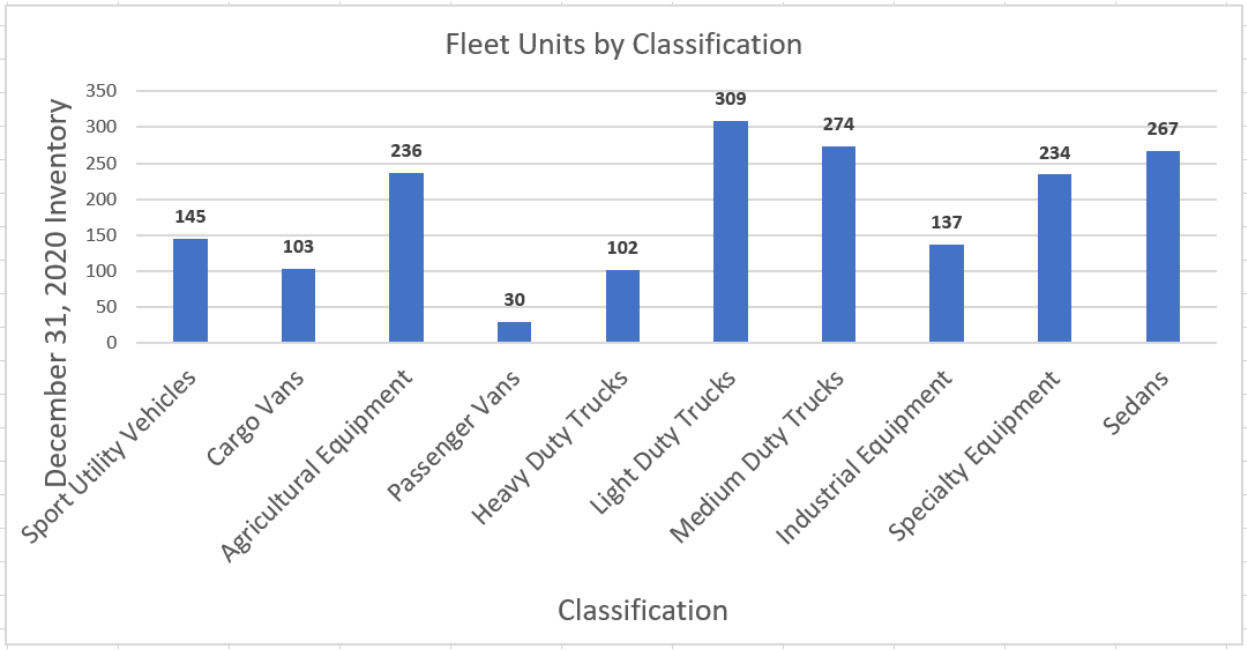
Heavy includes:

Heavy Duty Trucks with GVW greater than 9,000 kg.
Construction Equipment with Original purchase cost greater than $100,000.

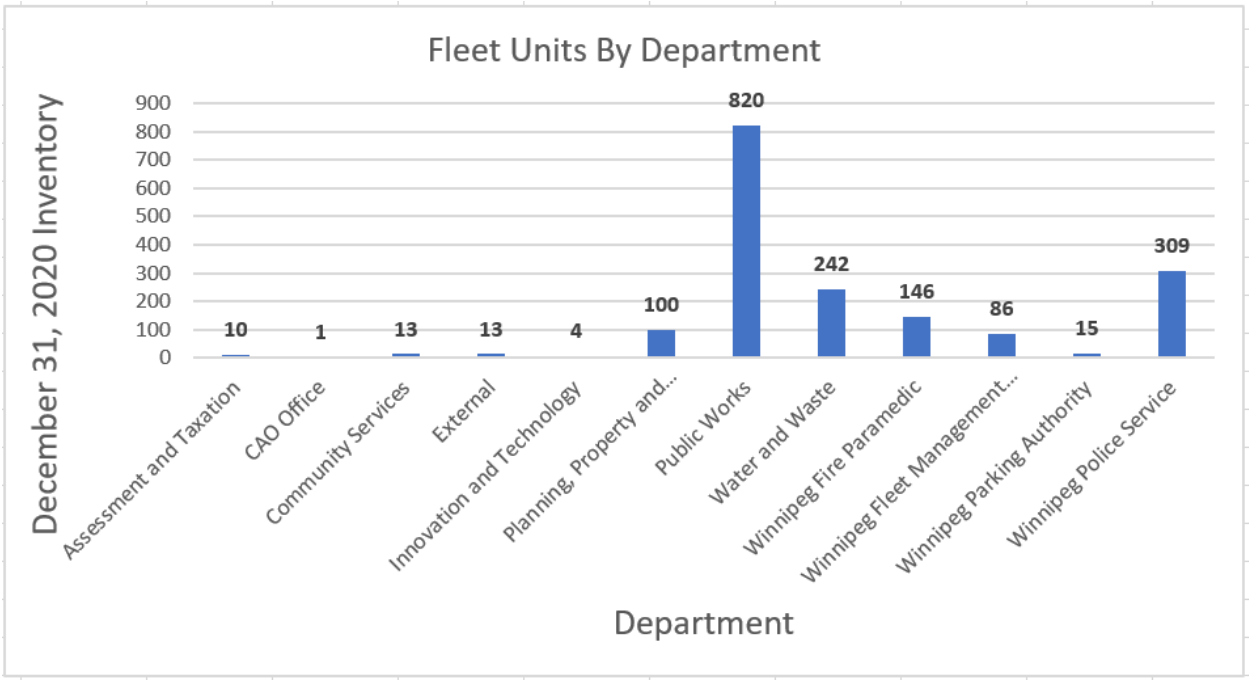
Miscellaneous includes:

All other equipment.

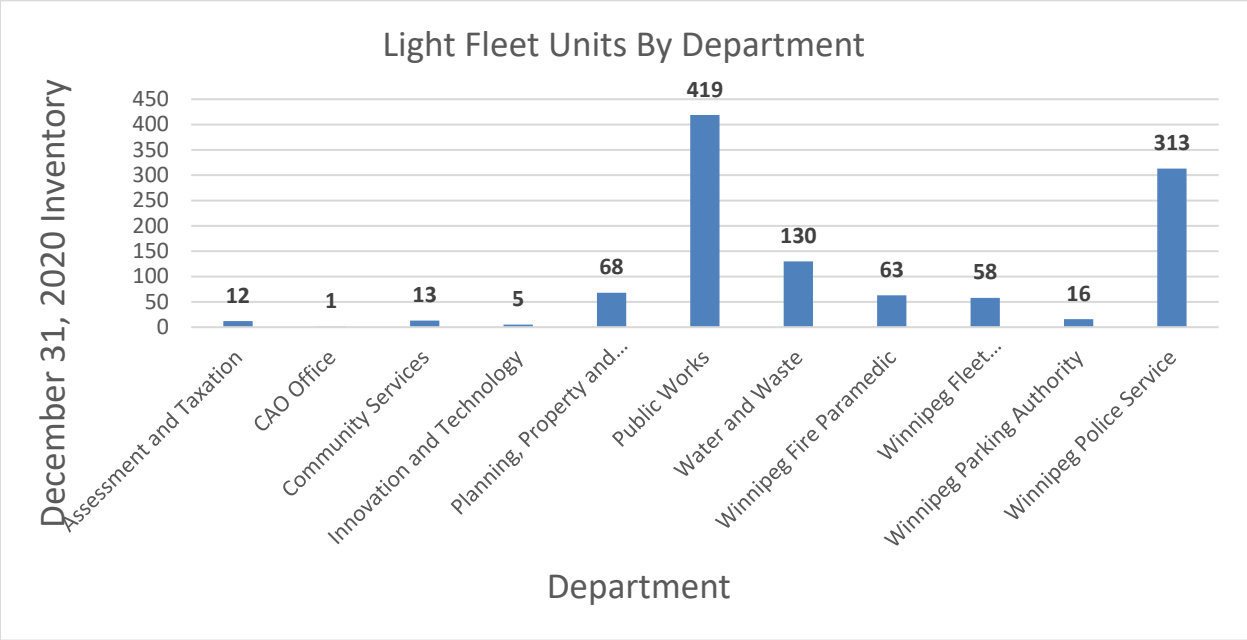
Fleet Units by Classification (chassis only) (Total: 1,837)



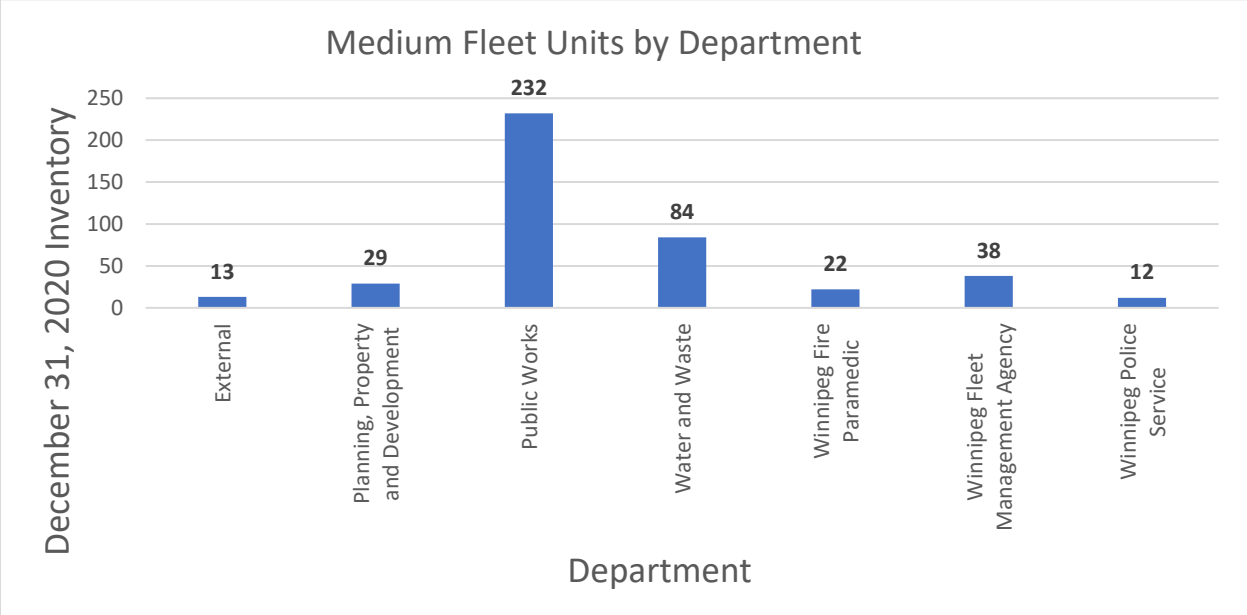
Fleet Units Assigned to City Departments (chassis only) (Total: 1,837)



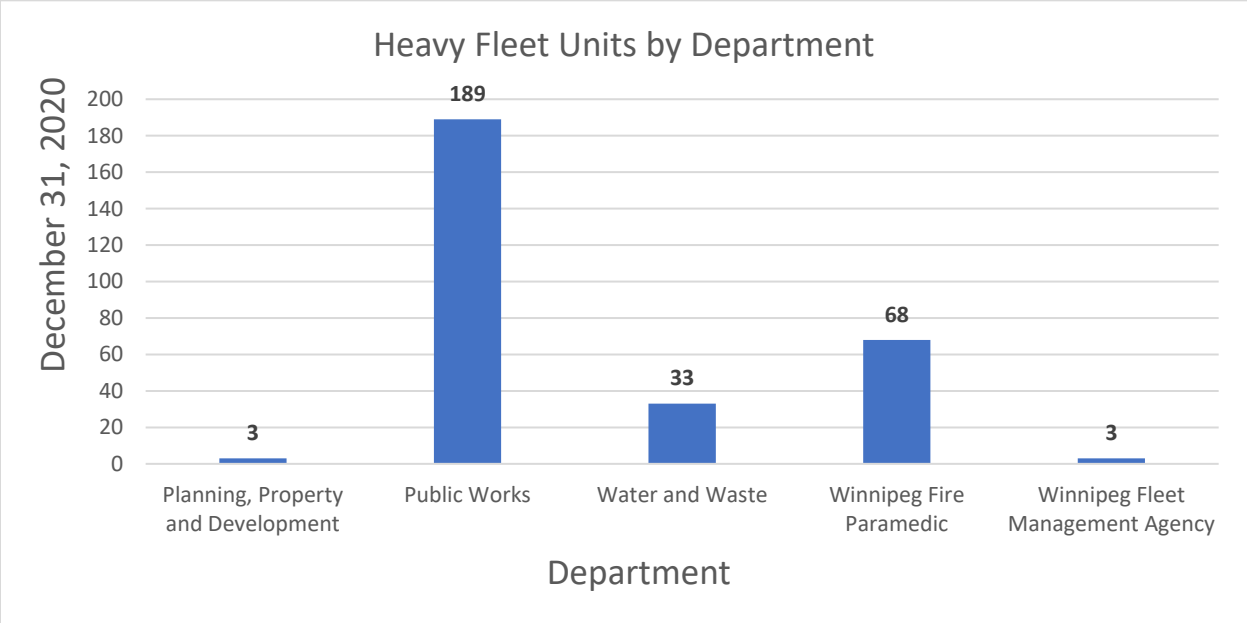
Light Vehicle Units Assigned to City Departments (Total: 1,098)



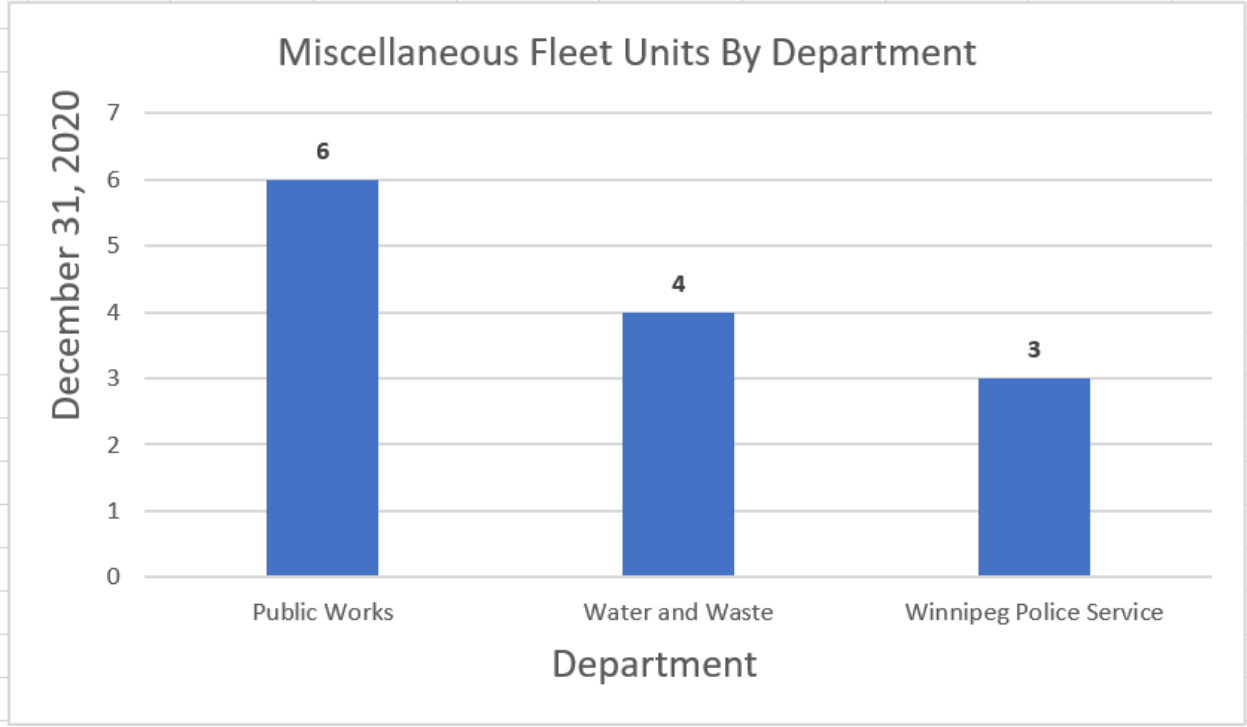
Medium Vehicle Units Assigned to City Departments (Total: 430)



Heavy Vehicle Units Assigned to City Departments (Total: 296)



Miscellaneous Equipment Units Assigned to City Departments (Total: 13)



Fleet Units by Engine Type (Total: 1,305 vehicles + 532 non-vehicles = 1,837 units)

