ADMINISTRATIVE REPORT

RE: ANNUAL SELECTION REPORT (2004) AND ANNUAL REPORT (2003) – FLEET MANAGEMENT AGENCY (SOA)

FOR SUBMISSION TO: Alternate Service Delivery Committee

ORIGINAL REPORT SIGNED BY: Yvan Lupien (COO), Fleet Management Agency

REPORT DATE: June 31, 2004

RECOMMENDATION(S):

It is recommended that:

1. Council approve Fleet Management Agency's 2004 Selection Report and Projected Financial Statements for the year ending December 31, 2004 (refer to Attachment 1).
2. Council amend Fleet Management Agency's Operating Charter as tabled in Attachment 2.
3. Council receive the 'Fleet Management Agency 2003 Annual Report' as information (refer to Attachment 3).

REPORT SUMMARY:

Key Issues:

- FMA is in a transition period following its first year of operation. The Agency is still evaluating and adjusting its operations to better serve its customers. For this year's selection report, the Agency is submitting a financial budget for 2004 and actual financial information for 2003.
- Amendments to the Operating Charter are consistent with the streamlining of reports proposed in the ASD Policy and Process Review adopted by Council on February 25, 2004.

Implications of the Recommendation(s):

General Implications

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

Comment(s):

Policy Implications

- ☐ No
- ☒ Yes Comments: Changes to the Agency's Operating Charter require Council approval.

Environmental Implications

- ☒ No
- ☐ Yes Comments:

Human Resource Implications

- ☒ No
- ☐ Yes Comments:

Financial Implications

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

Comment(s):

REASON FOR THE REPORT:

Fleet Management Agency's Operating Charter stipulates that a Selection Report (summary of annual business plan) and an Annual Report are to be submitted to Council each year.

HISTORY:

On May 28, 2003, the Fleet Management Agency (FMA) received Council approval to operate as a Special Operating Agency (SOA) of the City of Winnipeg, effective January 1, 2003. The creation of the SOA provided for a distinct, accountable Agency dedicated to fleet service delivery with the ability to provide integrated service and comprehensive fleet management expertise to its customers. FMA manages a fleet of approximately 1,700 light, heavy and specialty vehicles ranging from riding mowers to front end loaders, using life cycle cost management principles.

Prior to January 1, 2003 fleet services were provided by the Public Works Department through the Equipment and Materials Services Division (EMS). Four separate organizational units within EMS provided fleet services using a traditional municipal model. This resulted in budgeting and equipment information not being completely integrated and therefore, limited EMS's ability to provide comprehensive fleet expertise and life cycle management to its customers.

The Fleet Management Agency amalgamated the following organizational units of the former EMS Division:

- Equipment Services
- Shops
- Stores (the vehicle related portions)
- Tools and Supplies

With the amalgamation, budgets and fleet information could be completely integrated to be able to provide comprehensive fleet expertise and life cycle cost management to customers.

The Agency provides the following services:

Fleet Acquisition and Disposal Services – FMA acquires new fleet vehicles and equipment, and enters into operating lease agreements with its customers, and is also responsible for vehicle and equipment disposal.

Fleet Maintenance Services - This service includes preventative and corrective maintenance for vehicles in addition to manufacturing and fabrication requirements. The maintenance and repair of the fleet is conducted at two major facilities and one satellite facility in Winnipeg.

Manufacturing and fabrication services provide a one-stop solution to the unique needs of customers. Mobile work units are customized while specialty equipment is manufactured to meet the changing needs of work crews. Services include machining, welding, carpentry, cabinet making (wood and metal), and auto body repair.

Fuel Management Services – The four fuel types provided by FMA include unleaded gas, clear diesel, purple diesel and propane. Fuel is managed using a charge-back system to customers based on fuel consumption. Customers have access to fuel on a 24-hour per day basis, 7 days a week, at seven major fueling stations operated by the Agency.

Insurance and Licensing Services - FMA provides complete insurance and licensing services for all Agency vehicles and to other City Departments with fleets separate from the Agency's fleet.

Power Tools Services - This is a rental service that provides motor driven tools to City of Winnipeg departments engaged in outdoor construction and maintenance activities. Typical tools that are rented include chainsaws, quick cut saws and lawn mowers.

Vehicle Safety Training- This services provides safety training for vehicle operators.

The benefits of operating as a Special Operating Agency are as follows:

- Fleet functions are amalgamated into a single business unit across the organization for the delivery of light, heavy and specialty fleet requirements;
- Life Cycle Cost Management assists the Chief Operating Officer in making financial decisions, regarding the fleet, by considering all unit or activity costs associated with the life of the equipment;
- A pay-as-you-go system for all new fleet acquisitions that allows departments to control their annual costs through set operating lease agreements;
- An integrated fleet management system that provides reliable and valid data in all areas of the operation;
- A fully costed operation that provides transparent financial statements, an annual report and an external annual audit;
- A focus on customer service and the retention of existing user departments; and,
- Progress monitoring through performance management and bottom-line financial results.

DISCUSSION:

2003 has been a transition year for the Fleet Management Agency. The Agency has undertaken an evaluation of fleet management services to identify best practices for the most cost effective and operationally sound implementation of fleet services. Customer communication has also been a priority throughout the year, to ensure that customers fully understand the new approach to providing fleet services.

While the Agency has made some adjustments to the organizational requirements (see organizational chart), it is still in the process of evaluating the conditions needed for the Agency's optimal operation. For this year, FMA is submitting a summarized 2004 Selection Report with the Agency's Projected Financial Statements for the year ending December 31, 2004. A comprehensive Selection Report including financial projections for the years 2005 to 2007, to be prepared in the fall of 2004, will have a complete listing of exemptions and recommendations necessary for the Agency to operate efficiently, to the greatest benefit to the City of Winnipeg. The reason for submitting the 2004 Projected Financial Statements versus a three year financial projection is because the Agency is still in the process of capturing accurate fleet data from its customers. The Agency is meeting with all customers to verify current fleet allocations and fleet requirements so that the three year financial projections will reflect actual operational requirements for customers.

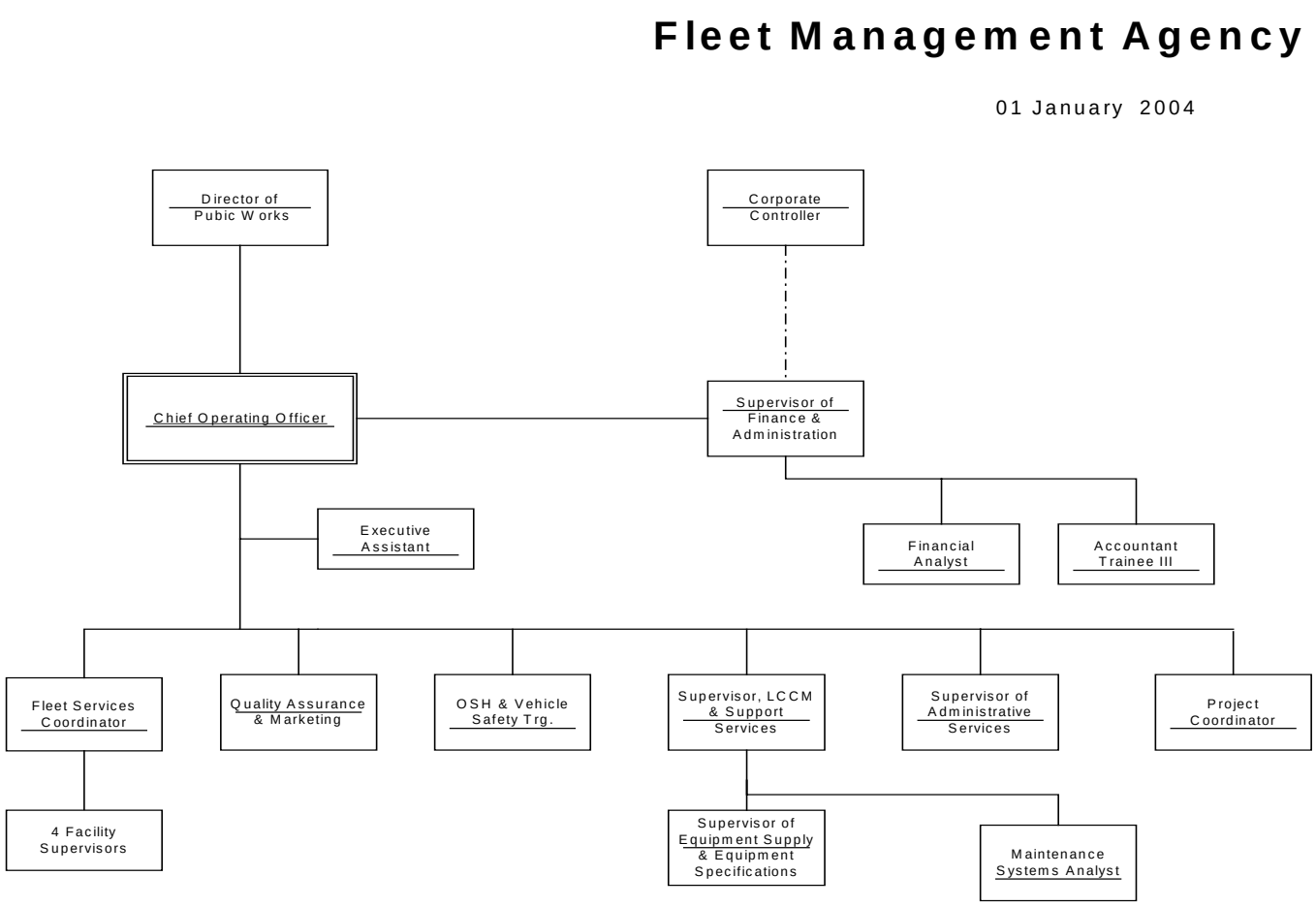
The Agency will continue to operate as a Special Operating Agency and use the 2004 financial projections to manage its business for the remainder of 2004. The 2005 annual selection report will provide three year projected financial statements, and details on the necessary conditions that will be required for the Agency to function at its optimal level.

The Agency's Organizational Chart is presented on the following page.

Reason for Operating Charter Amendment

Currently, the SOAs produce annual business plans, quarterly reports and annual reports. In order to reduce the amount of reporting, it is proposed that quarterly reporting will be at the request of the CAO. SOAs will still be held accountable through their annual business plans and annual reports (including audited financial statements) that are submitted to Council. The amendments to the Operating Charter are consistent with the changes proposed in the ASD Policy and Process Review report adopted by Council on February 25, 2004. Refer to Attachment 2 for further details.

Fleet Management Agency Organizational Chart



The Agency's Projected Financial Statements for the year ending December 31, 2004 are presented in Attachment 1.

The City of Winnipeg
Fleet Management - Special Operating Agency

Projected Statement of Financial Position

As at December 31, 2004 *(in thousands of dollars)*	**Projected 2004**	Actual 2003
ASSETS		
Current		
Due from City of Winnipeg - General Revenue Fund (Note 3)	**$ 6,994**	$ 11,453
Accounts receivable (Note 4)	**78**	77
Current portion of loans receivable (Note 5)	**85**	85
Inventory (Note 6)	**809**	794
Prepaid expenses	**188**	179
	8,154	12,588
Loans receivable (Note 5)	**156**	241
Capital assets (Note 7)	**29,872**	22,209
	$ 38,182	$ 35,038
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	**$ 843**	$ 428
Vacation payable (Note 9)	**229**	222
Income taxes payable (Note 10)	**242**	328
	1,314	978
Deferred revenue	**8,138**	11,626
Retirement allowance (Note 9)	**735**	714
Environmental liability (Note 11)	**420**	420
Long-term debt (Note 12)	**24,886**	18,721
	34,179	31,481
	35,493	32,459
Commitments (Note 13)		
SURPLUS		
Contributed surplus (Note 14)	**390**	390
Retained earnings	**2,299**	2,189
	2,689	2,579
	$ 38,182	$ 35,038

See accompanying notes to the financial statements

The City of Winnipeg
Fleet Management - Special Operating Agency

Projected Statement of Operations

For the year ending December 31, 2004 *(in thousands of dollars)*	**Projected 2004**	Actual 2003
REVENUES		
Fleet leases	**$ 11,784**	$ 9,194
Fuel sales	**4,891**	4,446
Services and parts revenue	**4,008**	5,368
Income from fleet acquired at start-up	**3,488**	5,014
Rental income	**1,623**	1,803
Gain on sale of capital assets	**500**	1,575
Total Revenues	**26,294**	27,400
EXPENSES		
Salaries and employee benefits	**6,693**	5,913
Services	**6,516**	6,421
Supplies	**6,138**	5,713
Amortization	**5,883**	5,741
Other	**536**	623
Interest	**504**	472
Total Expenses	**26,270**	24,883
Net income from operations	**24**	2,517
Income tax equivalency charge	**(86)**	328
NET INCOME FOR THE YEAR	**110**	2,189
RETAINED EARNINGS, BEGINNING OF YEAR	**2,189**	-
RETAINED EARNINGS, END OF YEAR	**$ 2,299**	$ 2,189

See accompanying notes to the financial statements

The City of Winnipeg
Fleet Management - Special Operating Agency

Projected Statement of Cash Flows

For the year ending December 31, 2004
(in thousands of dollars)

	2004	2003
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net income for the year	**$ 110**	$ 2,130
Non-cash items related to operations		
Amortization	**5,883**	5,741
Income from fleet acquired at start-up	**(3,488)**	(5,014)
Gain on sale of capital assets	**(500)**	(1,575)
Working capital from operations	**2,005**	1,282
Net change in working capital	**308**	463
	2,313	1,745
FINANCING		
Increase in Due from City of Winnipeg - General Revenue Fund	**4,459**	5
Decrease in long-term receivables	**85**	(199)
Increase in long-term debt	**6,187**	6,169
	10,731	5,975
INVESTING		
Purchase of capital assets	**(13,544)**	(9,295)
Proceeds from sale of capital assets	**500**	1,575
	(13,044)	(7,720)
CASH POSITION, BEGINNING OF YEAR	**-**	-
CASH POSITION, END OF YEAR	**$ -**	$ -

See accompanying notes to the financial statements

The City of Winnipeg
Fleet Management - Special Operating Agency

Projected Schedule of Services and Parts Revenue

For the year ending December 31, 2004 *(in thousands of dollars)*	**Projected 2004**	Actual 2003
Consumables & corrective maintenance	**$ 1,396**	$ 1,994
Insurance revenue	**1,360**	1,646
Power tools	**675**	675
Manufacturing sales	**579**	579
Interest	**231**	348
Provincial support grant	**103**	103
Other	**(336)**	23
	$ 4,008	$ 5,368

NOTES TO PROJECTED FINANCIAL STATEMENTS

For the year ending December 31, 2004
(in thousands of dollars)

1. Commencement of Operations

On March 20, 1997, Council adopted a document entitled "Reshaping our Civic Government". The document identified the development of Special Operating Agencies (SOA) as one of the five strategic initiatives needed to create a more affordable and fundamentally better Civic government.

On September 24, 1997, Council adopted the strategic direction with regard to SOA's identified in the report entitled "Special Operating Agencies Initiative".

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

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

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

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

On May 28, 2003, Council adopted the Fleet Management Agency Selection Report that recommended the Equipment and Material Services operation of the Public Works Department commence operations as a Special Operating Agency effective January 1, 2003.

2. Summary of Significant Accounting Policies

Financial projections

The preparation of projected financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends on future events. These projected financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below. These projected financial statements include management's best estimates of future financial performance and incorporate the financial implications of the Agency's goals and strategies. The financial projections are estimates of the financial position, results of operations and changes in cash flow, for the Fleet Management Agency, using management's assumptions that reflect the Agency's planned course of action for the year ending December 31, 2004.

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 projected financial statements have been prepared on the basis of Canadian generally accepted accounting principles and include the following significant accounting policies:

Inventory

Inventory is recorded at the lower of cost and net realizable value.

Capital assets

Capital assets, other than land and buildings, transferred from The City of Winnipeg on January 1, 2003, are recorded at their estimated net realizable value on that date. Subsequent acquisitions are recorded at cost. Land and buildings are stated at assessed values as of January 1, 2003, which were determined by The City of Winnipeg Property Assessment Department.

Capital assets are amortized on the basis of their cost less approximate residual value over the estimated useful life using the following rates and methods:

Buildings	4%	Straight-line
Fleet Assets;		
Acquired at start-up	30%	Declining balance
Purchased	Lease term	Straight-line
Equipment	10% to 30%	Straight-line

In the year of acquisition, assets are depreciated at one-half their regular rate except for assets with a cost of $1,000 or less which are expensed in the year of acquisition. The one-half rate does not apply to assets transferred over at the inception of the Agency operation.

Revenue recognition

The Agency enters into operating lease agreements to supply and maintain vehicles and equipment to lessees for specified lease periods. The Agency recognizes the monthly lease payments from the lessees as income each month. Services and parts revenue, including insurance and fuel sales, are recognized upon the completion of the work or transfer of the goods or service. Revenue from short-term rentals of vehicles or equipment is recognized as income evenly over the rental period.

Deferred revenue

Deferred revenue represents the value of fleet assets acquired from the City of Winnipeg at start-up. This amount is recognized as income at the same rate that related assets are being amortized.

Financial instruments

Financial instruments include due from City of Winnipeg – General Revenue Fund, accounts receivable, loans receivable, accounts payable and accrued liabilities, income taxes payable, and long-term debt. Unless otherwise stated, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments.

3. Due from City of Winnipeg – General Revenue Fund

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, the Agency does not have a bank account. Cash transactions are credited or charged to the "Due (to)/from" account. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account. The Agency has negotiated an operating line of credit up to $300 thousand from The City of Winnipeg at the City's average short-term cost of funds.

4. Accounts Receivable

Trade receivables are projected to be 30 days outstanding for external customers. No accounts receivable balances are anticipated for City department customers, as charges to City departments will be posted immediately to their accounts.

5. Loans Receivable

Glacial Sand and Gravel – Special Operating Agency

Equipment financing program loan, interest at 6.5%, payment of $2.1 thousand monthly, due September 2005	**$**	**19**
Equipment financing program loan, interest at 6.5%, payment of $6.5 thousand monthly, due February 2008		**222**
		241
Current portion		**(85)**
	$	**156**

6. Inventory

Inventories of auto parts and fuel are based on 2003 historical levels increasing at a rate of 2% for the Consumer Price Index:

Parts	**$ 648**
Fuel	**161**
	$ 809

7. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2004
Land	$ 390	$ -	$ 390
Building	2,201	134	2,067
Fleet assets			
Acquired at start-up	16,609	8,470	8,139
Purchased	21,177	2,538	18,639
Equipment	1,086	449	637
	$ 41,463	**$ 11,591**	**$ 29,872**

Fleet asset acquisitions are projected to be in the amount of $12,744 thousand for 2004, representing $5,021 thousand for light fleet and $7,723 thousand for heavy and specialty fleet.

The Agency expects to occupy the Tecumseh land and building site for the 2004 fiscal year, and plans to complete an evaluation of all facilities to consolidate operations. Federal Government expansion of the Health Canada Arlington site may lead to the sale of the Tecumseh site after 2004, however details are not yet known. The Agency is setting aside $2 million in funds to cover the cost of consolidation of its facilities to an alternate site.

8. Accounts Payable and Accrued Liabilities

Trade accounts payable and accrued liabilities are to be paid in 30 days, consistent with the current City of Winnipeg policy.

9. Employee Benefits

Vacation

The Agency's employees accrue vacation credits, which together with unused holidays from previous years generally become a charge to operations in the year they are earned.

Retirement allowance

Under various union agreements, unused sick leave credits accumulate and employees with specified minimum service requirements become entitled to a cash payment upon retirement, death or termination of service under certain conditions (excluding resignation). An actuarial valuation has estimated the retirement allowance liability at $714 thousand at December 31, 2003.

Pension

The Agency's employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of January 1, 2003 and has an actuarial surplus.

10. Income Tax Equivalency

As part of the municipal government, the Agency is not subject to corporate income taxes. However, in order to approximate a business model, the operation of the Agency is assessed with an income tax equivalency charge which is payable to The City of Winnipeg based on the following rates:

Small business rate on the first $225 thousand of net income	18.12%
Regular corporate rate on the balance	40.12 %

The gain on sale of fleet assets acquired at inception is excluded from net income for the purpose of the tax calculation. In the event that in any future year the Agency has a negative net earnings amount, the negative income tax equivalency charge will be recorded as a future income tax asset which would represent the carry forward of unused tax losses and would be applied against future income taxes payable.

11. Environmental Liability

The Agency has included an estimate of the cost to remediate fuel sites. A third party has estimated the cost at $420 thousand. This liability existed prior to the establishment of the SOA and as such any settlement in excess of this amount will be negotiated by the Agency and the City of Winnipeg.

12. Long-Term Debt

City of Winnipeg Equipment and Material Services – non-interest bearing, no repayment schedule - see below (a)	**$**	**1,586**
City of Winnipeg - see below (b)		**23,300**
	$	**24,886**

(a) At start-up the Agency required long-term lending from the City of Winnipeg, with no interest and no set terms of repayment, to finance existing non-fleet capital asset acquisitions from the Equipment and Material Services Division of the Public Works Department.

(b) On May 28, 2003, Council approved the transfer of the Equipment Replacement Reserve Fund (ERR) balance at January 1, 2003 to the Agency, to be used as a source of financing for fleet replacement, thereby resulting in the termination of the Fund at January 1, 2003. The balance increases during the year by customer capital contributions and interest, and decreases by the amount of capital leases charged to customers, to the limit of the annual contribution amount.

The Agency also self-finances capital purchases from retained earnings which results in reduced reliance on the customers' fund balances transferred in from the ERR. Once the Agency is financially self-sufficient for its capital acquisition financing needs the Agency can recommend to the ASD Committee and Council, that a portion or all of the loan balances transferred in from the ERR be returned to the customers, based on their proportionate interests. The Agency does not anticipate this will be feasible in the short-term due to the forecasted capital acquisitions.

13. Commitments

The Agency has entered into lease agreements mainly for the lease of fleet equipment. Future minimum lease payments are projected at $462 thousand for 2004, $321 thousand for 2005, and $1,202 thousand up to January 2011.

14. Contributed Surplus

The Agency acquired Tecumseh land and building at start-up. The land value of $390 thousand was acquired by way of equity contribution from the City of Winnipeg.

15. Related Party Transactions

The Agency offers a complete range of fleet management services to The City of Winnipeg, its main customer, and provides light, super and heavy-duty vehicles and construction and specialty equipment, using life cycle cost management principles. The Agency is economically dependent on The City of Winnipeg, as it derives most of its revenue and all of its financing requirements from the City.

In addition to those disclosed elsewhere in the projected financial statements, included in the Agency's 2004 projected revenues/expenses are the following transactions:

Revenues include sales of goods and services of $20,996 thousand to The City of Winnipeg.

General government charges in the amount of $413 to General Revenue Fund which represents the estimated share of The City of Winnipeg's general expenses applicable to the Agency.

An amount of $173 thousand to be transferred to the Civic Accommodations Fund for the rental of office space.

An amount of $181 thousand to be transferred to the General Revenue Fund for business taxes, dental and vision care benefits and human resources.

An amount of $336 thousand to be transferred to the Public Works Department, General Revenue Fund representing the 2003 Autopac Experience Rebate.

16. Other Revenue Assumptions

Fleet leases

Fleet leases revenue projections include capital lease charges in the amount of $2,011 thousand, operating lease charges in the amount of $9,045 thousand and internal rental charges in the amount of $728 thousand, and are based on the existing customer base and current service levels.

The capital lease rate for fleet purchases on or after January 1, 2003, includes charges for amortization and interest, over the term of the lease. There is no capital lease charge on fleet assets transferred into the Agency at start-up. An interest rate of 5.5% has been factored into the projections for all new leases. The capital lease rates are based on the following factors:

- Total purchase cost including fabrication
- Residual values based on estimated value, Black Book value in the case of light fleet, and historical proceeds for assets that cannot be found in the black book
- The amortization period is based on total life cycle costing
- Interest rates at current market as of the date of the lease

The operating lease rate includes charges for preventative and corrective maintenance. Preventative and corrective maintenance costs are charged back to customers at close to market rates, taking into account historical data associated with the type of vehicle, and expected usage as determined in consultation with customers. The operating rate is set for the year, based on estimated usage represented by hours or kilometres, with adjustments for overages at the end of the lease term.

Services and parts revenue

Services and parts revenue includes consumables and corrective maintenance, insurance, power tools, manufacturing sales, interest, Provincial support grant, and other revenues.

Consumables and corrective maintenance includes charges for consumable items such as grader and loader blades, and repairs for accidents, abnormal use and abuse, and damages. Also included are direct charges for services on a pay as-you-go basis for City departments not requiring the Agency’s full service lease agreements, and for external customers such as the Province of Manitoba.

Insurance revenue represents charges for insurance and licensing service for the recovery of Autopac costs. The Autopac Experience Rebate has historically been included in equity in the insurance reserve fund. In 2003 and future years, this amount was to be retained by the SOA and utilized to cover costs of driver training and safety courses, as approved by Council. However, the 2003 rebate amount of $336 thousand is to be transferred to the Public Works department in 2004. The 2004 rebate, projected at $350 thousand is to be paid to the Public Works department in 2005, and is included in the Agency's 2004 accrued liabilities.

Income from fleet acquired at start-up

The income from fleet acquired at start-up is recognized by the Agency as a charge to deferred revenue at the same amount as the amortization on the transferred-in fleet assets, over their remaining life.

Fuel sales

Fuel sales are projected to increase by 10% in 2004.

Rental income

For short term requirements, the Agency rents vehicles from private sector organizations and charges its customers for use of these external rental vehicles. Short-term rental contracts of this nature do not represent long-term capital leases and do not require long-term financing.

Gain on sale of capital assets

The gain on sale of capital assets is based on management estimates of market prices and equipment condition.

17. Other Expense Assumptions

Unless otherwise noted below, expense assumptions are based on 2003 historical information and increased by Consumer Price Index (CPI), which is estimated at 2%. Certain expenses however are stated at a value that represents management's best estimate.

Salaries and employee benefits

Salaries and benefits are based on the latest collective agreements for 110 employees comprised of 13 WAPSO and 97 CUPE employees.

Fuel

Fuel costs are projected to increase 10%, based on 6.88 million litres.

Interest Expense

The Agency accrues interest on its long-term debt to City departments, based on the City of Winnipeg's short-term rate of investment. This rate is expected to vary but for purposes of the projections the Agency has assumed that it will pay 2.5% on these balances.

Financial Impact Statement **Date:** June 7, 2004

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

COMMENTS:

See attached Projected Financial Statements of the Fleet Management Agency.

Original signed by Cheryl Turman, CA

Supervisor of Finance & Administration

Attachment 2: Operating Charter Amendments

Recommendation:

It is recommended that:

1) The Fleet Management Agency Operating Charter be amended as follows:

OPERATING CHARTER	CURRENT	RECOMMENDED
Section 3: Accountability Framework *Council Responsibility*	After an appropriate startup period, Council receives summary quarterly and annual reports as information to assess Agency performance.	Recommended language: *Council receives annual reports as information to asses Agency performance.*
Chief Operating Officer Responsibility	The COO provides the Advisory Board with Agency plans, summary quarterly reports, annual reports, Charter revisions, and other proposals and information required from time to time for effective management and accountability.	Recommended language: *The Advisory Board is provided with business plans, annual reports, charter revisions, and other proposals and information required from time to time for effective management and accountability.*
Advisory Board	The Advisory Board reviews and approves the Agency's proposed business plans, quarterly and annual reports, and charter revisions.	Recommended language: *The Advisory Board reviews and comments on the Agency's proposed business plans, annual reports, and charter revisions.*
Section 4: Planning and Reporting Framework *Quarterly Reports*	Interim reports on the Agency's financial position and progress against key objectives and performance targets shall be prepared each quarter. After an appropriate startup period, quarterly reports shall be forwarded in summary form to the CAO as information.	Delete sub-section that refers to *Quarterly Reports*.

FLEET MANAGEMENT AGENCY
2003 ANNUAL REPORT

"Keeping you in Motion"

Who We Are

Fleet Management Agency (FMA) is a Special Operating Agency that is dedicated to fleet service delivery with the ability to provide integrated service and comprehensive fleet management expertise to its customers. FMA manages a fleet of approximately 1,700 light, heavy and specialty vehicles ranging from riding mowers to front end loaders.

Mission

To provide efficient and effective fleet, manufacturing and equipment management services to civic departments and other public organizations, using full life cycle cost fleet management practices.

Vision

Becoming the fleet service provider of choice for the City of Winnipeg.

Guiding Principles

The guiding principles of FMA are:

- Quality customer service to City of Winnipeg users and other public service customers;
- Safety for fleet employees and users of our fleet management services; and
- Financial accountability.

Values

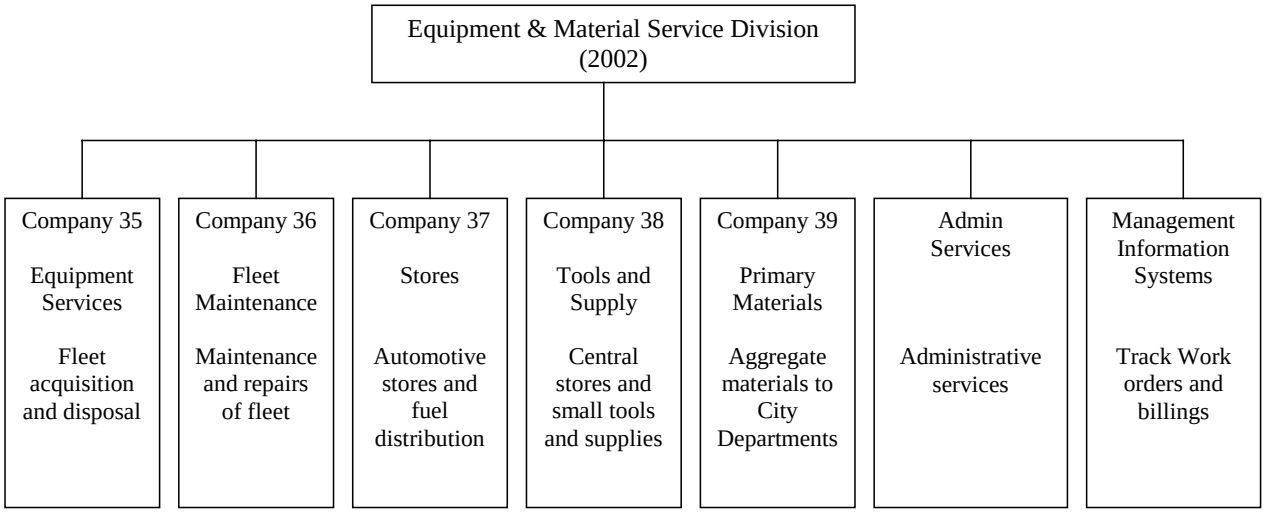
The core values that are integrated into all facets of the operations include:

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

History

Prior to January 1, 2003 fleet services were provided by the Public Works Department through the Equipment and Materials Services Division (EMS). Four separate organizational units within EMS provided fleet services to City departments using a traditional municipal model. This resulted in budgeting and equipment information not being completely integrated and therefore, limited EMS's ability to provide comprehensive fleet expertise and life cycle management to its customers.

The mandate of the EMS division was broader than just the supply and maintenance of fleet. It included the following branches:



New Structure

The Fleet Management Agency amalgamated the following organizational units of the former EMS Division:

- Equipment Services;
- Shops;
- Stores; and
- Tools and Supplies.

With this new amalgamation, budgets and fleet information could be completely integrated to be able to provide comprehensive fleet expertise and life cycle cost management to customers.

Life Cycle Management

Life cycle cost management is a new approach to procurement that assists the fleet manager in making financial decisions by considering all unit or activity costs over the course of the unit's life. FMA uses this approach to make decisions on vehicle and equipment replacement in order to prioritize its purchases and ensure the optimal management of the fleet for its customers. There are a variety of benefits to using life cycle cost management, all of which translate into a cost savings and improved satisfaction for customers.

The benefits of Life Cycle Cost Management include:

- Making fleet financial decisions by considering all unit or activity costs associated with the life of the equipment;
- Creating an integrated fleet management system that provides reliable and valid data in all areas of the operation;
- Having a fully accountable operation that provides transparent financial statements;
- Monitoring progress through performance management and bottom-line financial results;
- Providing expert advice on fleet management, recommending optimal vehicle and equipment configurations and fleet improvements consistent with market developments;
- Supplying standard equipment and vehicle makes, model and configurations; and
- Offering information and advice to customers on how to best rationalize their fleet size, mix, usage and costs so that customers can manage their fleet effectively.

Services Offered

There are six types of services offered by Fleet Management Agency. Each service is provided to customers in a cost effective fashion, tailored to meet the needs of each customer. The six service categories are outlined below.

1. Fleet Acquisition and Disposal Services

FMA acquires new fleet vehicles and equipment, and enters into operating lease agreements with its customers, and is also responsible for vehicle and equipment disposal.

2. Fleet Maintenance Services

This service includes preventative and corrective maintenance for vehicles in addition to manufacturing and fabrication requirements. The maintenance and repair of the fleet is conducted at two major facilities and two satellite facilities in Winnipeg.

Manufacturing and fabrication services provide a one-stop solution to the unique needs of customers. Mobile work units are customized while specialty equipment is manufactured to meet the changing needs of work crews. Services include machining, welding, carpentry, cabinet making (wood and metal), and auto body repair.

3. Fuel Management Services

The three fuel types provided by FMA include unleaded gas, clear diesel and purple diesel. Fuel is managed using a charge-back system to customers based on fuel consumption. Customers have access to fuel on a 24-hour per day basis, 7 days a week, at seven major fueling stations operated by the Agency. A map of the fuel system and major repair shop locations is included on page 22 of the annual report.

4. Insurance and Licensing Services

FMA provides complete insurance and licensing services for all Agency vehicles and to other City Departments with fleets separate from the Agency's fleet.

5. Power Tools Services

This is a rental service that provides motor driven tools to City of Winnipeg departments engaged in outdoor construction and maintenance activities. Typical tools that are rented include chainsaws, quick cut saws and lawn mowers.

6. Vehicle Safety Training

This service provides safety training for vehicle operators in addition to Occupational Safety Services within the Agency.

Operational Accomplishments

FMA made steady progress in 2003. The Agency received Council approval of the business plan Selection Report on May 28, 2003, enabling operation as a Special Operating Agency. The FMA team undertook a number of significant actions that has helped to shape the future direction of the business.

Achievements in 2003 included an office relocation, customer service commitment, implementation of RTA software, improvements to facilities and the fuel distribution system, upgrading current equipment, developing an occupational safety program, and initiating environmental management practices. The achievements have resulted in increased productivity and efficiency within the organization, with the aim of providing greater benefits for customers.

Office Relocation

In the spring of 2003 FMA built a new administrative office space at 770 Ross Avenue. Moving from the previous offices at 1155 Pacific Avenue provided financial gain for the Agency. The cost for the relocation to the new administrative office will be recouped within two years and will provide ongoing savings to FMA through reduced overhead costs.

Customer Service

Throughout the year, the Agency has worked with its customers to assist them with the transition that fleet has undergone in becoming a Special Operating Agency. FMA remains committed to meeting with its customers in 2004 to outline the new structure and management of the Agency and to address any outstanding questions or concerns that customers may have.

Implementation of RTA Software

A new fleet management software program was implemented at the Agency which has increased the organizations capabilities to provide high quality service to FMA's customers. RTA Fleet Management Software has the capacity to handle a wide range of small and large business software solutions for industrial, automotive, school bus and trucking company maintenance, facility and equipment scheduling maintenance, and preventative maintenance.

The user-friendly software program allows FMA to support Life Cycle Cost Management and provide detailed management information for customers. Included are a full range of Critical Fleet Reports**,** which provide customers with the necessary information to asses their fleet requirements. These reports cover a wide range of maintenance areas such as:

- Vehicle Costs
- Work Orders Billing/History
- Parts Inventory with Bar Coding
- Fueling
- Tire Management
- Mechanic productivity
- PM Performance
- Purchasing Information
- Vendor Performance
- Tool Checkout
- MotorPool Tracking
- Driver Interface and Reporting
- Vehicle Amortization
- Asset Tracking

RTA increases efficiency...

- Tracks inventory, vehicle warranties, fuel usage and more.
- Plans preventative maintenance and facilitates vehicle maintenance process.
- Enables shop floor control.
- Tracks financial information such as purchase price, trade in costs, amortization, licensing and insurance costs.
- Has an extensive database, so that the possibilities for improving fleet efficiencies are endless.

An IT personnel has been hired to facilitate the implementation of the RTA program. This individual also provides in-house technical support, and assists in seeking out opportunities for automation of systems or improvements to the current systems in place at FMA.

In the future, RTA will help facilitate the implementation of productivity rates in the shops, by tracking maintenance work on vehicles and equipment and tracking trends such as problem vehicles, so that the Agency can help customers identify which fleet vehicles or equipment may need to be replaced. FMA is expanding the capabilities of RTA with the aim of making fleet services more efficient for the Agency and its customers.

Facilities and Fuel Distribution System Improvements

In response to staff needs, the Facilities team has been hard at work to create a better environment for employees at the workplace. A more productive workspace has been created in many of the maintenance shops and facilities under management by FMA. Office renovations at 2170 Main Street were completed to create a more dynamic and open office space for employees and to maximize space on hand. Office renovations at 1539 Waverley Street were also undertaken and have improved the working environment by creating a well-organized workspace for employees.

There were also upgrades made to the fueling sites managed by FMA. Gasoline and diesel pumps at 195 Tecumseh and 1539 Waverley were upgraded, and plans have been initiated to upgrade the remaining fuel sites managed by FMA. Satellite shop services are also now offered at 1500 Plessis Avenue, to help support maintenance operations on the East side of the City of Winnipeg.

Upgrading Current Equipment

A lot of attention has been paid to ensuring that fleet equipment is optimized. There has been a substantial amount of upgrades to shop equipment including upgrades to iron workers, band-saws, metal rollers, welding machines and mobile welding trucks. Diagnostic equipment is also now in line with current, and cost-effective, industry technology. Refurbishing of equipment, such as the refurbishment of a 640 John Deere loader, is an example of how FMA has used innovation to reduce capital cost investment and expenditures through re-building of existing equipment and use of down time for mechanics.

Safety Program Developed

A safety officer was hired to oversee the implementation of an occupational safety program and enforcement of safety regulations. Safety protocols that are in development include FMA standards for all types of vehicles in use or to be used by FMA staff and clients; training programs for all drivers of FMA vehicles; and implementation and enforcement programs to ensure all safety regulations and policies related to all FMA vehicles are upheld.

Environmental Management

A number of environmental activities were initiated in 2003. Investigating ways to increase fuel efficiency and reduce vehicular emissions has been a key priority of the Agency. The Agency has been evaluating gas electric hybrid vehicle

technologies as a means of reducing emissions and will continue to evaluate emerging hybrid technologies. The Agency has also initiated other investigations into the potential use cleaner burning alternative transportation fuels, such as biodiesel, in their fleet operations. Working to maximize environmentally friendly maintenance processes has also been a priority in 2003. The Agency will continue to pursue its commitment to the environment in 2004.

Agency Start-Up

The first year as a Special Operating Agency required several distinct organizational units to be brought together into one cohesive structure, to optimize fleet management service delivery. The Fleet Management Agency is structured to create revenues and achieve bottom line results. It provides its main customer, the City of Winnipeg, with a large leasing organization for light vehicles, heavy, specialty and construction equipment, and repair and maintenance services. Rates are competitive in the market place. All capital and operating costs associated with the fleet are taken into account to determine the optimum balance for life cycle cost management.

Fleet Leasing

The 2003 fiscal year was one of transition from a pre-payment to a pay-as-you-go system for the City of Winnipeg. The Agency finances its fleet acquisitions with long-term debt payable to the City of Winnipeg. New fleet acquisitions were provided to customers through operating lease agreements, incorporating capital and maintenance costs. The Agency acquired 210 units in the amount of $8,416 thousand during the year. Proceeds from the sale of capital assets amounted to $1,575 thousand.

Financial Results

In its first year of operations, the Agency achieved strong operating results, with net income in the amount of $2,189,000. The Agency provided fleet leases revenue rebates in the amount of $1,600,000 to its City of Winnipeg customers, to assist with the transition to the new Special Operating Agency business operations.

Fleet Downsizing

The financial success in 2003 was further enhanced as the City's fleet was downsized by 21.7% from the start of operations to the end of the year, as customers determined their permanent fleet requirements under the new leasing arrangement. This represents a savings to the City of approximately $14,280,000 in fleet replacement costs, and $1,944,000 in annual operating costs.

Life Cycle Cost Management

The Agency enlisted a new approach to procurement in order to attain best value. As a result, the Agency delivered cost-effective projects, including long-term tender agreements and all encompassing leasing, maintenance and disposition arrangements.

Financial Statements

The City of Winnipeg
Fleet Management –
Special Operating Agency
December 31, 2003

AUDITORS' REPORT

To the Mayor and Members of City Council
The City of Winnipeg

We have audited the statement of financial position of **The City of Winnipeg Fleet Management – Special Operating Agency** as at December 31, 2003 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of **The City of Winnipeg Fleet Management – Special Operating Agency** as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Winnipeg, Canada,
April 23, 2004

Chartered Accountants

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

On March 20, 1997, Council adopted a document entitled "Reshaping our Civic Government". The document identified the development of Special Operating Agencies ("SOA") as one of the five strategic initiatives needed to create a more affordable and fundamentally better civic government.

On September 24, 1997, Council adopted the strategic direction with regard to SOAs identified in the report entitled "Special Operating Agencies Initiative".

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

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

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

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

The Agency commenced operations on January 1, 2003.

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

STATEMENT OF FINANCIAL POSITION

As at December 31, 2003
(in thousands of dollars)

ASSETS		
Current		
Due from City of Winnipeg - General Revenue Fund (Note 4)	**$**	**11,453**
Accounts receivable		**77**
Current portion of loans receivable (Note 5)		**85**
Inventory		**794**
Prepaid expenses		**179**
		12,588
Loans receivable (Note 5)		**241**
Capital assets (Note 6)		**22,209**
	$	**35,038**
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$**	**428**
Vacation payable (Note 7a)		**222**
Income taxes payable (Note 8)		**328**
		978
Deferred revenue		**11,626**
Retirement allowance (Note 7b)		**714**
Environmental liability (Note 10)		**420**
Long-term debt (Note 11)		**18,721**
		31,481
		32,459
Commitments (Note 12)		
SURPLUS		
Contributed surplus (note 3)		**390**
Retained earnings		**2,189**
		2,579
	$	**35,038**

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

STATEMENT OF OPERATIONS

For the year ended December 31, 2003
(in thousands of dollars)

REVENUES		
Fleet leases	**$**	**9,194**
Services and parts revenue		**5,368**
Income from fleet acquired at start-up		**5,014**
Fuel sales		**4,446**
Rental income		**1,803**
Gain on sale of capital assets		**1,575**
Total Revenues		**27,400**
EXPENSES		
Services		**6,421**
Salaries and employee benefits		**5,913**
Amortization		**5,741**
Supplies		**5,713**
Other		**623**
Interest		**472**
Total Expenses		**24,883**
Net income from operations		**2,517**
Income tax equivalency charge (note 8)		**328**
NET INCOME FOR THE YEAR AND RETAINED EARNINGS	**$**	**2,189**

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

STATEMENT OF CASH FLOWS

For the year ended December 31, 2003
(in thousands of dollars)

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:

OPERATING	
Net income for the year	**$ 2,189**
Non-cash items related to operations	
Amortization	**5,741**
Income from fleet acquired at start-up	**(5,014)**
Gain on sale of capital assets	**(1,575)**
Working capital from operations	**1,341**
Net change in working capital	**501**
	1,842
FINANCING	
Decrease in Due from City of Winnipeg - General Revenue Fund	**6**
Increase in long-term debt	**6,169**
	6,175
INVESTING	
Purchase of capital assets	**(9,393)**
Increase in loans receivable	**(199)**
Proceeds from sale of capital assets	**1,575**
	(8,017)
CASH POSITION, END OF YEAR	**$ -**

See accompanying notes to the financial statements

THE CITY OF WINNIPEG
FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2003
(in thousands of dollars)

1. Commencement of Operations

On May 28, 2003, Council adopted the Fleet Management Agency Selection Report, that recommended the Equipment and Material Services operation of the Public Works Department commence operations as a Special Operating Agency (SOA) effective January 1, 2003.

The Agency offers a complete range of fleet management services to The City of Winnipeg, its main customer, and provides light, super and heavy duty vehicles and construction and specialty equipment, using life cycle cost management principles.

2. Summary of Significant Accounting Policies

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends on future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

The financial statements have been prepared on the basis of Canadian generally accepted accounting principles and include the following significant accounting policies:

Inventory

Inventory is recorded at the lower of cost and net realizable value.

Capital assets

Capital assets, other than land and buildings, transferred from The City of Winnipeg on January 1, 2003, are recorded at their estimated net realizable value on that date. Subsequent acquisitions are recorded at cost. Land and buildings are stated at assessed values as of January 1, 2003 which were determined by The City of Winnipeg Property Assessment Department.

Capital assets are amortized on the basis of their cost less approximate residual value over the estimated useful life using the following rates and methods:

Buildings	4%	Straight-line
Fleet assets		
Acquired at start-up	30%	Declining balance
Purchased	Lease term	Straight-line
Equipment	10% to 30%	Straight-line

Revenue Recognition

The Agency enters into operating lease agreements to supply and maintain vehicles and equipment to lessees for specified lease periods. The Agency recognizes the monthly lease payments from the lessees as income each month. Services and parts revenue, including insurance and fuel sales, are recognized upon the completion of the work or transfer of the goods or service. Revenue from short-term rentals of vehicles or equipment is recognized as income evenly over the rental period.

Deferred revenue

Deferred revenue represents the value of fleet assets acquired from the City of Winnipeg at start-up. This amount is recognized as income at the same rate that the related assets are being amortized.

Financial instruments

Financial instruments include due from City of Winnipeg - General Revenue Fund, accounts receivable, loans receivable, accounts payable and accrued liabilities, income taxes payable, and long-term debt. Unless otherwise stated, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments.

3. Assets and Liabilities Acquired on Start-Up

The following assets and liabilities were acquired on start-up:

Due from City of Winnipeg - General Revenue Fund	**$ 11,459**
Accounts receivable	**118**
Inventory	**718**
Prepaid expenses	**406**
Loans receivable	**356**
Capital assets	**18,748**
Accounts payable	**(385)**
Vacation payable	**(222)**
Deferred revenue	**(16,831)**
Retirement allowance	**(714)**
Environmental liability	**(420)**
Long-term debt	**(12,843)**
Contributed surplus	**$ 390**

4. Due from City of Winnipeg - General Revenue Fund

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, the Agency does not have a bank account. Cash transactions are credited or charged to the "Due (to)/from" account. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account. The Agency has negotiated an operating line of credit up to $300 thousand from The City of Winnipeg at a rate of 6.5%.

5. Loans Receivable

Glacial Sand and Gravel - Special Operating Agency

Equipment financing program loan, interest at 6.5%, payment of $2.1 thousand monthly, due September 2005	**$ 42**
Equipment financing program loan, interest at 6.5%, payment of $6.5 thousand monthly, due February 2008	**284**
	326
Current portion	**(85)**
	$ 241

6. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2003
Land	$ 390	$ -	$ 390
Building	1,724	63	1,661
Fleet assets			
Acquired at start-up	16,609	4,983	11,626
Purchased	8,416	437	7,979
Equipment	779	226	553
	$ 27,918	**$ 5,709**	**$ 22,209**

7. Employee Benefits

a) Vacation

The Agency's employees accrue vacation credits, which together with unused holidays from previous years generally become a charge to operations in the year they are earned.

b) Retirement allowance

Under various union agreements, unused sick leave credits accumulate and employees with specified minimum service requirements become entitled to a cash payment upon retirement, death or termination of service under certain conditions (excluding resignation). An actuarial valuation has estimated the retirement allowance liability at $714 thousand at December 31, 2003.

c) Pension

The Agency's employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. During the year, $333 thousand of pension costs were allocated to the Agency. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of January 1, 2003 and has an actuarial surplus.

8. Income Tax Equivalency

As part of the municipal government, the Agency is not subject to corporate income taxes. However, in order to approximate a business model, the operation of the Agency is assessed with an income tax equivalency charge which is payable to The City of Winnipeg based on the following rates:

Small business rate on the first $225 thousand of net income	18.12%
Regular corporate rate on the balance	40.12%

The gain on sale of fleet assets acquired at inception is excluded from net income for the purpose of the tax calculation.

9. Environmental Liability

The Agency has included an estimate of the cost to remediate fuel sites. A third party has estimated the cost at $420 thousand.

10. Long-Term Debt

City of Winnipeg Equipment and Material Services - non-interest bearing, no repayment schedule	**$ 1,586**
City of Winnipeg (see below)	**17,135**
	$ 18,721

On May 28, 2003, Council approved the transfer of the Equipment Replacement Reserve Fund balance at January 1, 2003 to the Agency, to be used as a source of financing for fleet replacement, thereby resulting in the termination of the Fund at January 1, 2003. The balance increases during the year by customer capital contributions and interest, and decreases by the amount of capital leases charged to customers, to the limit of the annual contribution amount. Interest paid on the balance was $412 thousand for the year. The balance at December 31, 2003 is $17,135 thousand.

11. Commitments

The Agency has entered into lease agreements mainly for the lease of fleet equipment. Future minimum lease payments are as follows:

	Operating Leases
2004	**$ 232,289**

13. Related Party Transactions

The Agency is economically dependent on The City of Winnipeg, as it derives most of its revenue and all of its financing requirements from the City.

In addition to those disclosed elsewhere in the financial statements, included in the Agency's revenues/expenses are the following transactions which occurred in the normal course of operations and are recorded at the exchange amount.

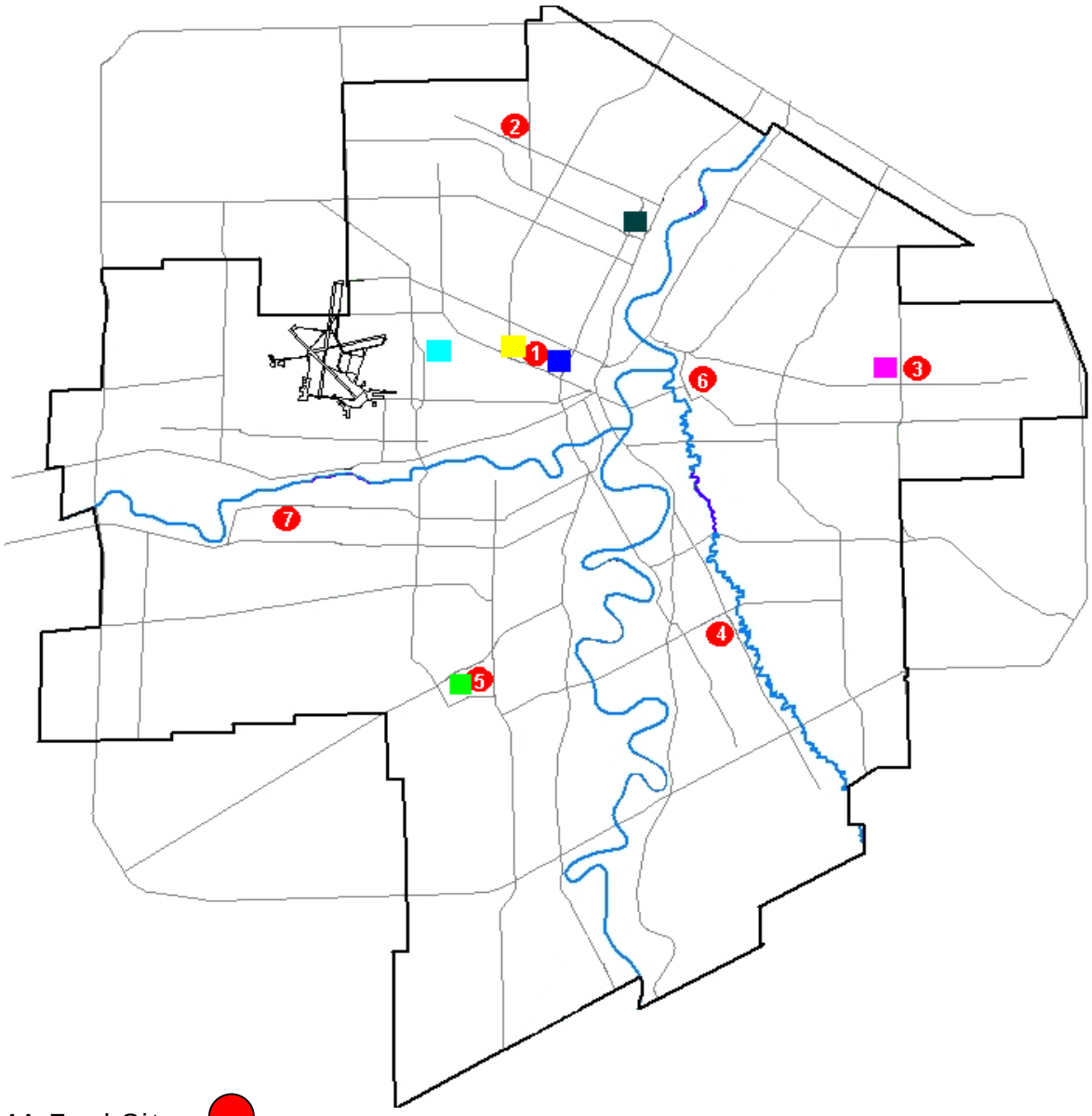
a) Revenues include sales of goods and services of $19,880 thousand to The City of Winnipeg.

b) General government charges in the amount of $363 thousand to General Revenue Fund which represents the estimated share of The City of Winnipeg's general expenses applicable to the Agency.

c) An amount of $271 thousand has been transferred to the Civic Accommodations Fund for the rental of office space.

d) An amount of $162 thousand has been transferred to the General Revenue Fund for business taxes, dental and vision care benefits and human resource services.

Fuel Sites and Repair Shop Locations



FMA Fuel Sites (with a Card Reader)

1. 185 Tecumseh
2. 2546 McPhillips
3. 849 Ravelston
4. 590 St. Annne's
5. 1539 Waverley
6. 552 Plinguet
7. 735 Assiniboine

FMA Repair Sites

- **Major Repair Shop 195 Tecumseh**
- **Major Repair Shop 1539 Waverley**
- **Manufacturing and Machine shop 215 Tecumseh**
- **1500 Plessis (Satellite shop)**
- **Parks and Power Tools 2170 Main**
- **1 Midland (Satellite shop)**

Fleet Contacts

Inquiry Type	Contact Name	Address
Chief Operating Officer	Yvan Lupien Phone: 986-5337 Email: ylupien@winnipeg.ca	770 Ross Avenue Winnipeg, Manitoba R3E 1C6
Finance	Cheryl Turman Phone: 986-7379 Email: cturman@winnipeg.ca	770 Ross Avenue Winnipeg, Manitoba R3E 1C6
General Administration	Shirley Thompson Phone: 986-5346 Email: shirleythompson@winnipeg.ca	770 Ross Avenue Winnipeg, Manitoba R3E 1C6
General Fuel Operation	Donna McRae Phone: 986-4774 Email: dmcrae@winnipeg.ca	770 Ross Avenue Winnipeg, Manitoba R3E 1C6
Vehicle Safety Officer	Glen McDermid Phone: 986-2312 Email:gmcdermid@winnipeg.ca	770 Ross Avenue Winnipeg, Manitoba R3E 1C6
Superintendent of Fleet Management Operations	Terry Sanderson Phone: 986-5441 Email: tsanderson@winnipeg.ca	770 Ross Avenue Winnipeg, Manitoba R3E 1C6
Main Street Repair Facility	Garry Asher Phone: 986-5137 Email: gasher@winnipeg.ca	2170 Main Street Winnipeg, Manitoba R2V 1Z7
Tecumseh Repair Facility	Ken Chrzanowski Phone: 986-3010 Email: kchrzanowski@winnipeg.ca	195 Tecumseh Street Winnipeg, Manitoba R3E 2B2
Tecumseh Manufacturing Facility	Bill Dowbyhuz Phone: 986-5505 Email: bdowbyhuz@winnipeg.ca	215 Tecumseh Street Winnipeg, Manitoba R3E 3SE
Waverley Street Repair Facility	Dennis Konowich Phone: 986-5327 Email: dkonowich@winnipeg.ca	1539 Waverley Street Winnipeg, Manitoba R3T 4V7

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