Agenda – Council – April 25, 2024

Report – Standing Policy Committee on Public Works – April 9, 2024

Item No. 1 Winnipeg Fleet Management Agency – 2024 Business Plan

STANDING COMMITTEE RECOMMENDATION:

On April 16, 2024, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Public Works and submitted the following to Council:

1. That the 2024 Business Plan for the Winnipeg Fleet Management Agency (WFMA), including the 2024-2027 budget, included as Appendix A and Appendix A-1 respectively, be approved subject to adoption of the City's overall 2024 Operating and Capital Budget.

2. That the 2022 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 the comparison of Life Cycle Cost Management principles to that of extending vehicles beyond planned replacement, which was requested in the Fleet Management Audit and is included as Appendix C, be received as information.

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

Report – Standing Policy Committee on Public Works – April 9, 2024

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 16, 2024, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Public Works and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On April 9, 2024, the Standing Policy Committee on Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

On March 5, 2024, the Standing Policy Committee on Public Works laid the matter over to its meeting on April 9, 2024.

On March 1, 2024, the Standing Policy Committee on Public Works laid over consideration of the matter to a special meeting to be called on March 5, 2024 at 12:30 p.m.

David Grant submitted a communication with respect to the matter.

ADMINISTRATIVE REPORT

Title: Winnipeg Fleet Management Agency – 2024 Business Plan

Critical Path: Standing Policy Committee on Public Works – 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 aligns with the City of Winnipeg's general planning, budgeting, and reporting requirements. 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 2024 Business Plan for the Winnipeg Fleet Management Agency (WFMA), including the 2024-2027 budget, included as Appendix A and Appendix A-1 respectively, be approved subject to adoption of the City's overall 2024 Operating and Capital Budget.

2. That the 2022 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 the comparison of Life Cycle Cost Management principles to that of extending vehicles beyond planned replacement, which was requested in the Fleet Management Audit and is included as Appendix C, be received as information.

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

The attached 2024 Business Plan sets out WFMA's plans for the next three years and it is a guiding document for WFMA's operations.

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.

During 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.

2024 Business Plan Highlights

- Revenues and Expenses of approximately $56 million projected in 2024.
- Acquisition of Fleet Assets of $18.0 million projected in 2024.
- Approximately 2,165 vehicle and equipment units managed.
- 108 budgeted full-time equivalent positions (FTEs) in 2024-2027.
- Winnipeg Fleet Management Agency forecasts operating within its established debt limit through deferred replacement of fleet assets.

FINANCIAL IMPACT

Financial Impact Statement

Date: February 6, 2024

Project Name:

First Year of Program **2024**

Winnpeg Fleet Management Agency - 2024 Business Plan

	2024	2025	2026	2027	2028
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:

2024 to 2027 projected financial statements and notes are presented in Appendix A-1.

Joseph Chammartin, February 6, 2024

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

OURWINNIPEG POLICY ALIGNMENT

In alignment with the following: OurWinnipeg 2045.

“OurWinnipeg” Goal: Leadership and Good Governance (Pg. 14, 18-20):

- Committing to value, align and implement policy in decision making processes and procedures.
- Decision-making that is transparent, accountable, and evidence-informed.
- Practicing sound and sustainable fiscal management of public funds.

Objective #1: Establish and implement priority actions through evidence-informed decision-making process. Evidence informed actions require transparent and accountable decision-making to determine the long-term public interest and the appropriate trade-offs in levels of service, taxation and budget priorities.

Policies:

- 1.1 Organizational Alignment
- 1.4 Integrated Knowledge and Resources
- 1.5 Evidence-Informed Decisions
- 1.6 Results-Based Budgeting
- 1.9 Responsive Change Management
- 1.21 Strategic Procurement

“OurWinnipeg” Goal: Environmental Resilience (Pg. 14, 20-23):

- Providing responsible consumption, production, and end-of-life management of non-renewable resources.
- Eliminating sources of pollution, including carbon pollution, and other hazardous materials.
- Using evidence to inform decisions, monitor progress and implement actions.

Objective #1: Prioritize the transition to a resilient, low-carbon future through demonstrated organizational and community leadership, and collaborative actions that mitigate and adapt to a changing climate. Recognize that climate changes will have significant impacts on community assets and services, and include consequences for human health, social welfare, the natural and built environments and ecosystems, the economy, and urban infrastructure. Adapt government regulation, policy, resource allocation, organizational culture and leadership, partnerships, and resident behaviours and awareness, to empower the community to realize the many benefits that emerge when mitigating greenhouse gas emissions, preparing for and reducing risks to lessen the shocks, stresses and other negative impacts of climate change.

Objective #2: Prioritize sustainable transportation as the mobility options of choice. Transition to a sustainable transportation system that safely and efficiently moves people, goods and services, increases access to a variety of affordable mobility choices, encourages less reliance on personal vehicle travel, reduces travel time, mitigates congestion and related greenhouse gas emissions, and supports the development of denser, better-connected, healthy and complete communities.

Objective #3: Promote low-carbon, energy-efficient buildings through low-energy building design, construction and retrofitting.
Reduce energy demand, consumption and greenhouse gases associated with new and existing buildings, working towards carbon-neutral buildings. Provide facilitative tools, resources, and incentives, to support green building.

Policies:

- 2.1 Climate Action Targets
- 2.2 Climate Action Investment
- 2.3 Climate Action Leadership
- 2.4 Climate Resilient Growth
- 2.5 Climate Resilient Growth
- 2.7 Air Quality Conservation
- 2.11 Eliminate Fossil Fuel Dependence

“OurWinnipeg” Goal: Economic Prosperity (Pg. 15, 24-26):

- Pursuing innovation, setting sound priorities for development.
- Identifying and supporting key industry sectors of opportunity.
- Relying integrally upon a network of strategic partnerships.
- Procurer of goods and services.

Objective #1: Ensure transparent and predictable conditions are in place to support desired business growth through attraction, investment, and retention. Create the conditions to support development and business growth that aligns with this Plan’s goals, through strategic municipal investments, regulatory processes, service delivery, research, communications, and partnerships.

Objective #2: Advance strategic economic opportunities through a focus on innovation. Grow the economy by providing opportunity for innovative technologies and industries, including those that can address significant and long-standing municipal issues through creative solutions and demonstrated leadership.

Objective #4: Make strategic use of community and regional assets to optimize local economic competitiveness. Enable resilient and diversified economic development that strengthens local business activities and workforce retention; connects people, goods and services; and builds on industry sectors and investments that secure Winnipeg's long-term relevance in a competitive global economy.

Policies:

- 3.1 Strategic Enterprise Supports
- 3.2 Strategic Enterprise Supports
- 3.3 Economic Research and Innovation
- 3.4 Community Economic Development

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Strategic Opportunity #1 – Corporate Leadership

Key Direction: 1.3 Encourage Sustainable Transportation Options

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Public Works
Division: Winnipeg Fleet Management Agency (WFMA)
Prepared by: D. Konowich, WFMA GM
Date: February 6, 2024

ATTACHMENTS:
Appendix A – Winnipeg Fleet Management Agency Special Operating Agency Business Plan 2024: (see below)

Appendix A-1 – 2024 to 2027 Projected Financial Statements and Notes

Appendix A-2 – 2021 Auditors' Report and Financial Statements

Appendix B – Fleet Accountability Report

Appendix C – Comparison of Life Cycle Cost Management principles to that of extending vehicles beyond planned replacement

APPENDIX A

THE CITY OF WINNIPEG

WINNIPEG FLEET MANAGEMENT AGENCY – SPECIAL OPERATING AGENCY

BUSINESS PLAN

2024

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:
   - Continue with the implementation of a new Fleet Management Information System (FMIS) in collaboration with WFPS for increased transparency and efficiencies.
   - Continue to collaborate with Municipal Accommodations to secure a location and the services of a consultant, to prepare a Basis of Estimate (BOE) budget for WFMA's Ross/Tecumseh administrative office, repair and manufacturing operations future relocation.

- Continue with addressing recommendations highlighted in the Fleet Management Audit in partnership with the CAO's office and civic departments.
- WFMA through the Fleet Oversight Committee will review all fleet vehicles in the first half of 2024 based on the low utilization policy criteria and will require department justification to keep low utilized vehicles in service. The department justification submissions will be assessed by the Fleet Oversight Committee for approval or denial resulting in a potential fleet reduction across all departments.

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

Strategies:

- Continue to explore opportunities to create an emission reduction strategy aligned with the City Climate Action Plan in collaboration with the Office of Sustainability.
- Continue to investigate methods for reporting on fleet emission reduction technologies currently being utilized in the agency's fleet.
- WFMA will review the results of the all-electric vehicle infrastructure study when completed including budget requirements for a phased in implementation strategy.
- Continue with reviewing the agency's Green Fleet Plan and look to implement SMART (Specific, Measurable, Attainable, Relevant, and Time-bound) goals aimed at reducing city-wide fuel use and promotes emission reductions as per Fleet audit recommendations.
- Proceed with a pilot trial and test for the evaluation of propane powered vehicles and supporting infrastructure to assist in determining further future operational suitability, potential cost savings and emission reductions.
- To further assist with meeting the City Climate Action Plan emission reduction targets WFMA will commission a study through a consultant on the most efficient and cost-effective ways to transition the current City fleet to a more sustainable climate resilient low carbon fleet.

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.
- Monitor future success with hiring apprentices to fill trades staff vacancies as an alternate staffing option.
- Communicate to all employees the results of our 2023 safety audit and the action plan to ensure all employees are aware. WFMA Safety Officer to develop a safety action plan and post it on the WFMA Safety Boards and Safety Website to increase visibility for all staff.
-

4. ***Improve customer service and satisfaction through effective fleet service delivery***
   Strategies:
   - Investigate options to track customer service complaints and feedback that identify customer needs and priorities for value-added service delivery through the implementation of a new tracking system in collaboration with 311.
   - Collaborate with civic departments to develop and implement Service Level Agreements for enhanced transparency, customer service, and accountability.

SERVICE DELIVERY & GOALS RISK ASSESSMENT

Risk Event	Risk Impact	Risk Probability	Risk Severity	Risk Response
Lack of funding for replacement fleet vehicles and equipment	Increased maintenance and downtime of aging fleet vehicles and equipment	High	High	Prioritize replacements based on critical service impact
Significant increase in delivery time for fleet vehicles and equipment	Increased maintenance and downtime of aging fleet vehicles and equipment	High	Medium	Prioritize maintenance based on critical service impact and use external vendors as needed
Shortage of repair and maintenance staff	Delay in repair and maintenance to fleet vehicles and equipment leading to them not available for user needs	High	Medium	Implement succession plan to ensure adequate staffing levels, implement hiring apprentice program, and use external vendors as needed
Lack of funding to purchase zero-emission vehicles	Unable to meet greenhouse gas reduction target of Climate Action Plan, and unable to meet 100% zero-emission vehicle target by 2035	High	Medium	Seek other methods to reduce greenhouse gas emissions such as reduced idling, alternate fuel use, and improved routing
Lack of participation in returning under-utilized fleet vehicles and equipment	Unable to meet optimization of fleet vehicles and equipment	Medium	Medium	Work with customers and the Fleet Oversight Committee to implement the fleet utilization policy
Significant increase in delivery time for repair and maintenance parts and supplies	Delay in repair and maintenance to fleet vehicles and equipment leading to them not available for user needs	Medium	Medium	Monitor delivery times and ensure adequate inventory of critical and commonly used supplies

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 2023, which indicated that 58% of customers were satisfied with 2022 fleet management services.

CUSTOMER SATISFACTION	2020	2021	2022
Satisfaction rate	60%	75%	58%

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 cost with markup.
- Vendor repairs are based on WFMA cost with markup.

CITY OF WINNIPEG OPERATING COSTS BY FLEET CATEGORY *(in dollars per kilometer)*	**2020**	**2021**	**2022**
Light vehicles	0.34	0.39	0.48
Medium vehicles	0.62	0.73	0.87
Heavy vehicles and specialty equipment	0.62	0.68	0.71

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)*	**2020**	**2021**	**2022**
Assessment and Taxation Department	9.0	9.4	8.0
Corporate Support Services Department	14.3	15.8	14.3
Winnipeg Fire Paramedic Service Department	20.4	20.5	20.9
Fleet Management – Special Operating Agency	20.0	16.7	17.7
Planning, Property and Development Department	19.0	18.7	19.2
Parking Authority – Special Operating Agency	11.9	12.6	12.6
Public Works Department – Engineering	13.7	14.8	14.5
Public Works Department – Parks & Open Space	24.1	22.6	22.9
Public Works Department – Streets Maintenance	23.0	22.2	21.7
Public Works Department – Traffic Signals	23.3	24.8	27.3
Public Works Department – Transportation Systems	21.5	20.5	19.9
Winnipeg Police Service	19.0	19.8	19.7
Water and Waste Department – Engineering	16.8	15.9	17.0
Water and Waste Department – Environmental Standards	10.4	10.2	10.5
Water and Waste Department – Solid Waste	23.0	20.8	23.9
Water and Waste Department – Wastewater	21.9	21.1	23.1
Water and Waste Department – Water Services	21.3	21.9	23.3

City of Winnipeg Fuel Efficiency by Fleet Category
Fuel efficiency is reported for the City, excluding Winnipeg Transit and Winnipeg Police Service.

CITY OF WINNIPEG FUEL EFFICIENCY BY FLEET CATEGORY	2021	2022
Municipal On-Road Vehicles		
Light vehicles (in litres per 100 km)	18.7	20.0
Medium vehicles (in litres per 100 km)	25.9	31.9
Heavy duty vehicles (in liters per 100km)	20.1	26.2

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 four years ending December 31, 2027.

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 2024 to 2027 Projected Financial Statements and Notes are presented in Appendix A-1.

The 2022 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 2024 to 2027 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 108 budgeted full-time equivalent (FTE) positions in 2024. In 2024 Pension, group insurance, dental, vision, and employment insurance benefits are projected at 18.84% 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 86 budgeted FTE positions in 2024 as follows:

- 79 CUPE permanent FTE positions
- 7 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 2024 as follows:

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

Professional and Support teams, include 11 budgeted FTE positions by 2024 as follows:

1. Office of the Fleet General Manager;
    - 1 Out of Scope permanent FTE position
    - 1 CUPE exempt permanent FTE position
    - 1 CUPE permanent FTE positions
2. Finance;
    - 1 Out of Scope permanent FTE position
    - 1 WAPSO permanent FTE positions
    - 3 CUPE permanent FTE positions
3. 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 (Innovation Tech Service Cost and Public Works) expense includes the following services provided to WFMA:

- $582 thousand to $620 thousand annually in 2024-2027 for business technology service and salaries and benefits of four (4) FTEs for the Innovation Tech Service based on information provided by the Corporate Finance Department.
- $168 thousand to $178 thousand annually in 2024-2027 for Human Resource service, 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 has been eliminated in 2024 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	2024	2025	2026
Debt/Worth ratio	**2.8**	3.0	3.2

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)*	**2023**	**2024**	**2025**	**2026**
Term loan debt opening (Note 1)	$45,100	**$43.957**	$50,618	$54,214
Proceeds from term loans (Note 2)	9,600	**17,000**	16,298	14,350
Repayment of term loans (Note 3)	(10,729)	**(10,279)**	(10,399)	(10,437)
Rounding				
Term Loan Debt	$43,971	**$50,692**	$56,591	$60,504
The City of Winnipeg debt (Note 4)	178	**178**	178	178
Debt	$44,149	**$50,870**	$56,769	$60,682

Notes:
1) Term loan debt opening in 2023 is based on actual term loan debt as at December 31, 2022, and estimated for 2024 to 2026.
2) Proceeds from term loans in 2023 are based on actual loan drawdowns, and estimated for 2024 to 2026 based on the December 31st prior year due to The City of Winnipeg – General Revenue Fund balance.
3) Repayment of term loans in 2023 is based on actual term loan amortization schedules, and estimated for 2024 to 2026.
4) The City of Winnipeg debt is based on the balance as at December 31, 2022.

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. This has increased by $3.017 million to $68.317 million per Council July 21, 2022 – "Reporting on the Snow Clearing and Ice Control Policy" approval of additional capital budget, increased debt limit and borrowing authority for additional sidewalk machines. The debt limit has increased an additional $2.298 million in the 2024 budget and business plan to a total of $70.615 million in 2024.

PROJECTED DEBT LIMIT *(in thousands of dollars)*	**2024**	**2025**	**2026**
Maximum debt	**$70,615**	$70,965	$71,315
Debt	**(50,870)**	(56,769)	(60,682)
Due to The City of Winnipeg – General Revenue Fund	**(4,917)**	(2,792)	(876)
Debt Limit	**$14,828**	$11,404	$9,757

Borrowing Authority
WFMA previously requested 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.

Beginning in 2024, the borrowing authority request is included with the capital borrowing authority request for the rest of the City of Winnipeg. Details regarding the calculation for that request for borrowing authority of $15.535 million in 2024 are included below.

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)*	**2024**	**2025**	**2026**
Proceeds from term loans	**$17,000**	$16,298	$14,350
Due to The City of Winnipeg – General Revenue Fund	**4,917**	2,792	876
Debt limit	**14,828**	11,404	9,757
Cumulative borrowing authorization opening (Note 1)	**(21,210)**	(19,745)	(14,196)
Annual Long-term Borrowing Authority	**$15,535**	$10,749	$10,787
Cumulative borrowing authorization opening (Note 1)	**21,210**	19,745	14,196
Proceeds from term loans	**(17,000)**	(16,298)	(14,350)
Cumulative Borrowing Authorization	**$19,745**	$14,196	$10,633

Note:

1) Cumulative borrowing authorization opening in 2024 is based on actual borrowing authority net of actual term loan draws cumulative to 2024, and is estimated for 2025 to 2026.

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)*	**2024**	**2025**	**2026**
Fleet assets	**$17,969**	$16,020	$16,020
Land, buildings and equipment	**1,268**	919	809
Acquisition of Tangible Capital Assets	**$19,237**	$16,939	$16,829

Fleet asset acquisitions are based on WFMA's 2024 to 2026 fleet replacement plan, and are subject to future revision due to WFMA and City department decisions, and vendor availability. Fleet acquisitions in 2024 are estimated by fleet category as follows (in thousands of dollars):

- Construction Equipment $ 385
- Light Duty Fleet $ 5,170
- Specialty Equipment $ 6,094
- Heavy Duty Fleet $ 6,320

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	2020	2021	2022
Return on total revenues (Note 1)	1.22%	(0.70%)	(0.72%)
Return on average non-financial assets (Note 2)	0.76%	(0.42%)	(0.51%)
Return on average accumulated surplus ratio (Note 3)	2.50%	(1.40%)	(1.68%)
Parts inventory turnover ratio (Note 4)	2.32	2.29	2.83
Fuel inventory turnover ratio (Note 4)	16.67	19.82	22.12
Non-financial assets to net debt ratio (Note 5)	(1.45)	(1.42)	(1.45)
Net debt to accumulated surplus ratio (Note 6)	2.23	2.39	2.20
Days sales in receivables ratio (Note 7)	2.38	7.33	1.76

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	2020	2021	2022
Bid opportunities	30	40	47
Fleet unit acquisitions (Note 1)	102	87	110
Insurance, license and registrations	1,813	1,740	1,726
Service repairs by work order lines completed	31,185	28,520	24,363
Parts transactions	30,870	25,553	22,071
Service labour hours completed	46,607	42,359	40,122
Fuel fill-up transactions	104,619	111,789	114,552
Total fuel liters provided (internal customers)	6,609,737	6,425,378	6,648,445
Total fuel liters provided (external customers)	596,630	753,226	873,527
Seasonal and short-term rental days	112,143	113,339	117,409
Fleet unit dispositions	156	117	119
Fleet units managed (Note 2)	2,237	2,183	2,165

Notes:

1) Units acquired in 2022 are assigned and leased (or pre-leased) to City departments as follows:

Public Works	63
Winnipeg Police Service	29
Water and Waste	7
Winnipeg Fire Paramedic	6
Planning, Property and Development	3
Winnipeg Fleet Management Agency	2

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:

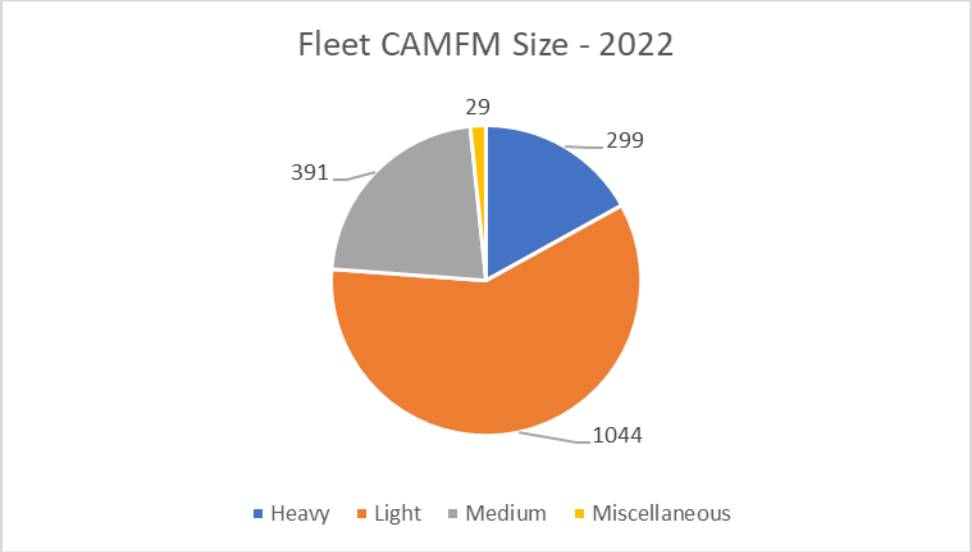
FLEET AVERAGE AGE *(in years)*	2020	2021	2022
Light municipal vehicles and equipment	5.7	6.1	7.9
Medium municipal vehicles and equipment	7.1	7.1	9.0
Heavy municipal vehicles and equipment	6.1	5.9	7.3

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	2020	2021	2022
Service request rate	91%	94%	94%

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

Fleet Units by Category (chassis only) Total: 1,763



Notes:

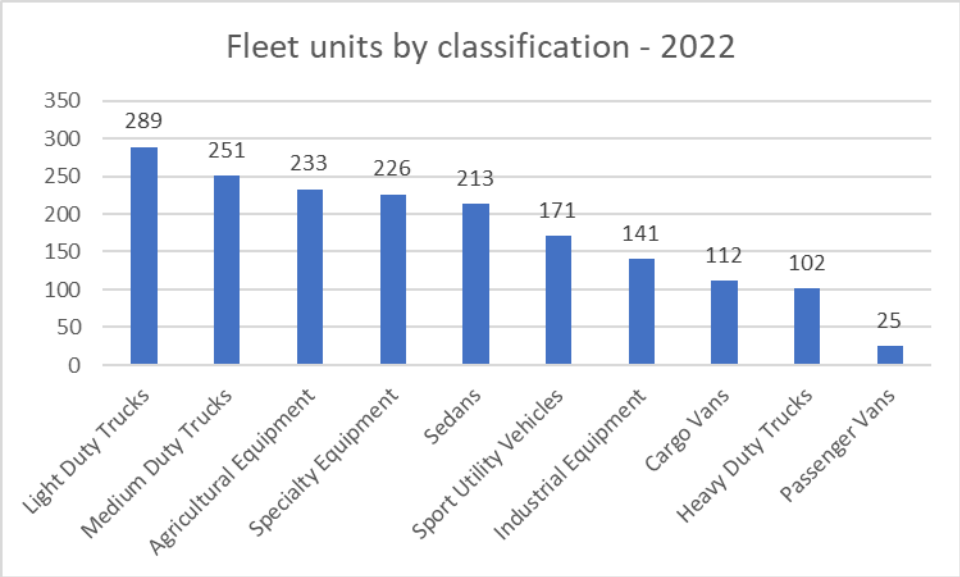
Light includes:
Municipal and Emergency vehicles (Light Duty Trucks, Vans (Cargo and Passenger). Sedans and SUVs) with GVW < 4,500 kg.
Construction Equipment with Original purchase cost less than $30,000.

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.

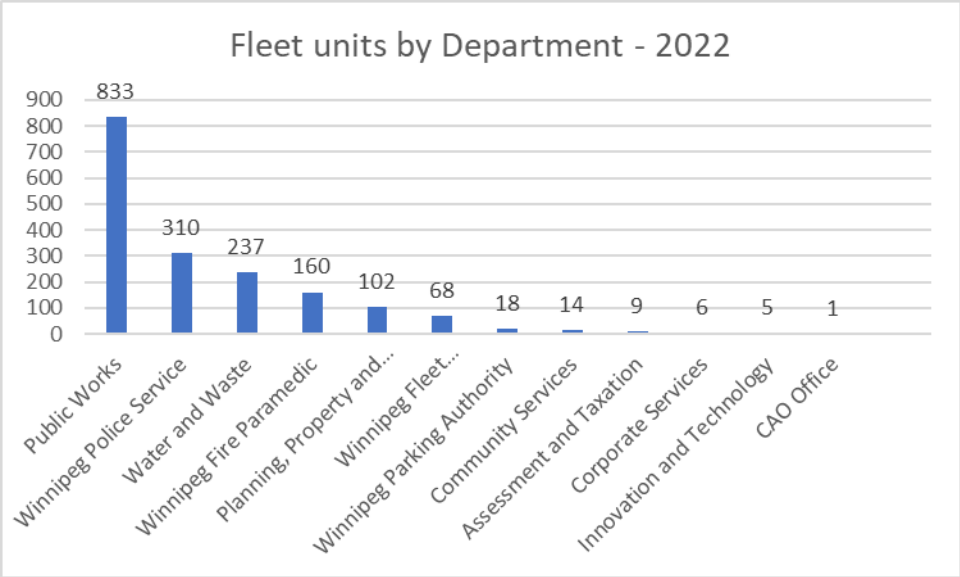
Heavy includes:
Heavy Duty Trucks with GVW greater than 9,000 kg.
Construction Equipment with Original purchase cost greater than $100,000.

Miscellaneous includes:
All other equipment.

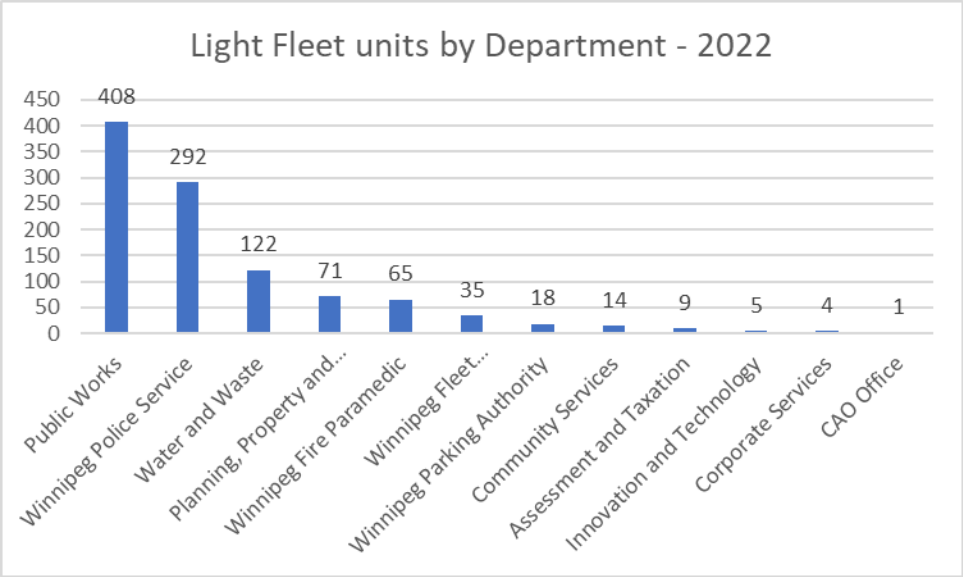
Fleet Units by Classification (chassis only) (Total: 1,763)



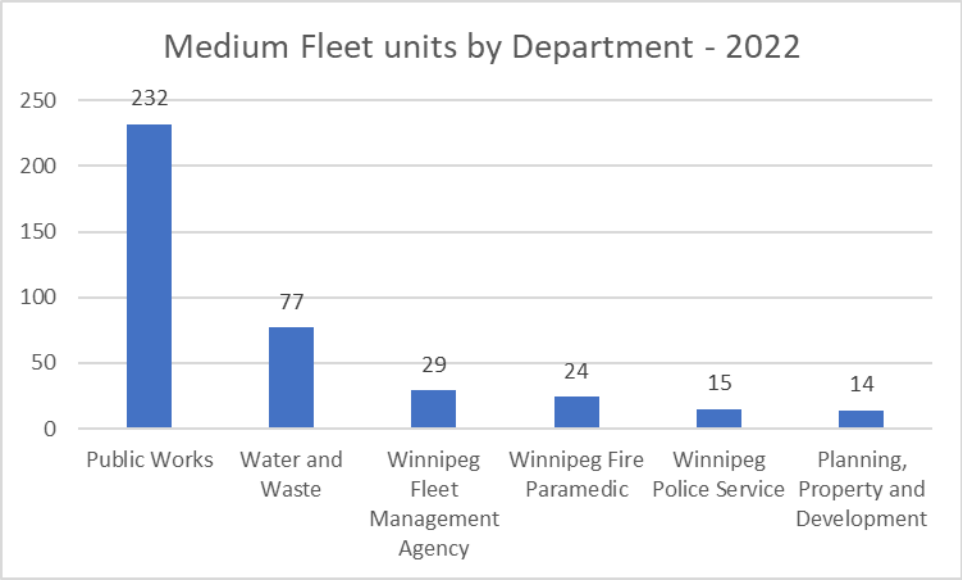
Fleet Units Assigned to City Departments (chassis only) (Total: 1,763)



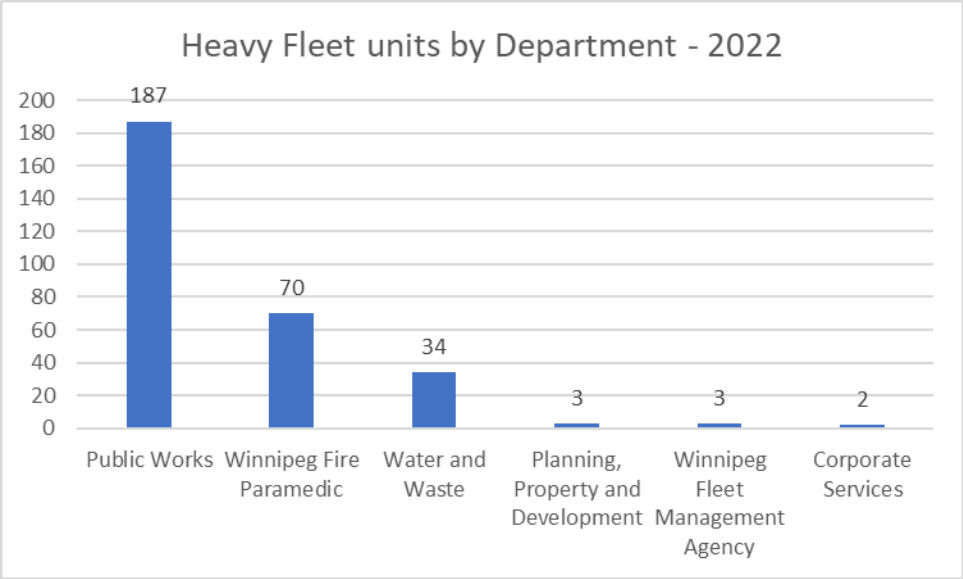
Light Vehicle Units Assigned to City Departments (Total: 1,044)



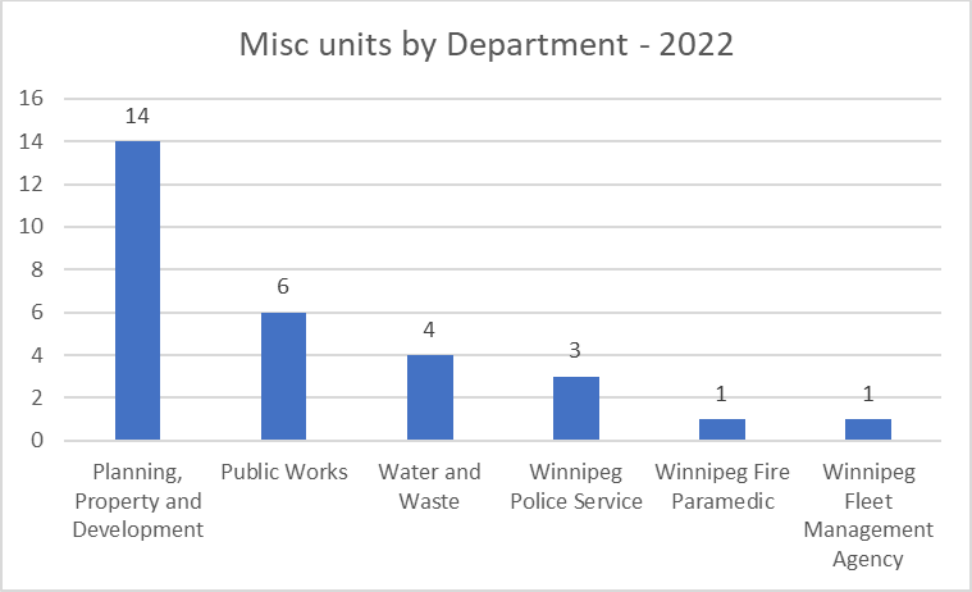
Medium Vehicle Units Assigned to City Departments (Total: 391)



Heavy Vehicle Units Assigned to City Departments (Total: 299)



Miscellaneous Equipment Units Assigned to City Departments (Total: 29)



Fleet Units by Engine Type (Total: 1,763 units)

