

Fleet Management

Led by: Fleet Services

Description:

Fleet Management enables sustainable City service delivery through the life cycle management of vehicles, equipment and components. This includes the acquisition, disposal, maintenance and repair of assets, as well as engineering, manufacturing and fleet safety governance.

Customers:

Our primary customers are City business units including Water, Waste & Recycling, Roads, Parks, and Recreation (not including Police, Fire & Transit). Other external customers include government agencies, and external utilities.

What is delivered to customers:

Fleet provides safe, reliable, job appropriate vehicles and equipment, including services to design and fabricate that equipment if it does not exist or does not meet the operational need. Fleet also provides services to ensure vehicle and equipment operators are trained, knowledgeable, and adhere to provincial and federal legislation.


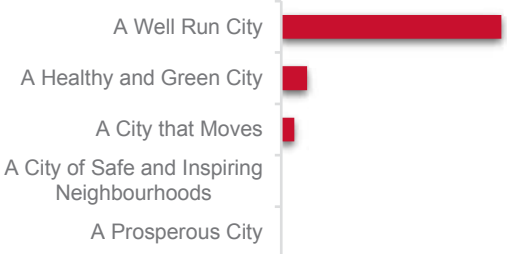
Partners:

In the provision of services, Fleet partners with a number of City business units, including: Supply (parts acquisitions, unit disposal, and contract support), Information Technology (system sustainment), Facility Management, Finance, Environmental Safety Management, and Law (Risk Management & Claims division).

Service need (value proposition):

Fleet's customers require the provision of and training for vehicles, equipment, and manufactured goods to perform front line services to Calgarians. Fleet Management's expertise ensures reliable assets, responsive services and safe operations. This service enhances the success of other City business units by providing appropriate reliable assets and innovative services that support the continuity and mobility of services. Fleet's customers value safe, transparent, affordable, available and responsive service.

Current state service value

<p>49,682 Work orders completed in 2017</p> <p>5,083 Operator profiles managed by Fleet</p>	<p>6,230 Oil changes completed in 2017</p> <p>36,715,111 Kilometers travelled by vehicles owned and/or managed by Fleet in 2017</p>	<p>2018 Budgeted Gross Operating Expenditures Funding Breakdown (\$ Millions)*</p>  <p>\$2.28 Budget per kilometer travelled for vehicles owned and/or managed by Fleet</p> <p><small>* Gross operating budget and the service cost ratio may include internal recoveries that are also included in other services gross operating budget.</small></p>
<p>Connections to Citizen Priorities</p> 		<p>What the service includes (\$000s)</p> <ul style="list-style-type: none"> Fleet Acquisition and Lifecycle Management \$39,738 Fleet Maintenance and Repairs \$34,549 Manufacturing Services \$6,116 Fleet Safety, Training, Collision, and Compliance \$2,469 Engineering and Design \$748 <p>Key Capital Investments</p> <p>Sustained investment in vehicles and equipment (for growth and replacement), as well as facilities and machinery, is required to support front line services provided to Calgarians.</p>



What we've heard and service outlook

What we heard: Research & Engagement Results

Recent surveys, Fleet customer forums (monthly), and daily interaction by Fleet's Customer Account Coordinators have indicated the characteristics our customers value regarding Fleet. These include: responsiveness, availability, safety, transparency, affordability, timeliness, and communication. Fleet is continuing to improve working relationships with its customers.

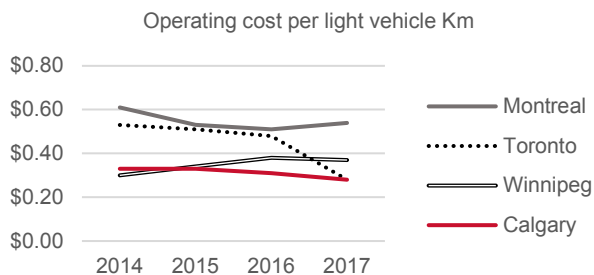
What Council has directed

As an Enabling service, Fleet focuses on how it can support A Well-Run City. Fleet continues to eliminate silos and simplify services for its customers. Fleet is innovating and experimenting to provide better services at a lower cost. In support of A Healthy & Green City, Fleet is reducing carbon emissions and investigating alternative energies for vehicles and equipment. While ensuring that all modes of transportation are safe, Fleet Management also seeks to reduce City Operator collisions, and ensure that vehicles and equipment are replaced in a timely fashion to minimize risks to Calgarians as they move throughout the city.

What are we watching?

Fleet monitors and responds to external trends such as: green technologies and procurement approaches to mitigate climate change, customer requirements, improving existing solutions and creating solutions where existing solutions do not meet operational requirement, increasing use of "Smart" infrastructure and technology, increasing demand for innovative products by all levels of government and agencies, increasing demand for and use of alternative fuel infrastructure and evaluating the timing of autonomous vehicles adoption, and increased governance measures by other levels of government. Key risks include: aging and declining asset condition, lack of consistency following Fleet operator's handbook, non-compliance with constantly evolving federal and provincial regulations and standards, and addressing gaps in data quality and data capture.

Benchmarking



Source: Municipal Benchmark Network Canada

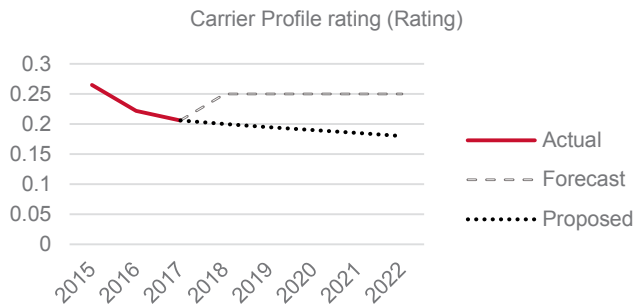
Calgary is below the average cost per light vehicle kilometer. This cost includes maintenance and fuel, which can be impacted by differences in labour cost and fuel cost between cities. Comparisons are impacted by: assortment of class and weight, municipal groups supported, usage data quality, environment, asset age, over/under utilization, door rate, and recovery model (IT/HR/Stores costs captured in maintenance).

What matters to Calgarians

VALUE DIMENSION	DESCRIPTION
Safety	Assets are safe for use for intended purposes and adhere to all legislative requirements. Staff meet all regulatory requirements.
Transparency	Customers have a clear line of sight on the service provided by Fleet.
Affordability	Cost of services are reasonable and can be budgeted for appropriately. Training is provided at a reasonable cost.
Availability	Customers have access to all of the services Fleet provides. Field services are available for work in various locations when required and in case of emergencies. Priority is given to critical fleets to ensure availability requirements.
Responsiveness	Customer needs are dealt with in a timely manner, taking into account type of operation. Unique manufacturing requests and emergencies are accommodated.



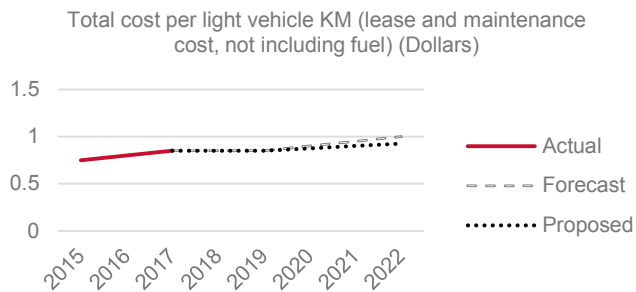
How is the Service performing? Where we are headed and where do we want to go?



Story behind the curve

Carrier profile rating

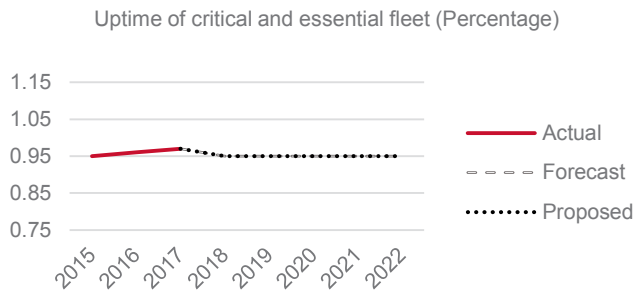
The carrier profile is a government issued risk rating for commercial fleets or carriers of vehicles. A lower carrier profile is a reflection of the work that Fleet and its partners are doing to increase operator safety. An increase in this number would reflect an increase in accidents. The forecast shows that if nothing new is done, the carrier profile may increase over the next budget cycle.



Turn the curve shows the effect of the proposed strategies in addressing and mitigating the anticipated performance decline as a result of the operating budget starting point. Fleet anticipates that focusing on driver behaviour and encouraging customers to follow the Fleet Operator's handbook may result in a decrease in operator accidents.

Total cost per light vehicle km

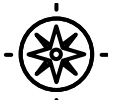
This table measures the ownership cost of units purchased and maintained by Fleet, including lease and maintenance costs (as opposed to MBNCanada, which reports operating costs). Fuel costs are excluded as operators do not always fill up at City pumps. This measure has increased by \$0.05/year, which is partially due to normal inflation of asset purchase costs and labour increases. The remainder of the annual increase is indicative of aging and declining asset condition as a result of customer reluctance to replace assets beyond the end of life cycles. Assets that remain in service beyond their specified life cycle often show increased maintenance costs.



The forecast shows that if nothing new or different is done, the trend will likely continue. Turn the curve demonstrates the effect of proposed strategies in addressing and mitigating possible performance decline expected from the operating budget starting point. Fleet's car share project should result in improved utilization and reduced asset counts, thereby slowing cost increases.

Uptime of critical and essential fleet

Uptime is a key measurement of unit availability. Uptime has improved in the past few years, as a result of continuous improvements such as scheduling and shift planning to respond to customers' operational schedules. Fleet continues to monitor uptime and seek improvements as part of our normal business improvement process.



What do we propose to do?

What we propose to continue doing

STRATEGY
Leverage efficiencies to reduce costs to other services.
Maintain a safe, reliable and cost-effective fleet.
Deliver green driver training to all City operators.

Why?

As an Enabling service, increasing efficiency, availability and reliability, along with other cost saving strategies, aims to reduce the overall fleet costs and improve the consistency of providing City services to Calgarians. An emphasis on driver behaviour training, including green driving strategies, strives to improve road safety for City operators and all roadway users, as well as reduce carbon emissions.

What we propose to do less of

STRATEGY
Fix on Fail as we move to a better preventative maintenance program.
Customization as we move to a more standardized fleet.

Why?

Process improvement opportunities generated by Fleet to support the delivery of services to Calgarians in a more efficient manner. Changes in service levels by other services may impact the demand for Fleet Management.

What we propose to do more of or include as a new offering

STRATEGY
Invest in SMART fleet.
Evaluate green technologies.
Better alignment of vehicle size with application.

Why?

Through a SMART fleet program, Fleet is working to initiate a car-share program, implement green driver program enhancements, and assess mobile fleet solutions. These strategies will be executed using current funding. Efficiencies will be passed on to impacted services. Fleet aims to support the climate resilience strategy by evaluating green technologies, and right-sizing the fleet. Capital funds may be required beyond the One Calgary cycle.



What Operating Budget do we need to achieve these results and strategies?

For Council Approval

SERVICE PERFORMANCE RESULTS FOR 2019-2022	CURRENT	TREND
Carrier profile rating (Rating)	0.25	↓
Total cost per light vehicle KM (lease and maintenance cost, not including fuel) (Dollars)	0.85	↔
Uptime of critical and essential fleet (Percentage)	0.95	↔

Breakdown of net operating budget (\$000s)

	2019	2020	2021	2022
Previous Year's Budget	-	-	-	-
Less Previous Year one Time	-	-	-	-
Base	-	-	-	-
Revenue Changes	(205)	(45)	(46)	(47)
Internal Recovery Changes	2,902	585	452	751
Inflation	516	573	547	559
Operating Impact of Previously Approved Capital	-	-	-	-
Operating Impact of New Capital (Incremental)	-	-	-	-
Efficiencies	(3,213)	(1,113)	(953)	(1,263)
Service Reductions	-	-	-	-
Service Increases	-	-	-	-
One Time	-	-	-	-
Realignments	-	-	-	-
Total	-	-	-	-

Total Operating Budget (\$000s) for Approval

	2018 Budget	2019			2020			2021			2022		
	At Mar 31	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total	Base	One-Time	Total
Expenditure	83,620	94,789	-	94,789	94,249	-	94,249	93,848	-	93,848	93,336	-	93,336
Recoveries	(81,536)	(92,500)	-	(92,500)	(91,915)	-	(91,915)	(91,468)	-	(91,468)	(90,909)	-	(90,909)
Revenue	(2,084)	(2,289)	-	(2,289)	(2,334)	-	(2,334)	(2,380)	-	(2,380)	(2,427)	-	(2,427)
Net	-	-	-	-	-	-	-	-	-	-	-	-	-



Recommended Capital Investment to Support Service Delivery

For Council Approval

Capital Budget for Council Approval

ACTIVITY	DESCRIPTION	2019 REQUEST (\$000s)	2020 REQUEST (\$000s)	2021 REQUEST (\$000s)	2022 REQUEST (\$000s)	2023+ REQUEST (\$000s)	Total REQUEST (\$000s)
Annual Investment Program(s)		46,700	33,800	37,600	38,000	-	156,100
414450	Replacements	46,700	33,800	37,600	38,000	-	156,100
Project(s)		-	-	-	-	-	-
Program(s)		1,700	700	700	700	-	3,800
414350	Growth	1,700	700	700	700	-	3,800
Sub-Total (New Budget Requests)		48,400	34,500	38,300	38,700	-	159,900
Previously Approved Budget Remaining		49,146	37,473	2,249	-	-	88,868
Total Capital Investment		97,546	71,973	40,549	38,700	-	248,768

Explanation of Capital Budget Requests

Annual Investment Program(s)

Activity 414450: Replacements

New Budget Request of \$156,100 thousand for acquisition of vehicles and equipment to replace end of life assets in support of City operations.
 Funding from Self-supported Debt
 Operating Impact of Capital: None

Program(s)

Activity 414350: Growth

New Budget Request of \$3,800 thousand for acquisition of new vehicles and equipment in support of City operations
 Funding from Self-supported Debt
 Operating Impact of Capital: None