

Branch — Fleet Services

Introduction

The City of Edmonton's Fleet Services is one of the largest integrated municipal fleet operations in Canada. Fleet Services ensures that over 4,700 City vehicles, transit buses and essential City operations equipment are well maintained, safe, and reliable for use on a daily basis. Managing a fleet and associated infrastructure that is valued at over \$600 million, Fleet Services is the City's experts in vehicle and equipment procurement, maintenance, fleet engineering, fabrication services, fuel management and fleet safety. Fleet Services also serves two external clients, EPCOR and Alberta Health Services, in the maintenance and management of their fleets.

Recognized by industry peers for Outstanding Achievement in Public Service Fleet Management and Excellence in Public Fleet Safety – Fleet Services' staff are knowledgeable, proficient and proud of the work they do. They continue to develop innovative solutions, providing complex mechanical, fabrication and engineering services for the City and external clients. In 2013, the City of Edmonton was recognized with a ranking of the top 20 of North America's 100 Best Fleets.

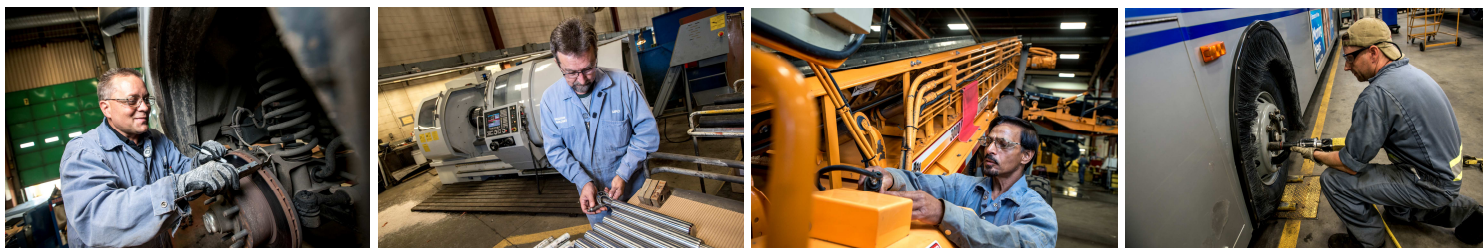
In 2014, Fleet Services has a budget increase of 3.9%. This increase includes planned escalation in the capital Mid-Life Refurbishment Strategy and increases in fuel and maintenance due to growth and inflationary cost impacts.

The work of the Branch is delivered by three programs:

Municipal Fleet Maintenance is responsible for the preventative maintenance, repairs, custom fabrication and seasonal maintenance on all City vehicles and equipment in facilities across the City. Municipal Fleet Operations is also responsible for fleet management of two external clients, EPCOR and Alberta Health Services. Municipal Fleet Maintenance services a complex and wide variety of vehicles and equipment including fire apparatus, police vehicles, waste trucks, snow plows, lawn mowers, paving machines, ice resurfacing machines, light duty trucks, DATS buses and sewer service trucks. Municipal Fleet Maintenance is also responsible for the custom fabrication of equipment such as sanders and dump trucks, as well as various City projects including the Churchill Square Christmas tree holder, fencing at municipal cemeteries and custom safety gates.

Transit Fleet Maintenance is responsible for preventative maintenance, repairs and daily cleaning of City of Edmonton buses. Transit Fleet Maintenance ensures that every day, the bus fleet is safe, reliable and clean for citizens on their daily commute and transportation needs. Transit Fleet Maintenance also completes the Mid-life Refurbishment Strategy which extends the lifecycle of a bus from 12 years to 20 years by replacing the engine and updating the interior and exterior of buses. This program ensures that buses have the lowest cost of ownership over their lifetime and increases service reliability. Transit Fleet Maintenance continually looks for new technology and efficiencies and has partnered with Edmonton Transit in the pilot of Compressed Natural Gas powered buses.

Fleet Operations is responsible for ensuring the City's fleet and equipment needs are addressed through capital planning, engineering, procurement, client and vendor relationships, training, fuel management and project and process performance. Working with City departments and branches to meet their service needs, Fleet Operations increases efficiencies by incorporating technology and processes that enhance operations, creates long-term plans for future growth, builds upon client relationships and provides performance and budget monitoring. Fleet Operations is also responsible for the City's Fleet Safety section which manages the training and certification of all city drivers, investigates accidents with City vehicles and makes recommendations to enhance fleet safety. Fleet Operations continues work to mitigate increased fuel costs through Fuel Sense training and is developing guidelines for idling and warming up of vehicles as well as testing technology that will automatically limit idle time.



Branch — Fleet Services

Approved 2014 Budget – Branch Summary

(\$000)

| | 2012 Actual | 2013 Budget | 2014 Budget | \$ Change '13-'14 | % Change '13-'14 |
|--|-----------------|----------------|----------------|-------------------------|------------------------|
| Revenue & Transfers | | | | | |
| External Maintenance Revenue | \$ 8,069 | \$ 8,983 | \$ 7,878 | \$ (1,105) | (12.3) |
| External Fuel Revenue | 2,638 | 2,674 | 2,827 | 153 | 5.7 |
| Intra-municipal Maintenance Recoveries | 128,773 | 135,450 | 142,400 | 6,950 | 5.1 |
| Intra-municipal Fuel Recoveries | 37,354 | 38,892 | 40,102 | 1,209 | 3.1 |
| Total Revenue & Transfers | <u>176,834</u> | <u>185,999</u> | <u>193,206</u> | <u>7,207</u> | <u>3.9</u> |
| Expenditure & Transfers | | | | | |
| Personnel | 63,693 | 67,798 | 68,604 | 806 | 1.2 |
| Materials, Goods & Supplies | 33,678 | 32,041 | 35,201 | 3,160 | 9.9 |
| External Services | 6,563 | 6,947 | 7,605 | 658 | 9.5 |
| Fuel | 38,358 | 40,546 | 41,847 | 1,301 | 3.2 |
| Intra-municipal Services | 9,352 | 9,090 | 9,368 | 278 | 3.1 |
| Utilities & Other Charges | 24,288 | 28,201 | 25,959 | (2,242) | (8.0) |
| Transfer to Reserves | 1,804 | 1,376 | 4,622 | 3,246 | 235.9 |
| Total Expenditure & Transfers | <u>177,736</u> | <u>185,999</u> | <u>193,206</u> | <u>7,207</u> | <u>3.9</u> |
| Net Income / (Loss) | \$ (902) | \$ - | \$ - | \$ - | - |
| Full-time Equivalents | 723.0 | 732.0 | 736.0 | 4.0 | |

Fleet Services - Breakdown of Expenditure Budget by Service

(\$000)

| Service | 2013 Budget | 2014 Budget | \$ Change '13-'14 | % Change '13-'14 |
|---|----------------|----------------|-------------------------|------------------------|
| Fuel | 41,565 | 42,928 | 1,363 | 3.3 |
| Maintenance | 108,174 | 111,507 | 3,333 | 3.1 |
| Reserve Contribution | 22,699 | 22,742 | 43 | 0.2 |
| Charges to Capital Budget | 13,561 | 16,029 | 2,468 | 18.2 |
| Total Expenditures & Transfers | <u>185,999</u> | <u>193,206</u> | <u>7,207</u> | <u>3.9</u> |

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Budget Changes for 2014 (\$000)

Revenue & Transfers - Changes

External Maintenance Revenue (\$1,105)

Due to fleet renewal and downsizing, demand for maintenance services from EPCOR and Alberta Health Services have decreased resulting in a \$1,105 revenue reduction.

External Fuel Revenue \$153

\$153 relates to an increase in fuel prices and projected volumes used by EPCOR. All fuel recoveries are fully offset in fuel expenditures.

Intra-municipal Maintenance Recoveries \$6,950

\$4,397 of the recovery increase is directly related to Transit bus parts escalation and additional refurbishments planned in 2014. \$2,182 of this is funded by Bus Mid-Life Refurbishment Strategy, capital project 09-66-1281. The remainder is due to inflationary increases.

Intra-municipal Fuel Recoveries \$1,209

Reflects both increased client fuel demand of \$246 and increased fuel prices of \$963.

Expenditures & Transfers - Changes

Personnel \$806

Movement toward job rate and changes in benefits for a total of \$806, of that an increase of \$340 is related to additional personnel for the Bus Mid-Life Refurbishment Strategy.

Materials, Goods & Supplies \$3,160

Increased parts costs of \$3,194 is due to parts escalation and additional mid-life refurbishments. There is an offsetting savings of \$344 related to bus fleet efficiencies. The remainder is due to municipal fleet growth and inflation.

External Services \$658

An increase of \$870 is related to additional mid-life refurbishments. There is an offsetting decrease of \$293 related to in-house resourcing instead of third party contractors. The remainder is due to municipal fleet growth and inflation.

Fuel \$1,301

Reflects both increased client fuel demand of \$1008 and increased fuel prices of \$293.

Intra-municipal Services \$278

The increase reflects additional internal services allocations.

Utilities & Other Charges (\$2,242)

The decrease is primarily due to the amortization of the municipal fleet being \$2,731 less for 2014. This decrease is fully offset by a transfer to the City Fleet Replacement Fund.

Transfer to Reserves \$3,246

This increase is to ensure that there is adequate funding in place for future replacement of the municipal fleet. It represents requirements in excess of amortization, which is not sufficient to fund replacement of the current fleet.

Full-time Equivalents - Changes

The Bus Mid-Life Refurbishment Strategy has approved funding within the approved 2012-2014 capital plan and requires operational budget approval for 4 FTEs.

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Approved 2014 Budget – Program Summary (\$000)

Program Name - Fleet Operations

Link to 10-Year Strategic Goals



Results to be Achieved

Fleet Operations is responsible for ensuring the City's fleet and equipment needs are addressed through capital planning, engineering, procurement, client and vendor relationships, training, fuel management and project and process performance. Fleet Operations is also responsible for Fleet Safety and certification of all City drivers.

Cost Drivers

Increase in fuel prices, kilometres travelled and vendor contracts.
Change in technology and legislative requirements.
Increased client operations and service levels.

Service Standards

Fleet Operations works to achieve service standards defined in client Service Level Agreements and contracts, develop and ensure systems/processes are constantly improved, establish and monitor preventative maintenance plans, inspect components, investigate in-service failures, mitigate risks, maintain facilities, provide training, manage Fleet Safety and ensure the City adheres to all government regulations regarding fleet vehicles and equipment, fuel dispensing sites and maintenance facilities.

Resources

(\$000)

| | 2012 Actual | 2012 Budget | 2013 Budget | 2014 Budget |
|-------------------------------------|----------------|----------------|----------------|----------------|
| Revenue & Transfers | \$ 176,835 | \$ 177,513 | \$ 185,999 | \$ 193,206 |
| Expenditure & Transfers | 82,053 | 83,933 | 86,355 | 89,193 |
| Net Income (Loss) | \$ 94,782 | \$ 93,580 | \$ 99,644 | \$ 104,013 |
| Management | | 3.0 | 2.0 | 2.0 |
| Professional/Technical/Union Exempt | | 22.0 | 26.0 | 26.0 |
| Union | | 84.0 | 85.0 | 85.0 |
| Temporary | | - | - | - |
| Full - Time Equivalents | | 109.0 | 113.0 | 113.0 |

2013 Services

Managed the procurement of over 390 replacement and growth fleet units.
Recovered warrantable costs of up to \$1.1M internally and externally by year end.
Standardized fleet replacement and procurement procedures, implemented improved tool management.
Upgraded the fleet information system resulting in improved alignment of business processes.
Provided lifecycle analysis to ensure vehicles are utilized and replaced at optimal times.
Delivered over 1,900 personnel days of training to fleet staff.
Reduced collisions by 10% by implementing proactive strategies in collision management.
Hosted a National Fleet Maintenance Forum to collaborate with Fleet professionals.

Changes in Services for 2014

Develop guidelines and test technology to reduce fuel consumption and limit idle time.
Enhance vendor contracts to increase service levels to meet client needs.
Improve billing and reporting services to address client needs for planning and resourcing.
Continue to work on fleet engineered analysis, investigations and studies to increase planned work.
Long-term planning for fleet operations based on fuel site repairs, capital growth and service demands.

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Approved 2014 Budget – Program Summary (\$000)

Program Name - Municipal Fleet Maintenance

Link to 10-Year Strategic Goals



Results to be Achieved

Municipal Fleet Maintenance is responsible for the preventative maintenance, repairs, custom fabrication and seasonal maintenance on all City vehicles and equipment in facilities across the City. Municipal Fleet Maintenance is also responsible for the maintenance, inspections and repairs for two external clients, EPCOR and Alberta Health Services.

Cost Drivers

Increase in fuel prices, cost of parts and materials as well as increased use of vehicles and equipment.
Competitive labour market.
Change in client operations and service levels as well as the size and complexity of the fleet.

Service Standards

Vehicles and equipment are maintained in compliance with legislated safety programs, the manufacturer's warranty and maintenance recommendations. Maintenance programs are supplemented with historical repair records to build preventative maintenance packages for each unit. The program provides a full range of fleet services that include road and emergency services, preventative maintenance, fabrication technologies and accident repairs.

| Resources (\$000) | 2012 Actual | 2012 Budget | 2013 Budget | 2014 Budget |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue & Transfers | \$ - | \$ - | \$ - | \$ - |
| Expenditure & Transfers | 43,977 | 42,233 | 46,389 | 47,313 |
| Net Income (Loss) | <u>\$ (43,977)</u> | <u>\$ (42,233)</u> | <u>\$ (46,389)</u> | <u>\$ (47,313)</u> |
| Management | | 1.0 | 1.0 | 1.0 |
| Professional/Technical/Union Exempt | | 10.0 | 10.0 | 10.0 |
| Union | | 221.0 | 224.0 | 224.0 |
| Temporary | | 6.0 | 6.0 | 6.0 |
| Full - Time Equivalents | | <u>238.0</u> | <u>241.0</u> | <u>241.0</u> |

2013 Services

Maintained and serviced a complex fleet with over 105 different vehicle and equipment types.
Completed seasonal maintenance on equipment including sanders, mowers and sidewalk plows.
Partnered with Edmonton Waste Management to remediate the fuel site at the EWMC.
Worked with IT to create the Workspace Edmonton mobile learning centre from a former DATS bus.
Ensured 90% fleet availability (YTD), exceeding the 85% target.
Supported Calgary Flood Operations with 3 Fleet Services technicians and 2 service trucks.
Continued work to reduce equipment downtime through production line management.
Managed contracts for maintenance with two external clients, EPCOR and AHS.

Changes in Services for 2014

Continue to minimize workforce fluctuations with the Apprenticeship Program.
Implement the tire service agreement to improve tire services for the City and external client vehicles.
Continue to implement efficiencies in facilities to reduce vehicle downtime.
Meet demand growth through increased efficiencies and overtime management.
Forecast and develop long-term shop and facility capabilities based on projected client needs.

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Approved 2014 Budget – Program Summary (\$000)

Program Name - Transit Fleet Maintenance

[Link to 10-Year Strategic Goals](#)



Results to be Achieved

Transit Fleet Maintenance is responsible for preventative maintenance, repairs, fueling and daily cleaning of all City of Edmonton buses. Every day, Transit Fleet Maintenance ensures that the bus fleet is safe, reliable and clean for citizens on their daily commute and transportation needs.

Cost Drivers

Increase in fuel prices, parts and material costs, service level growth and fleet usage.
Competitive labour market.
Change in technology and parts complexity.

Service Standards

Buses are maintained in compliance with legislated safety programs, manufacturer's warranty and scheduled maintenance recommendations. Maintenance programs are supplemented with historical repair records to build preventative maintenance packages for each unit. Provides a full range of services that include road and emergency services at an average response time of 30 minutes, body work, repairs, cleaning, fueling and servicing as well as the Bus Mid-Life Refurbishment Strategy.

Resources

(\$000)

| | 2012 Actual | 2012 Budget | 2013 Budget | 2014 Budget |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue & Transfers | \$ - | \$ - | \$ - | \$ - |
| Expenditure & Transfers | 51,707 | 51,311 | 53,255 | 56,700 |
| Net Income (Loss) | <u>\$ (51,707)</u> | <u>\$ (51,311)</u> | <u>\$ (53,255)</u> | <u>\$ (56,700)</u> |
| Management | | 1.0 | 1.0 | 1.0 |
| Professional/Technical/Union Exempt | | 9.0 | 9.0 | 9.0 |
| Union | | 360.0 | 362.0 | 366.0 |
| Temporary | | 6.0 | 6.0 | 6.0 |
| Full - Time Equivalents | | <u>376.0</u> | <u>378.0</u> | <u>382.0</u> |

2013 Services

Refurbished 47 buses, up from 38 buses in 2012 through the Mid-Life Refurbishment Strategy.
Successfully piloted two Compressed Natural Gas buses for use and performance with ETS .
Supported Edmonton Transit's Smart Bus program to enhance use of new technology on 20 buses.
Piloted a remote tire air pressure and heat monitoring system for improved safety and maintenance.
Reduced overtime by 17% in 2013, down 2,424 hours from 2012.
Worked with Human Resources to fill positions in a timely manner.
Supported Calgary Flood Operations with equipment and vehicle preparation.
Met fleet availability targets and managed the increased demand due to fleet usage.

Changes in Services for 2014

Increase and support the use of Smart Bus technology in the bus fleet.
Support activities related to Edmonton Transit System's Transit Review findings.
Continue the bus Mid-Life Refurbishment Strategy to extend bus useful life by 8 - 10 years.
Meet demand growth through increased efficiencies and overtime management.
Develop a long-term facility and capacity management plan for a 10 – 20 year outlook.

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Transit Maintenance ETS Bus Mid-Life Refurbishments

FUNDED

Results to be Achieved

This package works to support The Way Ahead, The Way We Move and Edmonton Transit System's Strategic goal of Shifting Edmonton's Transportation Mode. The Bus Mid-life Refurbishment Strategy will allow Fleet Services to:

- Extend the design life of 40 FT and 60 FT buses from 12 years to 20 years,
- Reduce fuel consumption and emission releases of buses with replacement engines,
- Optimize the capital investment by ensuring buses have the lowest cost of ownership over their lifetime and
- Meet the growing needs of Edmonton Transit and citizens for transit operations.

Description

The Bus Mid-Life Refurbishment Strategy is funded through capital project 09-66-1281, which is scheduled to escalate by \$2.182M in 2014 to accommodate the additional buses requiring a midlife refurbishment. In order to meet this operational requirement, Transit Fleet Maintenance is proposing to hire additional mechanics with the remainder of the work to be completed through our existing external vendors. This package includes:

- 1) Heavy Duty Mechanics - 4 full-time permanent FTEs (\$418K)
- 2) Vendor budget increase - additional vendor requirements (\$1,134K)
- 3) Parts - additional part requirements for the additional buses in 2014 (\$630K)

This refurbishment strategy has approved funding within the approved 2012-2014 capital plan and requires operational budget approval for new FTEs and operational expenditures which are offset by the capital budget.

Background

Edmonton Transit has seen an increase of over 30% in ridership over the last 5 years. In 2013, Edmonton Transit added 5,075 hours of service along with a pilot route to Edmonton International Airport. Fleet Services has previously met the increased demand using existing resources while maintenance costs have remained at an average of 18% of the total Transit Operations costs each year. In 2013, a review of work processes and FTE requirements was completed. It was identified that in order to meet the increased demand for the Bus Midlife Refurbishment Strategy, that an additional four (4) Heavy-Duty Mechanics are required.

Options

Fleet Services has reviewed the options of leveraging both internal and external resources to ensure the most effective and efficient use of resources for this strategy. Funding the Bus Midlife Refurbishment Strategy with internal resources is the most cost effective and time efficient process to ensure buses are available and meet Edmonton Transit's fleet availability needs. The Bus Midlife Refurbishment Strategy results in an average net capital re-investment cost of \$180K per bus over its lifetime.

Implications of Not Funding

Implications of not funding include extending buses beyond their planned midlife refurbishment cycle and will result in the decreased service reliability with older buses, increased maintenance costs, more frequent on-road breakdowns and reduced customer confidence in the Edmonton Transit System.

| incremental (\$000) | 2014 | | | | 2015 | | | | 2016 | | | |
|------------------------|-----------------|--------------|----------|------------|-----------------|--------------|----------|----------|----------------|-------------|----------|----------|
| | Exp | Rev | Net | FTEs | Exp | Rev | Net | FTEs | Exp | Rev | Net | FTEs |
| New Budget | \$ 2,182 | 2,182 | - | 4.0 | \$ 1,535 | 1,535 | - | - | \$ (47) | (47) | - | - |
| Annualization | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | \$ 2,182 | 2,182 | - | 4.0 | \$ 1,535 | 1,535 | - | - | \$ (47) | (47) | - | - |