



## City Budget 2012

## Fleet Services Capital Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Capital Budget funds major infrastructure.

# 2012–2021 Capital Program

## 2012 CAPITAL BUDGET ANALYST BRIEFING NOTES BUDGET COMMITTEE NOVEMBER 28, 2011

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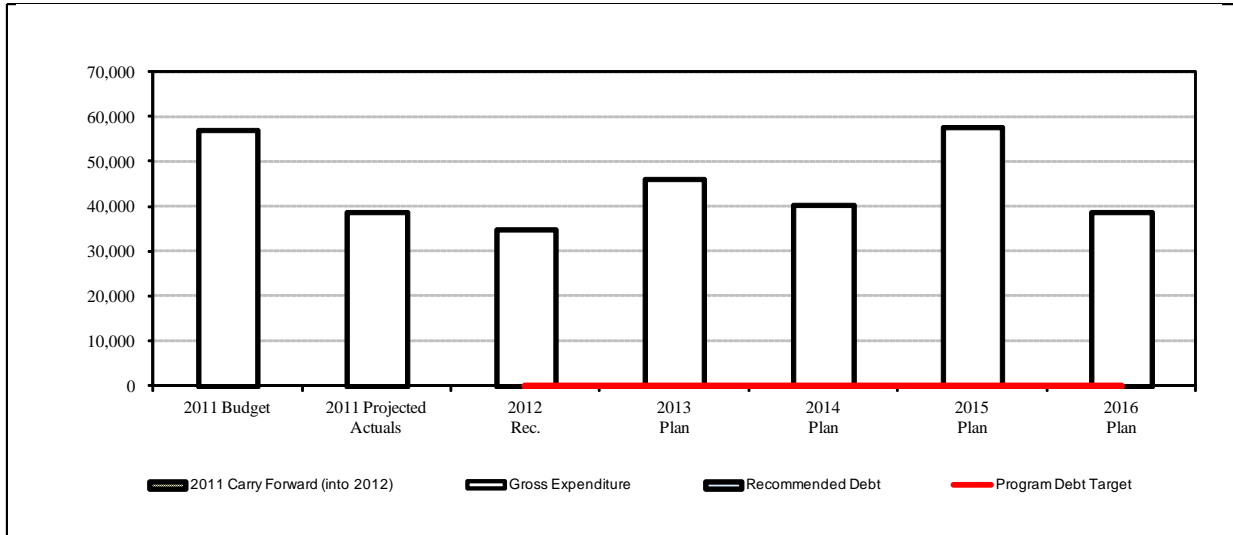
## PART I: RECOMMENDATIONS

The City Manager and Chief Financial Officer recommend that:

1. Council approve the 2012 Recommended Capital Budget for Fleet Services with a total project cost of \$22.482 million, and 2012 cash flow of \$34.965 million and future year commitments of \$9.979 million comprised of the following:
  - a) New Cash Flow Funding for:
    - i) 22 new and change-in-scope sub-projects with a 2012 total project cost of \$22.482 million that requires cash flow of \$12.503 million in 2012 and a future year commitment of \$9.979 million in 2013;
    - ii) 6 previously approved sub-projects with a 2012 cash flow of \$19.332 million; and
    - iii) 34 sub-projects from previously approved projects with carry forward funding from 2010 and prior years requiring 2012 cash flow of \$3.130 million that requires Council to reaffirm its commitment;
2. Council approve the 2013–2021 Recommended Capital Plan for Fleet Services totaling \$397.651 million in project estimates, comprised of \$46.102 million in 2013; \$40.234 million in 2014; \$57.829 million in 2015; \$38.644 million in 2016; \$49.503 million in 2017; \$44.119 million in 2018; \$40.417 million in 2019; \$39.143 million in 2020; and, \$41.660 million in 2021, and;
3. The 2012 Recommended Capital Budget for Feet Services be adjusted to agree with Programs' 2012 budgeted contributions to the Vehicles Reserves to reflect any changes to the recommended contributions that may occur during the 2012 Operating Budget review, and the funding availability of the Programs' vehicle reserve account.

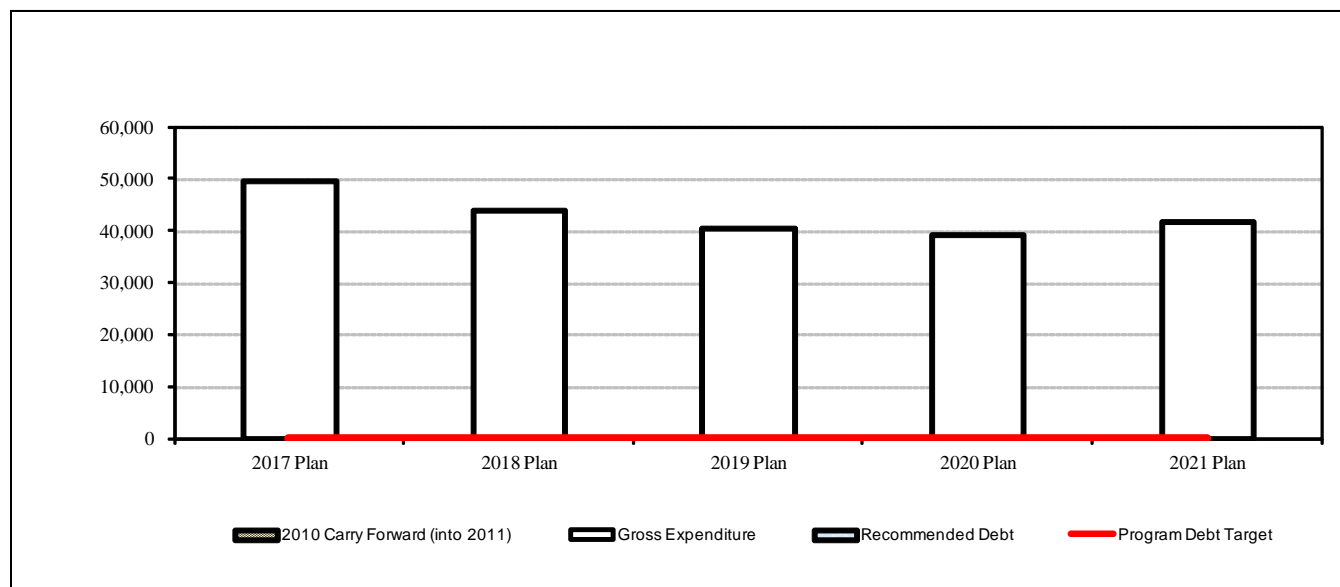
# PART II: 2012 – 2021 CAPITAL PROGRAM

## 10-Year Capital Plan 2012 Recommended Budget, 2013–2016 Recommended Plan (In \$000s)



		2012 Rec. Budget and 2013-2016 Plan								
		2011		2012	2013	2014	2015	2016	2012-2016	5-Year Total
		Budget	Projected Actual							
<b>Gross Expenditures:</b>										
	2011 Capital Budget & Approved FY Commitments	57,066	38,894	19,332					19,332	9%
	Recommended Changes to Approved FY Commitments								0	0%
	2012 New/Change in Scope and Future Year Commitments			12,503	9,979	40,234	57,829	38,644	172,482	10%
	2013 - 2016 Capital Plan Estimates				36,123				172,830	79%
	1-Year Carry Forward to 2012									
	2-Year Carry Forward for Reapproval			3,130					3,130	1%
<b>Total Gross Annual Expenditures &amp; Plan</b>		<b>57,066</b>	<b>38,894</b>	<b>34,965</b>	<b>46,102</b>	<b>40,234</b>	<b>57,829</b>	<b>38,644</b>	<b>217,774</b>	<b>100%</b>
<b>Program Debt Target</b>				NA	NA	NA	NA	NA	NA	
<b>Financing:</b>										
<b>Recommended Debt</b>										
	Reserves/Reserve Funds	57,066	38,894	34,965	46,102	40,234	57,829	38,644	217,774	100%
	Development Charges									
	ISF									
	Provincial/Federal									
	Other Revenue									
<b>Total Financing</b>		<b>57,066</b>	<b>38,894</b>	<b>34,965</b>	<b>46,102</b>	<b>40,234</b>	<b>57,829</b>	<b>38,644</b>	<b>217,774</b>	<b>100%</b>
<b>By Project Category:</b>										
	Health & Safety									
	Legislated	571		604	650	500	500	500	2,754	1%
	SOGR	54,213		32,512	43,302	37,284	55,229	35,994	204,321	94%
	Service Improvement	2,283		1,849	2,150	2,450	2,100	2,150	10,699	5%
	Growth Related									
<b>Total By Project Category</b>		<b>57,066</b>		<b>34,965</b>	<b>46,102</b>	<b>40,234</b>	<b>57,829</b>	<b>38,644</b>	<b>217,774</b>	<b>100%</b>
Asset Value - end of each year (\$)		313,882		314,748	314,748	314,748	314,748	314,748		
Yearly SOGR Backlog Estimate (not addressed by current plan)										
Accumulated Backlog Estimate (end of year)		17,167		15,167	13,167	11,167	9,167	7,167		
Backlog: Percentage of Asset Value (%)		5.5%		4.8%	4.2%	3.5%	2.9%	2.3%		
Debt Service Costs										
Operating Impact on Program Costs										
New Positions										

### 10-Year Capital Plan 2017–2021 Recommended Plan (In \$000s)



	2017 - 2021 Capital Plan						10-Year Total Percent
	2017	2018	2019	2020	2021	2012-2021	
<b>Gross Expenditures:</b>							
2011 Capital Budget & Approved FY Commitments						19,332	5%
Recommended Changes to Approved FY Commitments						0	0%
2012 New/Change in Scope and Future Year Commitments						22,482	5%
2017 - 2021 Capital Plan Estimates	49,503	44,119	40,417	39,143	41,660	387,672	90%
<b>Total Gross Annual Expenditures &amp; Plan</b>	<b>49,503</b>	<b>44,119</b>	<b>40,417</b>	<b>39,143</b>	<b>41,660</b>	<b>429,486</b>	<b>100%</b>
<b>Program Debt Target</b>							
<b>Financing:</b>							
<b>Recommended Debt</b>						0	0%
Reserves/Reserve Funds	49,503	44,119	40,417	39,143	41,660	432,616	100%
Development Charges						0	0%
ISF						0	0%
Provincial/Federal						0	0%
Other Revenue						0	0%
<b>Total Financing</b>	<b>49,503</b>	<b>44,119</b>	<b>40,417</b>	<b>39,143</b>	<b>41,660</b>	<b>432,616</b>	<b>100%</b>
<b>By Project Category:</b>							
Health & Safety						0	0%
Legislated	500	500	500	500	500	5,254	1%
SOGR	46,803	40,794	37,617	36,293	38,760	404,588	94%
Service Improvement	2,200	2,825	2,300	2,350	2,400	22,774	5%
Growth Related						0	0%
<b>Total By Project Category</b>	<b>49,503</b>	<b>44,119</b>	<b>40,417</b>	<b>39,143</b>	<b>41,660</b>	<b>432,616</b>	<b>100%</b>
Asset Value - end of each year (\$)	314,748	<b>314,748</b>	<b>314,748</b>	<b>314,748</b>	<b>314,748</b>	<b>314,748</b>	
Yearly SOGR Backlog Estimate (not addressed by current plan)							
Accumulated Backlog Estimate (end of year)	7,167	5,167	3,167	1,167			
Backlog: Percentage of Asset Value (%)	2.3%	1.6%	1.0%	0.4%	0.0%	0.0%	
Debt Service Costs							
Operating Impact on Program Costs							
New Positions							

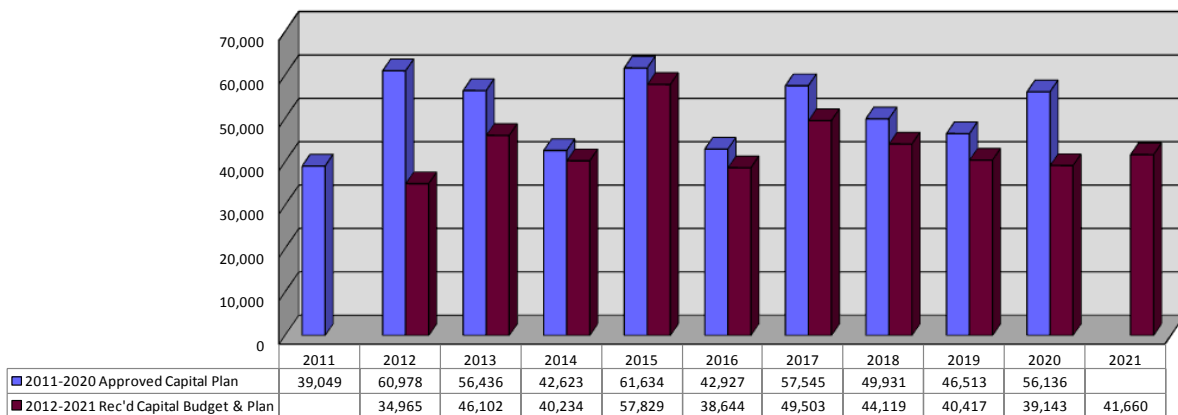
## 10–Year Capital Plan Overview

- Fleet Services' 10–Year Recommended Capital Plan provides funding for the replacement of vehicles and equipment utilized by City Programs, and Agencies, excluding the Toronto Police and TTC. While Fire Services and EMS needs are included in this Capital Plan, these Programs manage their own fleet replacements.
- Fleet Services:
  - Manages a City fleet of over 4,000 units.
  - Processes an average of 31,500 repair orders annually.
  - Oversees 57 City–owned fuel sites, of which 21 are managed by Fleet Services, and 36 by Client Divisions.
  - Manages and monitors 10,000 driver permits annually.
  - Conducts an average of 220 vehicle spot checks annually.
- The 10–Year Recommended Capital Plan totals \$432.616 million, of which \$217.774 million is planned for the first 5 years, with the final 5 years requiring funding of \$214.842 million.
- The 10–Year Recommended Capital Plan is fully funded from the Vehicle and Equipment Replacement Reserves and does not require the City's debt as a funding source. The Vehicle and Equipment Replacement Reserves are financed annually by the Programs' budgeted contributions to their Vehicle and Equipment Replacement Reserves from their Operating Budgets.
- 94% or \$407.538 million of the 10–Year Recommended Capital Plan is allocated to State of Good Repair projects that replace existing vehicles and equipment. 1.0% or \$4.254 million is allocated to Legislated projects for the Green Fleet Plan, and 5.0% or \$20.824 million is allocated to Service Improvement projects such as the Fuel Sites Closures, the Fleet Management System integration with the Fuel Management System, and the Maintenance System Upgrade projects.
- The SOGR backlog which is estimated to be \$17.167 million by December 31, 2011 is targeted to decrease by \$2.000 million each year over the 10–Year Capital Plan.
  - The backlog of \$17.167 million as a percentage of the asset replacement value of \$313.882 million is 5.4%.
- The 10–Year Recommended Capital Plan incorporates corporate capital priority actions such as:

- Continuation of Green Fleet initiatives to lower emissions and save fuel by taking advantage of innovative green technology. In 2012 the plan is to replace 100 vehicles with green vehicles.
  - The Green Fleet Plan requires funding of \$5.254 million over the next 10 years to provide for the incremental costs of replacing existing vehicles and equipment with a greener fleet. New technologies are expected to impact the replacement of vehicles and equipment in the next 10 years.
  - Continued closure of Fuel Sites in accordance with the “Corporate Fuel Sites Review” approved by Council in 2006. The goal is to reduce the number of fuel sites to 25 with a view to maintaining a minimum fuel supply to meet strategic and emergency requirements, reduce infrastructure costs, and minimize potential environmental risks. The goal is to close 2 more fuel sites in 2012, and to upgrade 2 existing sites.
- Fleet Services’ client Divisions may have emerging service priorities, future year service level changes, and constraints on funding availability, which could impact future year capital estimates.

**Key Changes to the 2011–2020 Approved Capital Plan**

**Changes to the 2011–2020 Approved Capital Plan  
(In \$000s)**



The 10–Year Recommended Capital Plan for 2012–2021 totals \$432.616 million, which is \$81.156 million or 15.8% lower than the 2011–2020 10–Year Approved Capital Plan.

The changes to the 10–Year Capital Plan are mainly attributable to:

- A permanent reduction of \$82.830 million in vehicle replacement requirements for Solid Waste Management Services, as a result of the approved outsourcing of

residential curb-side west of Yonge Street to the Etobicoke border, litter vacuuming, and recycling collection.

- The deferral of cash flow from 2012 to 2013 for the replacement of vehicles due to delays in the delivery of vehicles from manufacturers, and pending outcomes from service reviews.

**Summary of Project Changes**  
(In \$000s)

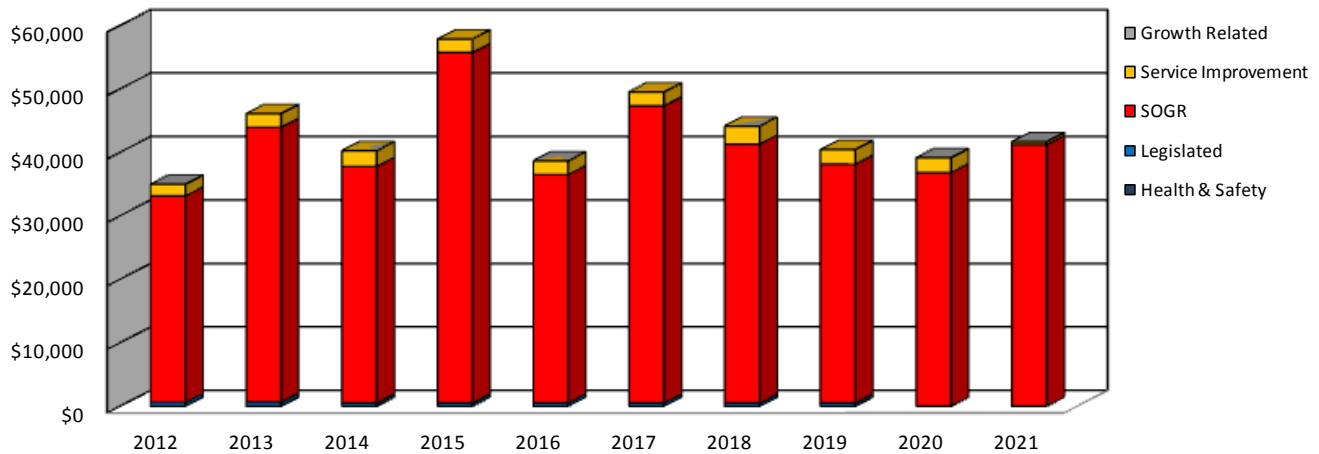
Key Projects	Total Project Cost	2012	2013	2014	2015	2016	2017	2018	2019	2020	2012 - 2020	Revised Total Project Cost
Solid Waste Management	156,443	(16,790)	(18,246)	(2,614)	(3,976)	(4,365)	(8,024)	(5,690)	(5,692)	(17,433)	(82,830)	73,613
Transportation Services	52,594	(3,848)	1,685								(2,163)	50,431
Parks, Forestry & Recreation	69,821	(3,000)	3,000								0	69,821
Fire Services	70,650	(1,487)	2,000								513	71,163
Toronto Water	45,908	(1,287)	2,000								713	46,621
Toronto Zoo	3,150	837									837	3,987
Green Fleet Plan	4,500	104	150								254	4,754
Facilities and Real Estate	4,673	(66)	300		259	121					614	5,287
<b>Total Change</b>	<b>407,739</b>	<b>(25,537)</b>	<b>(9,111)</b>	<b>(2,614)</b>	<b>(3,717)</b>	<b>(4,244)</b>	<b>(8,024)</b>	<b>(5,690)</b>	<b>(5,692)</b>	<b>(17,433)</b>	<b>(82,062)</b>	<b>325,677</b>

- Significant changes are noted above for Solid Waste Management Services as a result of the change in service delivery in District 2. This means that Solid Waste Management will not have to replace their Waste Pick-up Trucks and associated equipment.
- Transportation Services' cash flow funding for their fleet replacement has also been reduced due to their vehicles with minimal usage not having to be replaced.
- Fleet Services is working with the major client divisions to reduce the size of their fleet inventory to ensure that all vehicles on hand are required and fully utilized.



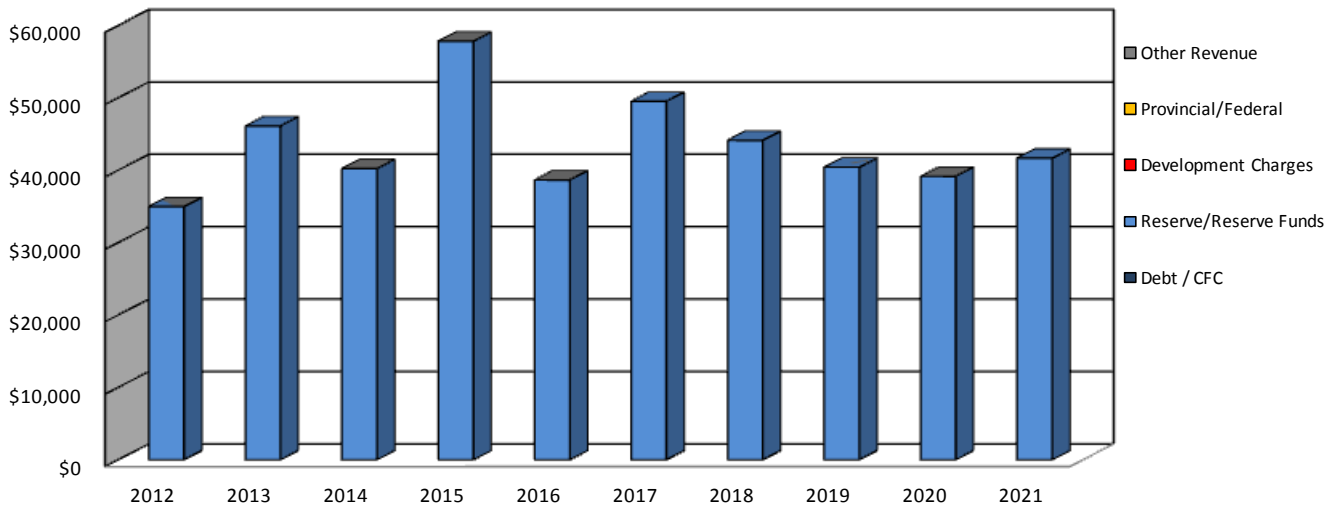
2012 – 2021 Recommended Capital Plan

2012–2021 Capital Plan by Project Category  
(In \$000s)



- The 10–Year Recommended Capital Plan for 2012–2021 totals \$432.616 million. State of Good Repair projects for vehicle replacement total \$404.588 million or 94% of Fleet Services' 2012–2021 Recommended Capital Plan.
- The trend fluctuates because vehicle replacements are determined by life cycle management, and the condition of the vehicles based on an estimated average useful life of 8 years. This is mainly attributed to Solid Waste Management Services, and Toronto Water where there is a large number of vehicles to be replaced in 2015, with \$22.889 million required for Solid Waste Management and \$6.200 million for Toronto Water. There is also an increase in 2017 compared to 2013, again attributed to Solid Waste Management. The other programs are fairly evenly distributed for replacement needs.
- Service Improvement projects include the Fuel Sites Closures, and the Maintenance System upgrade and Fleet Management and Fuel Systems Integration projects which total \$22.774 million or 5% of the capital funding with fairly consistent cash flow requirement over the Plan.
- 1% of funding is allocated to one Legislated (City Policy) project, the Green Fleet Plan which has a consistent cash–flow in each year of \$0.500 million. The Green Fleet Plan is to increase the use of vehicles equipped with hybrid or electric engine to minimize air pollutants.

2012–2021 Capital Plan by Funding Source  
(In \$000s)



- The 2012–2021 Recommended Capital Plan is fully funded from the Vehicles and Equipment Reserves for each Program and Agency (except Toronto Police Service and the TTC).
- An annual contribution from the Operating Budgets of the participating Programs is credited into their respective Reserve account. The amount of the contribution for replacing vehicles acquired in 2005 and prior will match the cost of the replacement, which is referred to as “pay as you go” basis.
- For vehicles acquired in 2006 and beyond, a component of the chargeback rate billed monthly by Fleet Services to the Programs will be used to contribute to the Vehicle and Equipment Replacement Reserves for the replacement of these vehicles. An accounting entry is processed each month to transfer the reserve component to the respective Vehicle and Equipment Replacement Reserves.

## Summary of Major Capital Initiatives

(In \$000s)

	Total Project Cost	2012 Rec. Budget	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2012- 2021 Total
<b>State of Good Repair (incl. H&amp;S , &amp; Leg.)</b>												
Public Health Vehicles Replacement	649	186	26	24	35	48		74	28	148	80	649
Library Vehicles Replacement	3,993	478	272	174	311	271	161	753	242	944	387	3,993
Parks, Forestry & Recreation Vehicles Replacement	71,812	5,907	9,187	6,372	6,564	6,760	6,963	7,172	7,387	7,750	7,750	71,812
Purchasing & Materials Mgmt Vehicles Replacement	482	111	35		182			44		35	75	482
Municipal Licensing & Standards Vehicles Replacement	5,695	798	573	560	330	663	521	537	553	580	580	5,695
Solid Waste Management Vehicles Replacement	78,689	2,786	6,278	6,443	22,889	5,404	9,682	10,286	7,740	2,105	5,076	78,689
Technical Services Vehicles Replacement	3,400	344	309	316	323	331	338	346	353	370	370	3,400
Transportation Services Vehicles Replacement	56,131	3,475	7,338	5,653	5,653	5,653	5,653	5,653	5,653	5,700	5,700	56,131
Emergency Medical Services Vehicles Replacement	42,237	4,705	3,867	3,981	3,958	4,052	4,146	4,240	4,335	4,429	4,524	42,237
Fire Services	70,843	6,216	8,103	6,503	6,803	7,203	7,203	7,203	7,203	7,203	7,203	70,843
Zoo Vehicles Replacement	4,337	1,187	350	350	350	350	350	350	350	350	350	4,337
Exhibition Place	3,744	338	340	351	361	371	383	394	406	400	400	3,744
Insurance Contingency Vehicles Replacement	3,502	352	350	350	350	350	350	350	350	350	350	3,502
Arena Boards Vehicles Replacement	1,175	100	103	106	109	112	116	146	123	130	130	1,175
Replacement of Leased Vehicles	330	330										330
Fleet Services Vehicles Replacement	1,945		145	188	188	236	236	236	236	240	240	1,945
Facilities and Real Estate Vehicles Replacement	5,937	311	952	975	412	644	330	444	594	625	650	5,937
Clerk's Vehicles Replacement	779		55	203	93	24	76	79	82	87	80	779
Toronto Water Services	46,494	4,729	4,804	4,616	6,156	3,217	9,957	2,333	1,682	4,500	4,500	46,494
EDCT Vehicles Replacement	458	28	74		33	98	80		34	36	75	458
Toronto Building Vehicles Replacement	311		35	35		120	41			45	35	311
PPF&A Vehicles Replacement	212	70			32				34	36	40	212
Shelter, Suppor & Housing Admin Vehicles Replacement	338		80				43	80		50	85	338
Revenue Services Vehicles Replacement	974	61		49	97	87	174	74	172	180	80	974
Human Resources Vehicles Replacement	35			35								35
Information & Technology Vehicles Replacement	86		26						60			86
Green Fleet Plan	5,254	604	650	500	500	500	500	500	500	500	500	5,254
<b>Sub-Total</b>	<b>409,842</b>	<b>33,116</b>	<b>43,952</b>	<b>37,784</b>	<b>55,729</b>	<b>36,494</b>	<b>47,303</b>	<b>41,294</b>	<b>38,117</b>	<b>36,793</b>	<b>39,260</b>	<b>409,842</b>
<b>Service Improvements</b>												
Fuel Sites Closures, Upgrades	17,553	1,753	1,600	1,600	1,650	1,700	1,750	1,800	1,850	1,900	1,950	17,553
Maintenance System Upgrade	1,075		100	400				575				1,075
Fleet Management System and Fuel System Integration	4,146	96	450	450	450	450	450	450	450	450	450	4,146
<b>Sub-Total</b>	<b>22,774</b>	<b>1,849</b>	<b>2,150</b>	<b>2,450</b>	<b>2,100</b>	<b>2,150</b>	<b>2,200</b>	<b>2,825</b>	<b>2,300</b>	<b>2,350</b>	<b>2,400</b>	<b>22,774</b>
<b>Total</b>	<b>432,616</b>	<b>34,965</b>	<b>46,102</b>	<b>40,234</b>	<b>57,829</b>	<b>38,644</b>	<b>49,503</b>	<b>44,119</b>	<b>40,417</b>	<b>39,143</b>	<b>41,660</b>	<b>432,616</b>

## Major Capital Initiatives

*State of Good Repair Projects*

- 94% or \$404.588 million of the 10–Year Recommended Capital Plan totaling \$432.616 million is allocated to State of Good Repair projects related to vehicle and equipment replacements for Programs. The 10–Year Recommended Capital Plan provides funding to replace vehicles utilized by various City Programs to deliver their services in accordance with life–cycle management.

*Service Improvement Projects*

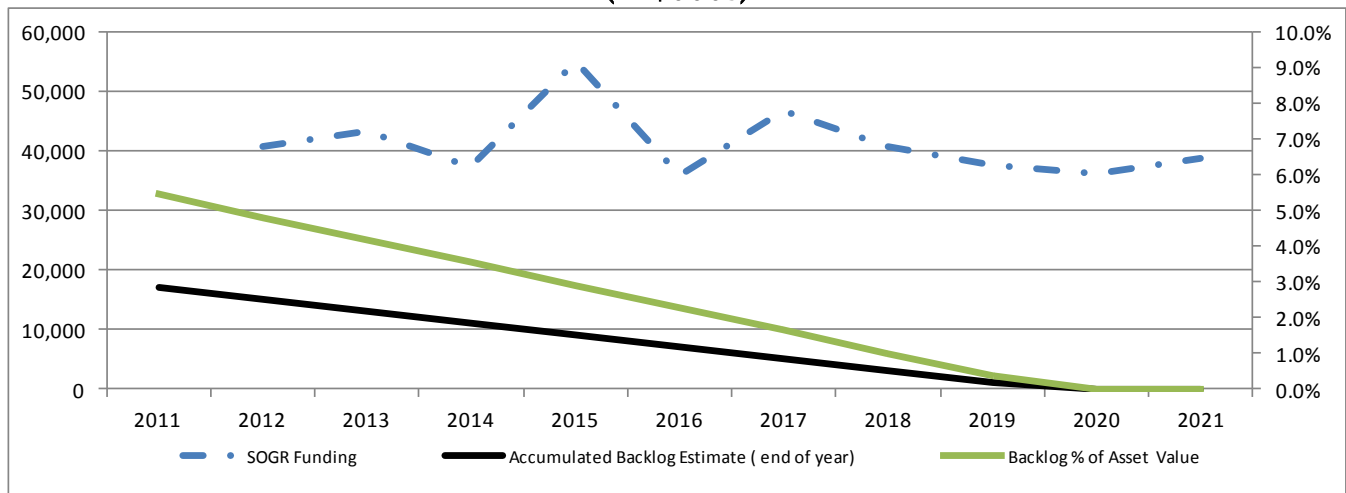
- 5% or \$22.774 million of the 10–Year Recommended Capital Plan totaling \$432.616 million is for Service Improvements projects, which is comprised of the Fuel Sites closure or upgrade project to reduce infrastructure costs and minimize the risk of soil contamination. Also, included are the Fleet Maintenance System upgrade, and the Fleet

Management and Fuel Systems Integration projects to facilitate real time monitoring and data flow for better service delivery.

### State of Good Repair (SOGR) Backlog

- The following table summarizes the SOGR funding provided in the 10-Year Recommended Capital Plan, and the accumulated SOGR backlog estimate from 2012 to 2021.

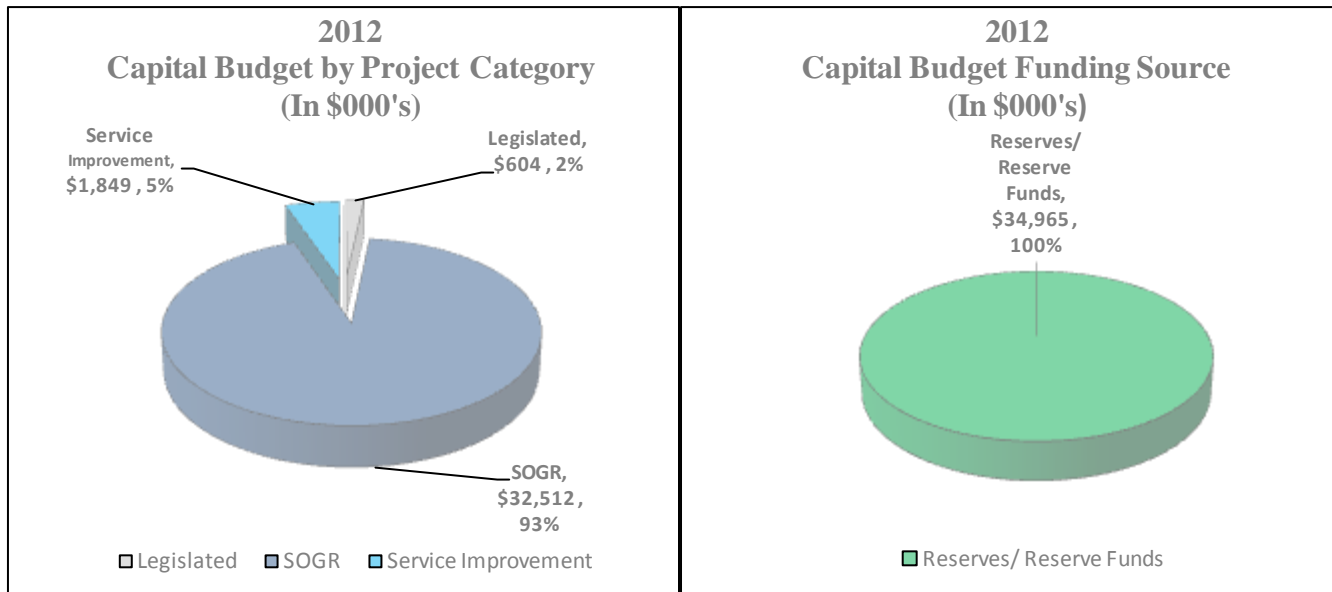
**SOGR Funding & Backlog**  
(In \$000s)



- The SOGR funding fluctuates because vehicle replacements are determined by life cycle management, and the condition of the vehicles based on an estimated average useful life of 8 years
- The SOGR backlog which is estimated to be \$17.167 million by December 31, 2011 is targeted to decrease by \$2.000 million each year over the 10-Year Capital Plan. It is anticipated that vehicle replacement backlog will have been eliminated by 2020.

## PART III – 2012 RECOMMENDED CAPITAL BUDGET

### 2012 Capital Budget by Project Category and Funding Source



- The 2012 Recommended Capital Budget, excluding funding carried forward from 2011 to 2012, requires new 2012 cash flow funding of \$34.965 million:
  - 93% or \$32.512 million is comprised of State of Good Repair projects required for the replacement of vehicles and equipment for Programs.
  - 2.0% or \$0.604 million is allocated to the Green Fleet Plan project, categorized as legislated (City policy).
  - 5.0% or \$1.849 million is allocated to Service Improvement projects such as the Fuel Sites Closures, the Fleet Management System Integration with the Fuel Management System.
- The 2012 Recommended Capital Budget is fully funded from the Vehicles and Equipment Replacement Reserves. The Vehicles and Equipment Reserves are financed by an annual contribution from the Operating Budgets of the participating Programs into their respective Reserve.
- Each Program or Agency's annual contributions to the Vehicle and Equipment Replacement Reserve must ensure the adequacy of the reserve account to fund the replacement of those vehicles in the current year.
- To ensure the adequacy of the Reserves to fund the Programs' fleet replacement, each Program is provided by Fleet Services, a list of proposed vehicle replacements for the

next five year period, based on the age of the vehicle at the start of the budget process.

- The finalized list establishes the funding required for the Program’s vehicle replacement for the fiscal year and estimates over the 10–Year Capital Plan period.
- Each Program is also provided a statement of its reserve account showing the uncommitted funds available for the following fiscal year.
- The Program is able to plan the amount of contribution to its Vehicles and Equipment Reserve account from their Operating Budget.

**2012 Recommended Cash Flow & Future Year Commitments  
(In\$000s)**

	2010 & Prior Year Carry Forward	2012 Previously Approved Cash Flow Commitments	2012 New Cash Flow Rec'd	2012 Total Cash Flow Rec'd	2011 Carry Forwards	Total 2012 Cash Flow (Incl 2010 C/Fwd)	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenditures</b>															
Previously Approved	3,130	19,332		22,462		22,462									
Change in Scope			(8,270)	(8,270)		(8,270)									
New				0		0									
New w/Future Year			20,773	20,773		20,773	9,979								
<b>Total Expenditure</b>	3,130	19,332	12,503	34,965	0	34,965	9,979	0	0	0	0	0	0	0	0
<b>Financing</b>															
Debt				0		0									
Other						0									
Reserves/Res Funds	3,130	19,332	12,503	34,965		34,965	9,979								
Development Charges															
ISF				0		0									
Provincial/Federal				0		0									
<b>Total Financing</b>	3,130	19,332	12,503	34,965	0	34,965	9,979	0	0	0	0	0	0	0	0

\*Please refer to Appendix 4 for detailed project listings

- The 2012 Recommended Capital Budget is \$34.965 million, and includes funding for 2010 and prior years projects with funding carried forward to 2012 of \$3.130 million, new/change-in-scope funding of \$12.503 million, and previously approved cash flow funding for 2012 of \$19.332 million.
- The change in scope project funding reduction of \$(8.270) million reflects the adjustment to the previously approved cash flow commitment for 2012 in Solid Waste Management for the replacement of garbage trucks that are no longer required as a result of District 2 outsourcing.
- Approval of the 2012 Recommended Capital Budget will result in a future year commitment of \$9.979 million in 2013. This is the required cash flow funding for expected vehicle deliveries in 2013.
- The 2012 Recommended Capital Budget is fully funded from the Vehicle and Equipment Reserves.

## 2012 Recommended Capital Project Highlights

## 2012 Recommended Capital Projects

( In \$000s)

Project	Total Project Cost	2012	2013	2014	2015	2016	2012-2016
<b>Continue</b>							
Vehicles & Equip Replacement -Public Health - 2010	38	38					38
Vehicles & Equip Replacement -Library - 2010	18	18					18
Vehicles & Equip Replacement -PF&R - 2011	2,900	2,900					2,900
Vehicles & Equip Replacement -PMMD - 2009	46	46					46
Vehicles & Equip Replacement -MLS - 2009	39	39					39
Vehicles & Equip Replacement -Solid Waste - 2011	1,786	1,786					1,786
Vehicles & Equip Replacement -Tech Services - 2009	41	41					41
Vehicles & Equip Replacement -Transportation - 2011	1,790	1,790					1,790
Vehicles & Equip Replacement -EMS- 2011	719	719					719
Vehicles & Equip Replacement -Fire Services - 2011	2,513	2,513					2,513
Vehicles & Equip Replacement -Toronto Zoo - 2010	837	837					837
Vehicles & Equip Replacement -Exhibition Place - 2010	8	8					8
Vehicles & Equip Replacement -Insurance - 2009	2	2					2
Fuel Sites Closures & Upgrade - 2010	3	3					3
Vehicles & Equip Replacement -Green Fleet - 2010	504	504					504
Vehicles & Equip Replacement -Leased Vehicles - 2010	30	30					30
Vehicles & Equip Replacement -F&RE - 2009	72	72					72
Vehicles & Equip Replacement -Toronto Water - 2010	2,729	2,729					2,729
Fleet Mgmt and Fuel Systems Integration - 2009	96	96					96
Vehicles & Equip Replacement-Revenue Services - 2009	21	21					21
<b>Projects to Continue</b>	<b>14,192</b>	<b>14,192</b>					14,192
<b>Begin</b>							
Vehicles & Equip Replacement -Public Health - 2012	148	148					148
Vehicles & Equip Replacement -Library - 2012	460	460					460
Vehicles & Equip Replacement -PF&R - 2012	3,007	3,007	3,000				6,007
Vehicles & Equip Replacement -PMMD - 2012	65	65					65
Vehicles & Equip Replacement -MLS - 2012	759	759					759
Vehicles & Equip Replacement -Solid Waste - 2012	1,000	1,000	1,844				2,844
Vehicles & Equip Replacement -Tech Services - 2012	303	303					303
Vehicles & Equip Replacement -Transportation - 2012	1,685	1,685	1,685				3,370
Vehicles & Equip Replacement -EMS - 2012	3,986	3,986					3,986
Vehicles & Equip Replacement -Fire Services - 2012	3,703	3,703	2,000				5,703
Vehicles & Equip Replacement-Zoo - 2012	350	350					350
Vehicles & Equip Replacement-Exhibition Place - 2012	330	330					330
Vehicles & Equip Replacement -Insurance - 2012	350	350					350
Vehicles & Equip Replacement -Fuel Site Closures, Upgrades	1,750	1,750					1,750
Vehicles & Equip Replacement -Arena Boards - 2012	100	100					100
Vehicles & Equip Replacement -Green Fleet - 2012	100	100	150				250
Vehicles & Equip Replacement -Leased Vehicles - 2012	300	300					300
Vehicles & Equip Replacement -F&RE - 2012	239	239	300				539
Vehicles & Equip Replacement -Toronto Water - 2012	2,000	2,000	1,000				3,000
Vehicles & Equip Replacement-EDCT - 2012	28	28					28
Vehicles & Equip Replacement -PPFA - 2012	70	70					70
Vehicles & Equip Replacement-Revenue Services - 2012	40	40					40
<b>Projects to Begin</b>	<b>20,773</b>	<b>20,773</b>	<b>9,979</b>				30,752



The 2012 Recommended Capital Budget provides funding of \$34.965 million to:

- Continue:
  - To replace 113 vehicles and equipment for previously approved, and committed sub-projects that remain to be completed with funding totaling \$13.592 million.
  - To continue implementing the Green Fleet Plan to increase the number of vehicles equipped with green technology with previously approved funding totaling \$0.504 million.
  - To continue the integration of the Fleet Management System and the Fuel Management System with previously approved funding totaling \$0.096 million.
- Begin:
  - To replace 237 vehicles and equipment currently identified to be at the end of their lifecycle in 2012/2013 requiring funding of \$19.023 million in 2012 and \$9.979 million in 2013 for vehicles to be ordered in 2012 with delivery dates in 2013.
  - To upgrade two fuel sites at 891 Morningside Ave, and the Exhibition Place, and close two City-owned fuel sites, at 400 Commissioners St. and at 120 Disco Road, with the objective of reducing the number of City-owned fuel sites, and improve on fuel operations, at a cost of \$1.750 million in 2012.

## PART IV: ISSUES FOR DISCUSSION

### 2012 Issues

#### *Fleet Rationalization*

- Fleet Services manages a fleet of approximately 4,900 vehicles and equipment for the client Divisions. Fire Services and Emergency Medical Services manage their own fleet.
- As part of the continuing efforts to reduce fleet maintenance and fuel costs, Fleet Services has been working closely with the client Divisions to right-size and to reduce the size of their fleet inventory, ensuring that all vehicles on hand are required and fully utilized.
- The Recommended 2012 Operating Budget for Fleet Services reflects a total reduction of 163 vehicles in the client Divisions' fleet in 2012: 146 licensed and 17 unlicensed vehicles.
  - 104 licensed vehicles in Solid Waste Management Services' fleet resulting from the contracting out of curb-side waste collection in District 2; 1 licensed vehicle as a result of eliminating the collection of overflow recycling; and 17 unlicensed vehicles resulting from the contracting out of litter vacuuming services.
  - 41 licensed vehicles in Toronto Water fleet that will be declared surplus.
- At the start of annual budget process, Fleet Services provides Divisions with information on their fleet inventory. Each quarter, Fleet Services provides updated lists of vehicles that have usage less than the equivalent of 7,500 kilometer per year. Each Division reviews these vehicles with low usage and determines whether the vehicle needs to be retained in the inventory or returned to Fleet Services for redeployment or disposal.
- Working with Fleet Services, the Divisions have been successful in reducing the size of vehicle type used for their operations, i.e. reducing the number of heavy or medium trucks.
- Fleet Services will continue to seek other opportunities with the Divisions to further reduce their fleet and increase the utilization as a result of the core service reviews and service efficiencies studies conducted for the Divisions.

## Future Year Issues

### *Service Efficiency Reviews and Core Service Review.*

- At its meeting of April 12, 2011, City Council approved a report from the City Manager titled 'Service Review Program, 2012 Budget Process and Multi-Year Financial Planning Process', dated March, 2011. Fleet Services is one of the Programs approved for a Service Efficiency Review. That review is underway. The outcome of the Fleet Services Review may impact future year Capital Program for Fleet Services. In addition, other Programs were identified for Service Efficiency Reviews. Future outcomes of Service Efficiency Reviews undertaken for other programs and agencies may impact on their fleet requirements and therefore result in changes on the Capital Plan for Fleet Services, particularly should there be changes in fleet size or fleet vehicle utilization.
- In addition, at its Special Meeting in September, 2011, City Council approved a number of studies be undertaken for various City Programs and Agencies, as part of the City Manager's Core Service Review report. Similarly, the outcome of these studies/reviews may impact on the 2012 and/or future year Capital Plans for Fleet Services.

## Issues Referred to the 2012 Capital Budget Process

- There are no issues referred to the 2012 Capital Budget Process

## Appendix 1

### 2011 Performance

#### 2011 Key Accomplishments

##### Green Fleet Plan 2008–2011

- ✓ Continued to increase the City's Fleet of Green Vehicles, bringing the total to 579 from 379 by the end of the year.
- ✓ 10 electric vehicles were delivered in 2011. Electric charging stations will be made available in City buildings and yards by the end of the year.
- ✓ 2 additional natural gas powered garbage packers will be delivered by the end of the year

##### Fuel Sites Closures/Upgrades

- ✓ Two fuel sites were upgraded with above ground fuel storage tanks that will minimize the risk of soil contamination.
- ✓ Two fuel sites will be closed by the end of 2011.

##### Replacement of Leased Vehicles

- ✓ Fleet Services worked with Divisions to identify their current long-term vehicle leases, and assisted them in moving towards owning instead of long-term leasing of vehicles. Seven vehicles were purchased for the purpose of replacing Divisions' long term leased vehicles at reduced costs.

##### Replacement of Vehicles and Equipment

- ✓ It is projected that Fleet Services' 2011 Capital spending rate will increase by 3% over 2010 from 65.2% in 2010 to 68.2% in 2011.

## 2011 Capital Variance Review

**2011 Budget to Actuals Comparison – Total Gross Expenditures  
(In \$000s)**

2011 Approved	Actuals as of September 30th (3rd Qtr Variance)		Projected Actuals at Year End		Unspent Balance	
	\$	% Spent	\$	% Spent	\$	% Unspent
57,066	19,950	35.0%	38,894	68.2%	18,172	31.8%

- The Program is projecting spending of \$38.894 million or 68.2% of its 2011 Approved Capital Budget by year-end.
- The projected year-end under spending is primarily due to:
  - The deferral of replacement of unit purchases, pending the results of various Service Efficiency Studies for Solid Waste Management, Facilities and Real Estate, Transportation Services, and Municipal Licensing and Standards.
  - The detailed specification development required and the lengthy production time of these custom units for Fire Services.
  - Delays in the issuance of contracts for the replacement of ambulances for EMS.

**2011 Funding to be Carried Forward to 2012**

- The projected unspent amount of \$18.172 million will be reviewed at year-end, and the actual unspent funding will be recommended to be carried forward into 2012.

## Appendix 2

## 10 – Year Recommended Capital Plan Project Summary

Name	2012 . Budget	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012 - 2021 Total
	(\$'000)										
Vehicles & Equip Replacement Reserve-Public Health	186.0	26.0	24.0	35.0	48.0	0.0	74.0	28.0	148.0	80.0	649.0
Vehicles & Equip Replacement Reserve-Library	478.0	272.0	174.0	311.0	271.0	161.0	753.0	242.0	944.0	387.0	3,993.0
Vehicles & Equip Replacement Reserve-PF&R	5,907.0	9,187.0	6,372.0	6,564.0	6,760.0	6,963.0	7,172.0	7,387.0	7,750.0	7,750.0	71,812.0
Vehicles & Equip Replacement Reserve-PMMD	111.0	35.0	0.0	182.0			44.0		35.0	75.0	482.0
Vehicles & Equip Replacement Reserve-MLS	798.0	573.0	560.0	330.0	663.0	521.0	537.0	553.0	580.0	580.0	5,695.0
Vehicles & Equip Replacement Reserve-Solid Waste	2,786.0	6,278.0	6,443.0	22,889.0	5,404.0	9,682.0	10,286.0	7,740.0	2,105.0	5,076.0	78,689.0
Vehicles & Equip Replacement Reserve-Tech Services	344.0	309.0	316.0	323.0	331.0	338.0	346.0	353.0	370.0	370.0	3,400.0
Vehicles & Equip Replacement Reserve-Transportation	3,475.0	7,338.0	5,653.0	5,653.0	5,653.0	5,653.0	5,653.0	5,653.0	5,700.0	5,700.0	56,131.0
Vehicles & Equip Replacement Reserve-EMS	4,705.0	3,867.0	3,981.0	3,958.0	4,052.0	4,146.0	4,240.0	4,335.0	4,429.0	4,524.0	42,237.0
Vehicles & Equip Replacement Reserve-Fire Services	6,216.0	8,103.0	6,503.0	6,803.0	7,203.0	7,203.0	7,203.0	7,203.0	7,203.0	7,203.0	70,843.0
Vehicles & Equip Replacement Reserve-Zoo	1,187.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	4,337.0
Vehicles & Equip Replacement Reserve-Exhibition Place	338.0	340.0	351.0	361.0	371.0	383.0	394.0	406.0	400.0	400.0	3,744.0
Vehicles & Equip Replacement Reserve-Insurance	352.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	3,502.0
Vehicles & Equip Replacement Reserve-Fuel Site Closures	1,753.0	1,600.0	1,600.0	1,650.0	1,700.0	1,750.0	1,800.0	1,850.0	1,900.0	1,950.0	17,553.0
Vehicles & Equip Replacement Reserve-Arena Boards	100.0	103.0	106.0	109.0	112.0	116.0	146.0	123.0	130.0	130	1,175.0
Vehicles & Equip Replacement Reserve-Green Fleet	604.0	650.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	5,254.0
Vehicles & Equip Replacement Reserve-Leased Vehicles	330.0										330.0
Vehicles & Equip Replacement Reserve-Fleet Services		145.0	188.0	188.0	236.0	236.0	236.0	236.0	240.0	240	1,945.0
Vehicles & Equip Replacement Reserve-F&RE	311.0	952.0	975.0	412.0	644.0	330.0	444.0	594.0	625.0	650.0	5,937.0
Vehicles & Equip Replacement Reserve-City Clerk's	0.0	55.0	203.0	93.0	24.0	76.0	79.0	82.0	87.0	80.0	779.0
Vehicles & Equip Replacement Reserve-Toronto Water	4,729.0	4,804.0	4,616.0	6,156.0	3,217.0	9,957.0	2,333.0	1,682.0	4,500.0	4,500.0	46,494.0
Vehicles & Equip Replacement Reserve-Fleet (Munc Sys)		100.0	400.0				575.0				1,075.0
Vehicles & Equip Replacement Reserve-EDCT	28.0	74.0		33.0	98.0	80.0		34.0	36.0	75.0	458.0
Vehicles & Equip Replacement Reserve-Toronto Buildings		35.0	35.0		120.0	41.0			45.0	35.0	311.0
Vehicles & Equip Replacement Reserve-PPFA	70.0			32.0				34.0	36.0	40.0	212.0
Vehicles & Equip Replacement Reserve-Shelter, Support		80.0	0.0			43.0	80.0		50.0	85.0	338.0
Vehicles & Equip Replacement Reserve-Fleet (Sys Integ)	96.0	450.0	450.0	450.0	450.0	450.0	450.0	450.0	450.0	450.0	4,146.0
Vehicles & Equip Replacement Reserve-Revenue Services	61.0		49.0	97.0	87.0	174.0	74.0	172.0	180.0	80.0	974.0
Vehicles & Equip Replacement Reserve-Human Resources			35.0								35.0
Vehicles & Equip Replacement Reserve_I&T		26.0						60.0			86.0
<b>Total Reserve / Reserve Fund</b>	<b>34,965.0</b>	<b>46,102.0</b>	<b>40,234.0</b>	<b>57,829.0</b>	<b>38,644.0</b>	<b>49,503.0</b>	<b>44,119.0</b>	<b>40,417.0</b>	<b>39,143.0</b>	<b>41,660.0</b>	<b>432,616.0</b>

**Appendix 3**  
**2012 Recommended Capital Budget; 2013 to 2021 Capital Plan**

## **Appendix 4**

### **2012 Recommended Cash Flow and Future Year Commitments**



**Appendix 5**  
**2012 Recommended Capital Project with Financing Details**

## Appendix 6

### 2012 Reserve / Reserve Fund Review

Reserve / Reserve Fund Name	Projected Balance as at Dec. 31, 2011 *	Proposed Withdrawals										2012 - 2021 Total
		2012 Rec. Budget	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2020 Plan	2021 Plan	
(000)												
Vehicles & Equip Replacement Reserve-Public Health	\$163	186.0	26.0	24.0	35.0	48.0	0.0	74.0	28.0	148.0	80.0	649.0
Vehicles & Equip Replacement Reserve-Library	\$244	478.0	272.0	174.0	311.0	271.0	161.0	753.0	242.0	944.0	387.0	3,993.0
Vehicles & Equip Replacement Reserve-PF&R	\$4,530	5,907.0	9,187.0	6,372.0	6,564.0	6,760.0	6,963.0	7,172.0	7,387.0	7,750.0	7,750.0	71,812.0
Vehicles & Equip Replacement Reserve-PMMD	\$167	111.0	35.0	0.0	182.0			44.0		35.0	75.0	482.0
Vehicles & Equip Replacement Reserve-MLS	\$350	798.0	573.0	560.0	330.0	663.0	521.0	537.0	553.0	580.0	580.0	5,695.0
Vehicles & Equip Replacement Reserve-Solid Waste	\$11,820	2,786.0	6,278.0	6,443.0	22,889.0	5,404.0	9,682.0	10,286.0	7,740.0	2,105.0	5,076.0	78,689.0
Vehicles & Equip Replacement Reserve-Tech Services	\$293	344.0	309.0	316.0	323.0	331.0	338.0	346.0	353.0	370.0	370.0	3,400.0
Vehicles & Equip Replacement Reserve-Transportation	\$2,398	3,475.0	7,338.0	5,653.0	5,653.0	5,653.0	5,653.0	5,653.0	5,653.0	5,700.0	5,700.0	56,131.0
Vehicles & Equip Replacement Reserve-EMS	\$5,020	4,705.0	3,867.0	3,981.0	3,958.0	4,052.0	4,146.0	4,240.0	4,335.0	4,429.0	4,524.0	42,237.0
Vehicles & Equip Replacement Reserve-Fire Services	\$4,624	6,216.0	8,103.0	6,503.0	6,803.0	7,203.0	7,203.0	7,203.0	7,203.0	7,203.0	7,203.0	70,843.0
Vehicles & Equip Replacement Reserve-Zoo	\$190	1,187.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	350.0	4,337.0
Vehicles & Equip Replacement Reserve-Exhibition Place	\$41	338.0	340.0	351.0	361.0	371.0	383.0	394.0	406.0	400.0	400.0	3,744.0
Vehicles & Equip Replacement Reserve-Arena Boards	\$72	100.0	103.0	106.0	109.0	112.0	116.0	146.0	123.0	130.0	130	1,175.0
Vehicles & Equip Replacement Reserve-F&RE	\$1,553	311.0	952.0	975.0	412.0	644.0	330.0	444.0	594.0	625.0	650.0	5,937.0
Vehicles & Equip Replacement Reserve-City Clerk's	\$395	0.0	55.0	203.0	93.0	24.0	76.0	79.0	82.0	87.0	80.0	779.0
Vehicles & Equip Replacement Reserve-Toronto Water	\$3,097	4,729.0	4,804.0	4,616.0	6,156.0	3,217.0	9,957.0	2,333.0	1,682.0	4,500.0	4,500.0	46,494.0
Vehicles & Equip Replacement Reserve-EDCT	\$187	28.0	74.0		33.0	98.0	80.0		34.0	36.0	75.0	458.0
Vehicles & Equip Replacement Reserve-Toronto Buildings	\$169		35.0	35.0		120.0	41.0			45.0	35.0	311.0
Vehicles & Equip Replacement Reserve-PPFA	\$611	70.0			32.0				34.0	36.0	40.0	212.0
Vehicles & Equip Replacement Reserve-Shelter, Support	\$127		80.0	0.0			43.0	80.0		50.0	85.0	338.0
Vehicles & Equip Replacement Reserve-Revenue Services	\$241	61.0		49.0	97.0	87.0	174.0	74.0	172.0	180.0	80.0	974.0
Vehicles & Equip Replacement Reserve-Human Resources	\$18			35.0								35.0
Vehicles & Equip Replacement Reserve_I&T	\$21		26.0						60.0			86.0
Vehicles & Equip Replacement Reserve_Corporate	\$4,707	3,135.0	3,295.0	3,488.0	3,138.0	3,236.0	3,286.0	3,911.0	3,386.0	3,440.0	3,490.0	33,805.0
<b>Total Reserve / Reserve Fund</b>		<b>34,965.0</b>	<b>46,102.0</b>	<b>40,234.0</b>	<b>57,829.0</b>	<b>38,644.0</b>	<b>49,503.0</b>	<b>44,119.0</b>	<b>40,417.0</b>	<b>39,143.0</b>	<b>41,660.0</b>	<b>432,616.0</b>