

# Fleet Services Division External Review

Government Management Committee  
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- 1. Mercury Associates, Inc.**
- 2. Fleet Services Division (FSD) Key Facts**
- 3. FSD Business External Review**
  - a) Project Overview and Approach
  - b) Key Observations
  - c) Recommendations / Strategies
  - d) Timelines
  - e) Risks / Dependencies

- Largest dedicated fleet management consulting firm in North America, with employees in several states and in Canada
- Mission is to help organizations improve the management of their vehicle fleets
- Clients are organizations in federal, state, provincial, and local government and private industry with fleets ranging in size from <100 to >200,000 vehicles and pieces of equipment
- Extensive experience working with large municipalities (New York, Los Angeles, Chicago, Houston, Calgary, Edmonton, Vancouver)
- Mercury's other Canadian clients include The Yukon; Canada Post; ATB Financial; Bell; Suncor Energy; McMaster University and University of Western Ontario

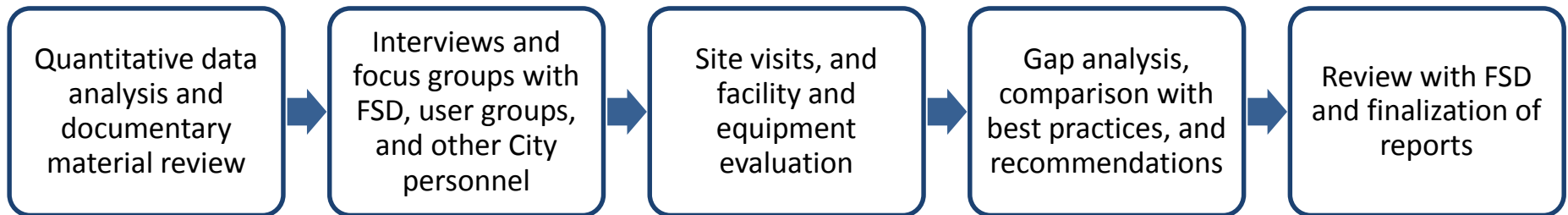
## FSD Facts

- 5,200 vehicles and equipment , or, 12,500 passenger vehicle equivalent units (VEUs)
- Operator permits for ≈10,000 City employees
- 9 maintenance facilities and 36 fueling facilities
- Annual operating expenditures: \$52.9M  
(30% personnel, 29.1% fuel, 15% services, 14% parts, and 11% other)
- 176 employee positions
- Average vehicle replacement cycle: 12 years (vs. 8 yrs recommended weighted average)
- Average annual M&R cost/VEU: \$2,000- \$2,300 (vs. \$1,875 industry benchmark)
- Estimated current replacement backlog: \$50 M
- Maintenance technician labour hour rate: \$84  
(cost recovery per technician labour hour: \$149)

## Project Scope

- Evaluation of selected Fleet Services Division business practices: maintenance and repair, operator training, fuel management, and Auditor General's items
- Development of overall strategy for FSD, including goals and recommended actions linked to 5-year plan

## Project Approach



## Maintenance and Repair

### Cost and financial management

- Lack of performance measurement and management reports
- Limited cost transparency
- Fleet Management Information System (FMIS) data not reliable
- Required labour cost recovery rate: \$149/hour (vs. reported technician labour rate of \$84/hour)

### Structure and staffing

- Supervisors and Coordinators – inadequate skills for roles and responsibility
- Mechanic and bay deficiencies
- Inadequate training and tools
- Indirect labour not tracked (ie. admin/overhead costs)

### Operational and business processes

- Limited service planning, scheduling and delivery
- Preventative maintenance practice consistency required
- Contracts and management practice required (ie. sublet service management)

## Operator Training and Certification

### Collision management and reduction

- Inadequate collision reduction plan
- Insufficient analytics for collision monitoring and reporting
- Fleet Safety Policy not well understood
- Suspension rules not followed consistently

### Structure and staffing

- Insufficient qualified and certified staff
- Knowledge/skill gap in safety practices training
- Training efficiency not measured
- Need to define staff roles, responsibilities and required outcomes

### Training

- Limited and ad hoc course catalogue
- Inadequate Defensive Driving Course and refreshers
- Poor training planning, scheduling and delivery practices
- Outdated Driver Training System (DTS)

## Bulk Fuel Management

### Cost and financial management

- Limited cost transparency – flat rate + mark-up/litre
- Limited performance indicators for fuel or card management

### Structure and staffing

- Fuel management responsibilities fragmented
- Need centralized oversight for all fuel sites
- FSD support coverage during business hours only
- Requirement for significant IT support

### Operational and business processes

- Fuel reconciliation variance of 4.3% – on par with industry
- Labour intensive and error-prone manual meter entry system
- Industry leading automation project underway for fuel management and meter entry
- Processes not standardized across all fuel sites





# 1. Staff Development and Organizational Transition

## Strategies

1. Transition the team for appropriate resourcing and requisite expertise
2. Coordinate green fleet plan for all major City fleets
3. Create a positive and healthy work environment

## Key Accomplishments

- ✓ Initial changes to FSD management team and structure
- ✓ Increases in budgeted amounts for fleet technician training and maintenance and repair tools
- ✓ City-wide, consolidated Green Fleet Plan
- ✓ FSD 5-year Business Plan
- ✓ Engaged in further review with forensic resources (Auditor General's Office and the City's Internal Audit Division)

## Plan for 2015-2016

- Recruit for remaining key management positions and complete structure changes
- Review adequacy of budget for training and tools

## 2. Operational and Business Process Improvement

### Strategies

1. Improve data collection and performance indicator based reporting
2. Develop transparent chargeback method for full cost recovery
3. Establish behaviour-based safety practices and training curriculum
4. Roll-out automated meter reading and fuel management at all fuel sites
5. Implement Auditor General's recommendations (long term strategy for fuel sites, optimization of FMIS, achieve efficiencies in M&R operations, ...)

### Key Accomplishments

- ✓ Significant improvements to the Commercial Vehicle Operator Registration program
- ✓ Implementation of a Fuel Integration pilot project

### Plan for 2015-2016

- Continue implementation of the fuel site reduction and improvement plan
- Complete a review of the FMIS to improve data integrity and ensure it meets operational needs
- Develop metrics and key performance indicators

## 2. Corporate Partnership and Supplier Management

### Strategies

1. Manage supplier contracts to raise performance standards
2. Evaluate different modes of business practices for effectiveness
3. Lead the fleet shared services model

### Key Accomplishments

- ✓ Continue to lead City Fleet Shared Services
- ✓ Completion of a Car Share Pilot

### Plan for 2015-2016

- Review and optimize preventative maintenance (completion Q3 2015)
- Renegotiate the City's contract with NAPA to promote improvements in service quality and ensure value for money
- Implement a City-wide car share program

# 3. Client Service Delivery

Strategies	Key Accomplishments	Plan for 2015-2016
<ol style="list-style-type: none"><li>1. Improve service delivery by adopting leading fleet practices</li><li>2. Effective Fleet lifecycle management</li><li>3. Client Service Level Agreements and Business reviews</li></ol>	<ul style="list-style-type: none"><li>✓ Adjusted/extended service hours</li><li>✓ Work with key clients to demonstrate efficiencies and savings through effective lifecycle management</li></ul>	<ul style="list-style-type: none"><li>➤ Commence work to achieve industry recognized standardized practices</li><li>➤ Continue to work with clients to demonstrate opportunities for efficiencies and savings</li><li>➤ Develop or refine SLA's and conduct regular business reviews</li></ul>

Strategies	Key Accomplishments	Plan for 2015-2016
<ol style="list-style-type: none"><li>1. Develop a long-term vehicle and equipment replacement plan while in parallel right-sizing the fleet</li><li>2. Develop a long-term plan to improve aging infrastructure and space adequacy</li><li>3. Continue to address environmental needs at all City-operated fuel sites</li></ol>	<ul style="list-style-type: none"><li>✓ Approval and initial implementation of the City's first Consolidated Green Fleet Plan</li><li>✓ Developed a 3-point action plan to optimize fleet renewal</li><li>✓ Consolidated and upgraded City fuel sites.</li></ul>	<ul style="list-style-type: none"><li>➤ Continue implementation of the Consolidated Green Fleet Plan</li><li>➤ Renew the fleet - Continue implementation of action plan to optimize fleet renewal</li><li>➤ Complete fuel site consolidation and upgrades by 2017</li></ul>

# Implementation Timelines

	2015				2016				2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Staff Development and Organization Transition	█	█	█	█	█	█	█	█	█	█	█	█				
Operational and Business Process Improvement			█	█	█	█	█	█	█	█	█	█	█	█	█	
Corporate Partnership and Supplier Management					█	█	█	█	█	█						
Client Service Delivery Excellence			█	█	█	█	█	█	█	█	█	█	█	█	█	█
Program Sustainability	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█

- Lack of key personnel and expertise
  - Difficulties in recruiting necessary positions
- Resistance to change management
  - Lack of data-driven culture
  - Lack of transparency and accountability
  - “Tradition”-based business practices
  - Imbalance between consideration of budgetary and economic impacts of decisions
- Resistance to modernization of operations
- Perceived unimportance in value of FSD’s function within the Corporation



# QUESTIONS