



## REPORT

**REPORT TO:** Chair and Members of Planning, Public Works and Transportation Committee

**REPORT FROM:** Matthew Lynch, Fleet Supervisor

**DATE:** September 25, 2019

**REPORT NO.:** TPW-2019-0020

**RE:** Corporate Fleet Management Strategy

### RECOMMENDATION:

THAT Report No. INF-2019-0020, dated September 25 2019, regarding the Corporate Fleet Management Strategy, be received; and

AND FURTHER THAT the Council adopt the Corporate Fleet Management Strategy submitted by G.M. Blue Plan dated May 24, 2019.

AND FURTHER THAT the full project costs of the Implementation Plan be referred to Budget Committee.

### BACKGROUND:

The Town owns, operates and maintains a fleet of approximately 240 vehicles and equipment. Of these, 200 units are operated by public works and parks, 32 are assigned to the Halton Hills Fire Department, 8 are assigned to Halton Hills Activan Transit which currently specializes in paratrans services and 3 are assigned to facilities. The estimated replacement value is for the entire fleet is approximately \$23M.

Currently, municipal vehicles are being managed by different business units or service areas. However, the majority of the Town fleet operates as a division of Public Works with the primary responsibility being the procurement and maintenance of public works, parks and Activan Transit vehicles. The program is managed by a Public Works Supervisor with a Senior Mechanic and three additional mechanics. All four mechanics are unionized and possess the 310S and 310T certifications. The Public Works Supervisor position is responsible for the development of specifications used in the tendering process as well as tasked with managing the vehicle replacement program and new capital purchases funded through development charges. The vehicle replacement program is primarily based on preexisting lifecycles; however the need for

additional vehicles for expanding operations has pushed various units beyond their anticipated lifecycles.

Generally, for public works, parks and transit vehicles, operating budgets for each of the units are funded through an hourly charge out rate; where the equipment is charged to various projects/cost centers according to usage. The charge out rate is based on anticipated mechanics labour, parts, tires, fuel, insurance, licensing, overhead as well as funding the replacement vehicle. However, this approach to establishing a sustainable operating budget as well as funding the replacement vehicle has not been adopted by all departments.

Vehicle maintenance for Fire Services and Recreation is generally the responsibility of the service group, either through outsourcing or internal staff. There is also a service agreement in place where Halton Hills Hydro maintenance staff service and provide annual certification of fire vehicles.

In 2019, the Town engaged the services of G.M. Blue Plan to complete a Corporate Fleet Management Strategy (CFMS). The strategy (Attachment A) is intended to streamline and standardize current fleet management practices across all service areas as well as recommend an implementation strategy to create a more efficient and cohesive Town wide fleet management approach. The strategy is also intended to explore the option of initiating a single Corporate Governance Model for the management of all municipal fleets.

It is understood that there are additional fleets owned by Halton Hills Community Energy Corporation. Although, a representative from HHCEC was involved in the RFP process and included as part of the steering committee, the contents of the strategy presented do not directly apply to HHCEC. HHCEC is recognized as a separate organization from the Corporation of the Town of Halton Hills, and therefore, is governed by a separate set of organizational objectives. Recommendations within the strategy are based on industry best practices. Therefore, HHCEC may be able apply some of the recommendations to its own fleet management business processes.

## **COMMENTS:**

### ***Strategy Objectives***

The overall goal of the Corporate Fleet Management Strategy (CFMS) is to deliver fleet management services in a manner that aligns with the Town's strategic objectives. It builds upon current resources to work toward an approach where data-driven service levels are used to eliminate redundancies and bring efficiencies to the asset management of a growing fleet portfolio.

The CFMS strives to achieve the following goals:

- Streamline and standardize current fleet management practices within the Town;
- Ensure that current resources are leveraged, including training and coverage, to provide maximum value;

- Ensure that service levels are clearly defined and can be measured and managed;
- Create a more efficient and cohesive Town-wide fleet management strategy and approach;
- Support the Town through anticipated growth and demands to optimize spending;
- Support the addition of possible future fleet areas of business; and,
- Position the Town to leverage enhancements in technology to better manage fleet assets moving forward.

### ***Strategy Recommendations***

The CFMS provides eleven (11) recommendations that will enhance the current practices in place in Halton Hills. These recommendations are grouped into four business processes which include Procurement, Operations, Maintenance and Disposal/Replacement. The Town is currently engaged in several activities that support “best practices” in fleet management. However, advancing the recommendations below is critical to achieving the goals and objectives of the CFMS.

#### ***Procurement***

- Recommendation #1:  
Centralize fleet procurement under a single group that engages with subject matter experts from each fleet user group to inform the development of vehicle specifications and other technical elements of the procurement document.
- Recommendation #2:  
Leverage data to inform the procurement process.
- Recommendation #3:  
Develop an enhanced fleet procurement approach that can enable lowest lifecycle cost, standardization and the Town’s strategic objectives to be considered in the process.
- Recommendation #4:  
Develop Service Level Agreements (SLAs), as required, to bring clarity as to the roles and responsibilities of the entity providing the service that are aligned with the entity receiving the service.

#### ***Operations***

- Recommendation #5:  
Implement a Fleet Management software system that tracks operational considerations.
- Recommendation #6:  
Leverage data to inform a charge out rate for all fleet assets.
- Recommendation #7:

Connect environmental considerations to Operational Strategies.

#### *Maintenance*

- Recommendation #8:  
Implement a Fleet Management software system that optimizes and tracks maintenance activities.
- Recommendation #9:  
Measure and manage appropriate fleet maintenance metrics.
- Recommendation #10:  
Centralize maintenance management activities, data and processes.

#### *Disposal/Replacement*

- Recommendation #11:  
Implement an Optimum Service Life approach to disposing vehicles.

#### ***Organizational Strategy***

Under the Town's current organizational structure, many of the core recommendations identified within the CFMS can be implemented. The responsibility of corporate fleet management, as recommended, will continue to function as a section within the division of Public Works. This section will continue to operate under the authority of a dedicated Fleet Supervisor which was recently added to the Public Works complement. However, as the municipal fleet grows and major components are added, the organizational structure will need to be reviewed to ensure continued support and enhancement of the Town's corporate fleet management program and asset management processes.

The current Fleet Supervisor position will be responsible for building an annual plan to advance the recommendations of the CFMS in a prioritized manner. This commitment to the CFMS is important to ensuring that concepts become engrained into the day-to-day fleet management activities in the Town.

#### ***Implementation Strategy***

The CFMS includes a detailed long range implementation plan. However, there are various activities identified that can be implemented in the short-term and medium term that have zero to minimal budget impacts.

Activities included in the plan consist of both finite projects, intended to build a core or foundational component of the Town's AM System; and activities that will result in the implementation of an ongoing business process. As such, these activities should be integrated into the Town's asset management business processes required to ensure the continual operation of the Town's AM System.

#### ***Short-Term/High Priority/Minimal or No Cost – Immediate***

- Review business processes to centralize fleet management with the intent of streamlining and standardizing fleet operations

- Develop fleet asset inventories and provide framework for asset data collection while standardizing inventory
- Initiate digitization of corporate fleet data utilizing formats that can be incorporated into the Towns asset management processes and future maintenance management systems.

*Medium-Term/Medium Priority/Minimal or No Cost – 1 to 2 years*

- Implement Advanced Procurement Strategies including operator and management feedback forms with procurement scoring methodology/matrix
- Implement Advanced Environmental Strategies including operator training, monitor and report on fuel usage

**Computerized Maintenance Management System**

The implementation of a Computerized Maintenance Management System (CMMS), or work order system, has been identified as one of most essential recommendations in the strategy. Currently, all vehicle maintenance is recorded via hand written work orders and financial data is limited to reports produced by the Towns financial program FMW. Under current processes, the true lifecycle costs of a fleet asset cannot be easily extrapolated. Therefore, the ability to collect and analyze fleet operations data will be imperative to the Town's asset management system.

The implementation of a CMMS will also provide the Town clear evidence to establish vehicle charge out rates by understanding the number of hours each asset is being used, fuel consumption, hours/kilometers in service, etc. This data can be further analyzed to understand variations over time (i.e. trending over months/years) or by weather conditions (i.e. lights vs heavy winter, dry vs wet summer, etc.).

The implementation plan specifies that the CMMS as a high priority/immediate action with a cost ranging from \$125,000 to \$175,000. However, work is currently being completed in coordination with Asset Management and Information Services to include a CMMS/work order system as part of the implementation of the Town's Asset Management System in 2020. It is anticipated that fleet staff will be included in the RFP and selection process for the AM System to ensure needs are met for a fleet focused add-on and funding requirements are outlined for the 2021 Capital Budget.

Initial steps towards implementing an asset management tool will be the use of the Decision Support System (DSS) that will be provided by G.M. Blue Plan. The tool can be used to develop a long range financial plan while supporting asset management decisions; versus establishing budgets based on a linear expected life cycle for each asset.

## **RELATIONSHIP TO STRATEGIC PLAN:**

Under the strategic priority for Infrastructure (Old and New), this report is relevant to achieving priority G- Provide Sustainable Infrastructure and Services.

**G.1** To provide infrastructure and services that meets the needs of our community in an efficient, effective and environmentally sustainable manner.

## **FINANCIAL IMPACT:**

The financial impacts of the strategy have been outlined within the Implementation Plan of the CFMS.

## **CONSULTATION:**

The CFMS was developed by a steering committee consisting of Town staff lead by consultations with G.M. Blue Plan. The committee consisted of:

- Dick Spear, Superintendent of Public Works
- Bruce Morrison, Deputy Fire Chief
- Dharmen Dhaliah, Corporate Asset Manager
- Matthew Lynch, Fleet Supervisor
- Don Matthews, Manager of Operations (HHCEC)

The Corporate Fleet Management Strategy has also been reviewed internally by Town staff. The recommendations identified in the strategy are supported by both Purchasing and Finance and have been aligned with the Towns financial plan.

## **PUBLIC ENGAGEMENT:**

There is no public engagement required at this time.

## **SUSTAINABILITY IMPLICATIONS:**

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life.

The recommendation outlined in this report is not applicable to the Strategy's implementation.

## **COMMUNICATIONS:**

There are no communications required at this time.

**CONCLUSION:**

The Corporate Fleet Management Strategy (CFMS) delivered by G.M. Blue Plan will assist the Town in the delivery of an efficient and effective fleet management program and aligns with the Town's strategic objectives. Building upon current resources, the Town of Halton Hills can utilize the strategy to develop an approach where data-driven service levels are used to eliminate redundancies and deliver a focused corporate governance model for the management of a growing fleet portfolio.

In addition, the strategy aligns with the objectives identified in the Town's Asset Management Policy to link infrastructure decisions to the Town's overall vision and goals. Therefore, the overall scope of the strategy can be expanded to all groups, departments and divisions in the Town that use or manage fleet assets.

Reviewed and Approved by,

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**Dick Spear, Superintendent of Public Works**

A handwritten signature in black ink, appearing to be 'C. Mills'.

**Chris Mills, Commissioner of Transportation and Public Works**

A handwritten signature in black ink, appearing to be 'Brent Marshall'.

**Brent Marshall, Chief Administrative Officer**