
Budget Advisory Committee January 28, 2005

BRIEFING NOTE – Fleet Management

Issue/Background:

The following briefing note is intended to provide some additional information regarding the requested 2005 budget increase of the Fleet Management Service. At the BAC meeting of January 25, 2005, Councillor Watson requested a briefing note, to be presented at the BAC wrap-up meeting, outlining the year to year changes in the Fleet Management Service. Specifically addressing the need for a 2005 budget increase when it appears that the overall 2004 projected actual will be less than the 2004 budget.

Response:

Attached is a spreadsheet comparing the year to year actual expenses to budget. The 2004 actuals have been up dated to the year end figures.

For 2004, an in-year adjustment to the FTE complement was made to reflect the movement of the Information Technology staff, which resided with Fleet Services, to the Service Improvement & Innovation Division of Corporate Services (hence the budget shift from the salaries and benefits line to the Internal Departmental Charges and the corresponding reduction in FTEs).

The spending for 2003 remained within the allocated budget. The savings in salaries offset increased spending in licensing. In 2003, Fleet Services was in the midst of a new organization rollout. The delay in the hiring of some positions resulted in some naturally occurring gapping, which helped to offset the cost of licensing. Again in 2004, the division deferred some hiring to comply with the hiring freeze mandate and to help offset the pressure from licensing.

From the attachment, the overall budget change year to year is \$163.5 thousand. One reason for the budget change was the discontinuance of the PHH service contract. The external service provider had, in the past, billed departments directly for the cost of renewing licenses. This service is now done "in-house" by City staff in Fleet Management, 384 former PHH vehicles now flow through Fleet Management for licensing, at a cost of \$68.6 thousand. It should be noted, however, that this does not represent a new pressure corporately. Programs that subscribed to the PHH service would have had the budget for the licensing costs on another cost element. Also impacting on the licensing expense are the additional vehicles for solid waste haulage. Between 2003 and 2004, the licensing of these vehicles began to flow through Fleet Management for renewal (\$132.2 thousand for 69 units). The cost of licenses is part of the budget that Programs have agreed to.

In 2005, when the vacant positions of Fleet Management become filled, the temporary savings will no longer be available to offset the cost of licensing. The requested budget change allows Fleet to position financial resources to meet a negative variance.

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