

Fleet Vehicle Agency

Business Plan 2023 to 2026



EXECUTIVE SUMMARY

The Fleet Vehicle Agency (FVA), part of the Department of Highways and Public Works (HPW), supplies vehicles to Government of Yukon departments and public agencies. This business plan provides a foundation for FVA operations over the next three years.

The Fleet Vehicle Agency manages a fleet of passenger cars (sedans), SUVs, pick-up trucks, cargo vans, passenger vans and large trucks (such as water delivery trucks).

Business Plan Highlights

One of FVA's continuing priorities is working with departments to find appropriate and sustainable transportation solutions and implementing changes to reduce greenhouse gas emissions as committed to in *Our Clean Future* (OCF), the Yukon government's action plan on climate change. We are rising to the challenge of climate change and with it, taking a fresh look at how we deliver our transportation services and support. We know that we can make improvements in fleet operations and we are beginning to do so. We are putting climate action at the center of planning.

The Government of Yukon, through FVA, is leading by example: we are addressing climate change by adding Zero-Emission vehicles (ZEVs) to the fleet, targeting GHG emissions by offering car-sharing and advising departments more about right-sizing their fleet needs. New vehicle procurement of up to 85 vehicles in 2023-24 will include tendering for ZEVs — FVA will evaluate the suitability and availability of ZEVs for all vehicle purchases. We aim to exceed the 2020 OCF commitment with tenders for electric trucks, vans and SUVs to replace gasoline vehicles. These tenders signal our intended direction for emissions reductions to the market and will be beneficial even if the market cannot yet supply what we need. A written rationale will be saved on file to explain any procurements for vehicles with internal combustion engines.

Our FVA model is to partner with departments in providing reliable, environmentally friendly and technologically effective solutions to meet their transportation needs in the short and long term for smooth delivery of programs and services to all Yukoners. FVA promotes sustainable and suitable vehicle options for our clients, knowing that the transportation sector is recognized as a sector for reducing our greenhouse gas emissions.

FVA will continue to work with its client departments in embracing this new vehicle technology and discovering innovative ways to integrate ZEVs into departments' program delivery.

FVA adjusts its standard rental rates as necessary to meet changing vehicle purchase, operating and maintenance costs. FVA will continue to hold its rates static this year. FVA will work to find internal operating and maintenance savings in the coming fiscal year while accelerating the replacement of vehicles that are beyond economical repair and buying electric vehicles to reduce GHG emissions.

Fleet vehicles are part of the foundation of the Government of Yukon's public service operations and we are including electric vehicle adoption in that foundation.

Projections for 2023-24

- Revenue is expected to increase slightly to \$5.8 million with increases in assigned vehicles for program delivery, while expenses are expected to decrease to \$4.9 million because of fewer third-party rentals.
- Agency net income before adjustments is estimated to be \$901,000.
- The FVA Revolving Fund opening balance of \$6.6 million is expected to decrease to \$5.7 million, and then capital spending on vehicle replacement backlog begins to draw it down to around \$4.3 million after 2026.
- Vehicle procurement is aimed at \$3.5 to \$3.9 million for a fleet size of around 700 vehicles, of which approximately 566 will be assigned to client agencies and 130 will be in pools for short-term use by March 31, 2024, supplemented with third-party rentals from the private sector.
- Total kilometres driven are expected to decrease approximately 5% from 2022-23.

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INTRODUCTION

The Fleet Vehicle Agency (FVA, est. 1996) is a special operating agency of the Government of Yukon (YG) that manages efficient and affordable ground transportation services for YG departments and agencies. Dedicated staff manage an inventory of 682 vehicles, as of April 1st, 2022, and services include maintenance and repair, a fuel card program and supplementary rental services as required to all clients across the territory.

FVA plays an integral role in supporting departments in their service delivery to Yukoners. Many government programs rely on FVA vehicles to transport staff and their clients and to provide direct and indirect services to the public.

Mission

To help government departments and publicly funded agencies meet their objectives by procuring and managing efficient and affordable ground transportation services.

- FVA Charter 1996

Mandate

The Fleet Vehicle Agency is accountable for the following:

- **Client Service:** delivering services to departments and users in a flexible, client-oriented manner offering safe and economical vehicles to meet their operational requirements.
- **Financial Performance:** managing the costs of services through efficient operating practices and by managing the performance and condition of vehicles.
- **Public Policy:** advancing the economic and social priorities of the Yukon government in our day-to-day work.

Service highlights for 2023 to 2026

- Complete, implement and exceed relevant commitments under the *Our Clean Future* climate strategy.
- Continue introduction of electric and hybrid vehicles and infrastructure.
- Augment fleet staffing with short-term assignments to help us exceed *Our Clean Future* commitments, implement initiatives and plan strategic procurements.
- Examine, and where it makes sense combine, fleets from other areas of YG.
- Implement cost-analysis recommendations upon approval for service chargebacks to ensure the sustainability of assets and fleet fund.
- Finalize delivery of specialized vehicles for enforcement and emergency services.
- Implement a right-sizing policy to establish baseline requirements for assignments and rentals, following new utilization guidelines to actively manage the fleet size.
- Create interdepartmental vehicle-sharing pools to reduce assigned vehicles by 10% from 2020 levels by 2025.
- Continue implementation of Automated Vehicle Locator (AVL) technology and use telematics to enhance safety, reduce emissions and control costs
- Replace assets in the aging fleet – reducing the number of fully amortized vehicles improves the sustainability of the fleet.
- Continue to manage and improve the security of the fuel card program for fleet and project management.
- Perform maintenance, service and inspection on fleet assets to increase performance and reduce downtime.
- Operate 3 fleet rental locations to provide service and emergency assistance to users.

Risks and challenges

- Persistent limitations on vehicle supply due to the pandemic.
- Cost and availability of ZEVs in the market.
- Price increases on vehicle replacements and infrastructure due to supply chain challenges.
- Escalating costs of materials and auto parts.
- Labour market shortages impacting recruitment for short-term staff augmentation.
- Fuel cost fluctuations due to the pandemic and the war in Ukraine, fuel card security and various taxes on fuels raising fuel expenditures.

1 Fleet management framework

FVA operates through a revolving fund model using charge-backs for capital, operations and maintenance recovery.

Client departments and agencies pay for FVA's services under agreements for assigned (renewed annually) or rental (short-term, less than a year) vehicles. These are allocated as follows as of April 1, 2023:

Assigned	Rental pool Whitehorse	Rental pool Dawson	Rental pool Watson Lake	Total
584	91	4	3	682

Organizational structure

FVA operates within the Supply Services Branch of the Department of Highways and Public Works. The daily operations of the agency's staff are managed by the Operations Supervisor and overseen by a Chief Operating Officer (COO) who reports to the Director of Supply Services, the designated Agency Head (see Appendix D Organization Chart). The COO also holds the position of Manager of Internal Operations, with one-half of this position's time contributing to FVA activities. All FVA personnel are Yukon government employees and are included under existing collective agreements.

FVA has eight full-time and one half-time (COO) staff who maintain consistent, quality customer service and asset management. In 2023-24, FVA will continue developing and implementing strategic initiatives, such as right-sizing the fleet based on the report done in 2022, operational improvements to reduce expenditures and downtime, car-pooling and car-sharing implementation, telematics data analytics to identify trends in driving and asset uses, and integration of additional Zero-Emission vehicles into the fleet.

Facilities and locations

FVA's main office is located in the Supply Services Building #277 at 9029 Quartz Road, Whitehorse (W-4). FVA also has two satellite locations with vehicle pools in Dawson City and Watson Lake.

Client services – current state

FVA provides a comprehensive fleet management service that enables clients to focus on the core business of delivering their programs to the public.

- FVA offers clients the benefits of volume discounts on parts, services and vehicle purchases.
- Customized client service agreements are used to define levels of service and rates. Short-term rental agreements are used for pool vehicles or 3rd party rentals when pool resources are exhausted.

- To support decision-making, clients have ready access to their assigned vehicle information through FVA's fleet management system, Keys Online. For vehicles that have automatic vehicle locators installed, department managers and safety representatives may soon be able to access location, utilization and driving habits data through the Geotab portal.
- FVA vehicles are equipped with a standard set of emergency equipment, mobile radios, winches, tow packages, etc. Clients pay for additional services provided to them exclusively through a fee-for-service arrangement in the agency's rate structure. Rental rates for yearly/monthly/weekly/daily use cover all costs arising from the normal operation of vehicles, including replacement when a vehicle is beyond economical repair. Repairs for irregular use, up fits and other additions to vehicles are charged to the clients in the short or long term.
- Every fleet vehicle assignment is supplied with a fleet fuel card honoured by most commercial fuel outlets in the Yukon. Recommended card-lock fueling locations are provided to all drivers for discounted fuel, procured through public tender, at select vendors.
- Automated Vehicle Locators (AVLs) are already installed in approximately 27% of the fleet (192 units) to capture and provide accurate operational data that we make available to clients – this data helps identify safe driving as well as aiding in reducing GHG emissions from idling and fleet right-sizing through utilization data analysis and communication. It is estimated that 39% of vehicles will have AVLs installed by March 2023 and FVA intends to increase that to 67% by the end of March 2024.
- FVA contracts local companies for after-hours emergency services such as towing and lockout assistance. The agency contracts vehicle maintenance either to government workshops in Whitehorse, Dawson and Watson Lake, or the nearest private sector garages with a certified mechanic. Turnaround times for service vary based on the required maintenance or repair recommended by technicians.

Financial structure and rate adjustments

The operations of FVA must continually generate revenue sufficient to meet ongoing vehicle replacement needs, salaries and operational and maintenance requirements. FVA revenue must also be sufficient to ensure adequate funds are accrued through an amortization model so that vehicles can be replaced when required without additional funding or appropriations.

Ongoing operations of FVA can be made sustainable through regular and predicted annual rental rate adjustments that reflect operating conditions and cost fluctuations and are communicated to departments in time for budget planning. In 2022, FVA completed a review of the fleet operations and plans to introduce changes to the fee structure in 2023. Results will not impact revenues or expenses until 2024-25.

Clients are responsible for the costs of vehicles that their programs require. Accountability for how vehicles are acquired and managed is transferred to FVA through annual departmental rental agreements. FVA is developing special rates for up-fitted and customized vehicles for certain clients to reduce large one-time financial capital outlays and amortize the added costs over the life of the vehicle. This will smooth out budgetary fluctuations for some clients.

Agency management

FVA is committed to ensuring fleet operations and vehicles are managed effectively and efficiently in support of departments that deliver programs and services to Yukoners. In 2021, FVA commenced a review of its charter, related policies and service delivery structures for the acquisition, allocation, operation and maintenance and disposal of vehicles.

FVA Charter changes recommendation was deferred until the completion of other reviews of fleet organization, service delivery, cost-charge backs and right-sizing. The review of related internal policies, cost analysis and service delivery structures are ongoing as part of continuous improvement. Results will be available in early 2023. Once the review recommendations are complete, FVA will proceed with implementation through financial and organizational changes.

FVA's commitment to reducing GHG emissions and adding ZEVs in the fleet led to Government of Yukon joining West Coast Electric Fleets in 2019. WCEF is an initiative of the Pacific Coast Collaborative (PCC), a joint initiative of California, Oregon, Washington and British Columbia to accelerate a vibrant, low-carbon economy on the West Coast.

FVA is also a member of the National Association of Fleet Administrators (NAFA) where direct communications with corporate and government fleet managers across North America provides training and cross-jurisdictional information sharing.

Internally, initiatives for customer service training, driving courses and first aid/safety certifications enhance FVA's operations to meet our safety and service objectives.

2 Operational objectives

The agency's operations encompass four main activities: acquisition, allocation, operation and maintenance and the eventual disposal of vehicles. FVA has eight dedicated employees who prioritize providing safe vehicles and exceptional customer service. Through collaborative initiatives, FVA continues to work with branches to reduce the impact of the Yukon government's ground transportation by modernizing the vehicle fleet, improving fuel-efficient driving practices, reducing idling and encouraging government employees to find alternatives to driving.

Acquisition: FVA works with Supply Services to procure new vehicles (see section 3 Fleet Composition). Vehicles are acquired using revolving funds to meet the needs of clients at the lowest purchase and operating costs and maintain a current and efficient fleet. FVA is integrating assets and fleet management from Community Services' Wildland Fire Management branch and exploring other opportunities for government fleet amalgamations.

Allocation: The fleet volume in 2023-24 is projected to start at 701 vehicles, with 596 assigned exclusively to departments and 115 held in pools for casual short-term use. Vehicle-sharing and short-term use of FVA vehicles offers some cost-savings over annual assignments. To meet demand fluctuations, FVA facilitates third-party rentals from the private sector, filling a significant need when the Yukon experiences pandemic, wildfire, or flood emergencies.

Operation: A new rate structure will be submitted in the FVA Business Plan 2024 to 2027. Assessment of current and future fleet management needs and recommendations put forward in 2022 to improve or replace the existing Keys vehicle management software will be completed. An improved system will augment FVA's right-sizing strategy (see section 2.1.2 for detail) and address the sustainability of the fleet. Increased use of third-party software for analysis will be factored into the planning and implementation of vehicle management.

Maintenance: FVA primarily uses Transportation Maintenance Branch workshops for vehicle maintenance and continues to evaluate options for added operational efficiency and increased turnaround time for vehicles. Regular and preventive maintenance schedules are promoted and maintained with departmental cooperation.

Disposal: Vehicle disposals are conducted through established Government of Yukon asset disposal processes. FVA will continue to move surplus vehicles to auction that are beyond economical repair or written off for salvage only. In 2023-24, FVA will plan to auction vehicles as replacements are purchased.

2.1 Fleet initiatives for 2023 to 2026: right-sizing, car-pooling, safety, communication

2.1.1 Fleet right-sizing and composition

The Yukon government has identified the transportation sector as the largest source of greenhouse gas emissions in Yukon, contributing 62 percent of total emissions. Close to 90 percent of transportation emissions come from road transportation, with a relatively equal split between personal vehicles and commercial and industrial vehicles. Looking at fleet composition, FVA will look at how to reduce our fleet emissions in balance with meeting program requirements. Procurement and assignments take into consideration Government of Yukon priorities for vehicle use and emissions reduction.

FVA continues to work with individual departments and branches on a strategy to increase vehicle utilization and reduce capital and operating costs. Implementation of fleet right-sizing will include sharing data analysis with departments and producing guidelines to support better decision-making for appropriate vehicle selection, use and annual assignment.

FVA has established guidelines as set out in *Our Clean Future* that use a baseline of fleet vehicle usage and fuel consumption to support allocation and assignment across government programs. The installation of fleet telematics devices, or AVLs, to track vehicle usage patterns in real-time, provides data that will help measure results and recommend improvements in this area from 2023 to 2026.

2.1.2 Car-pooling initiative

In 2020, FVA began working to reduce both department operating costs and Government of Yukon's GHG emissions by exploring internal car-pooling program options for Whitehorse and community travel. With COVID-19 safety protocols and vehicle use guidelines limiting shared vehicle use, car-pooling was put on a back burner. In the meantime, FVA initiated the development of a car-sharing app to explore options for car-pooling and other alternatives to driving, including bicycle pools. The app is expected to be available in 2023-24 as a pilot.

The car-pooling initiative includes analysis of new tools like collaborative booking software, where employees across departments will access this cost-saving model via a user-friendly and convenient desktop or smartphone app to coordinate transportation using various vehicle classes and may include non-motorized transportation. As solutions are developed and tested, FVA will offer opportunities for sharing between other departments and users.

2.1.3 FVA safety initiatives

As a top priority, FVA continues to monitor industry safety initiatives and to assess new vehicles' safety options when initiating procurements. Other safety initiatives will continue based on identified YG staff training needs and risk assessment and analysis. FVA and the HPW safety officer continue to work on documentation and policy guidelines for clients regarding the safety and operations of government vehicles.

Driver Training and Safety: FVA supports YG when it offers driver-training courses. Winter driving safety is a priority.

2.1.3.1 GPS telematics and AVLs

FVA completed a successful pilot project involving Automated Vehicle Locators (AVLs) in 2019 and is working to expand the use of these as recommended by industry and supported by department senior management. These devices are currently installed in 192 fleet vehicles to provide real-time data regarding vehicle position, mileage, safety, fuel use and emissions data. The use of AVLs are essential in capturing the data required for FVA's plans to modernize operations and will be installed across the fleet, with 273 expected to be installed by year-end, and a minimum of 200 additional units added each subsequent year. Business analysis will inform decision-making and policy direction for further program implementation in 2023-24.

2.1.3.2 Workplace equipment safety and practices

Safe workplace practices combined with proper safety equipment and training will continue to be a focus. Staff are trained on equipment to reduce workplace injuries and address all risk areas. A defibrillator and a burn kit are installed in Building 1277 and first aid training is provided to certify the required number of employees on site.

2.1.4 Systems analysis

The KEYS software support contract with the Government of Manitoba is renewed annually. A review of system requirements, integrations and options was completed in 2022. FVA is considering options for a path forward to improve client service, vehicle management and other government priorities like reduced impact on the environment. FVA will ensure uninterrupted KEYS support until any potential improvements or a new or shared system is available. A project to go to tender for recommended improvements is expected in late 2023.

2.1.5 Communication initiatives

1. FVA is raising awareness for the use of electric vehicles (EVs) through procurement of a variety of makes and models and e-bikes as they become available in the Yukon market. An information campaign in the spring of 2023 will help ensure clients, suppliers and the public understand the value of EVs as part of Government of Yukon's fleet and EV operation requirements. FVA is also working with other parts of government to change attitudes about electric vehicles' ability to operate in a northern climate. FVA and Supply Services purchasing unit work together with Energy Mines and Resources department to support suppliers in market readiness for EVs. Tenders continue to include Zero-Emission vehicles where available and applicable for use.
2. FVA continues to ensure its clients have access to, and/or are provided with, the financial and operating data they need to make the most informed decisions about their vehicle requirements. To do so, FVA will coordinate a vehicle use survey and update contact information for every assigned vehicle in April 2023.

3. FVA plans to expand the use of AVL data analysis to track usage, locations and driving safety. FVA developed a business case with a phased approach over 3 years in partnership with other departments to implement an AVL program across government for all vehicles.
4. FVA will continue to communicate with clients about the safe and sustainable use of government vehicles in conjunction with other driver safety initiatives and training opportunities.
 - FVA provides manuals for departmental users and supervisors to reference, regarding the safety and operations of Government of Yukon vehicles.
 - Following industry standards and addressing safety and risk management concerns, FVA checks valid operator's licenses (since 2018) before giving vehicles to drivers to verify Class and expiry dates.
 - Out-of-territory licenses are accepted for FVA drivers, in accordance with the Motor Vehicles Act.

3 Fleet composition

The fleet composition is reviewed and monitored to ensure that the units purchased and offered for assignment best meet clients' needs, while keeping within FVA expenditure limits of \$3.9 million per year and a maintaining a positive revolving fund balance. In recent years, fewer new vehicle purchases due to supply chain shortages contributed to an increasing fund balance that reached the \$8 million cap.

3.1 Procurement projections

In 2023-24, procurement of all vehicles will be very near the cap of \$3.9 million. There is a large backlog of replacements to address. FVA plans to acquire between 57 and 85 new vehicles to meet departmental program requirements and to replace old vehicles currently assigned. See Table 4.8 for more detail.

By March 31, 2024, the core fleet is projected to contract 696 vehicles of which 566 may be assigned to client agencies and 130 may be held in the Whitehorse and vehicle-sharing pools for short-term use. FVA encourages seasonal planning for transportation requirements to utilize FVA-owned vehicles, as unanticipated needs often necessitate higher expenses for third-party rentals from the private sector. FVA will do more work in the coming year to help departments with their planning.

The exact number of vehicles purchased each year is driven by purchase price, vehicle availability during the year, departments' requirements that may arise and adjustments needed due to premature write-offs (caused by fire, theft, accident, vandalism, etc.).

3.2 Electric vehicles

Acquisition of electric vehicles and charging station infrastructure is ongoing since 2021. FVA will purchase internal combustion engine vehicles (ICE), plug-in hybrid electric vehicles (PHEV) and battery electric vehicles (BEV). Note that both PHEVs and BEVs are ZEVs. Electric vehicle procurements for 2023-24 will primarily target sedans and compact SUVs. Tenders for trucks, passenger vans and cargo vans will be issued where applicable for use, signaling our intended direction for emissions reductions and will be beneficial even if the market cannot yet supply what we need.

With our clients, FVA will evaluate each new or replacement vehicle request to identify the most suitable vehicle technology to meet operational requirements. A written rationale is saved on file to explain any procurements for vehicles with internal combustion engines.

3.3 Vehicle class and type - procurement ranges

The following procurement plan shows expected minimum and maximum ranges for each class and type of vehicle. The ranges include anticipated replacements, additions and trade-outs where clients may select alternative vehicles to current fleet allocations based on utilization data analysis and fleet right-sizing recommendations. For example, under-utilized assigned vehicles may be returned to the FVA pool and rented short-term as needed rather than sit unused for the majority of days or clients may down-size to a compact SUV where the transportation of loads is no longer a business need or up-size to a van where clients in groups are transported regularly.

Table 3.3 Procurement plan for 2023-24

Vehicle Class and Type	Number of Vehicles (including EVs)		Zero-Emission Vehicles (EVs)	
	Minimum	Maximum	PHEV	BEV
Cars (sedans and station wagons)	10	12	✓	✓
Compact SUVs (all 4x4 or AWD)	5	5	✓	
Mid-size and Full-size SUVs (all 4x4 or AWD)	2	2		
Cargo Vans	9	15		✓
Passenger Vans	1	2	✓	
Pick-ups (mid & full size)	26	45		✓
Trucks (2-ton to 5-ton)	4	4		
Total (including EVs)	57	85		

Vehicles are purchased in two weight classes: cars and trucks. FVA will consider EVs for vehicle purchases where EVs are available and appropriate.

Vehicle prioritization: FVA must pick and choose replacements based on the most urgent need. Prior to, or during procurement, unexpected circumstances or developments such as vehicle losses or write-offs, and new program creation in other areas of government, may necessitate changes outside each expected range above. Another reason for providing purchasing ranges is fluctuating market conditions and prices throughout the year.

Cost: In recent years individual vehicle prices have differed as much as 45% or more from estimates based on past procurements, and prices are rising. Cost differences can also be affected by federal and corporate fleet pricing programs and/or rebates in effect only at the time of purchase. This past year, the pandemic has increased vehicle demand in all sectors, while limiting the supply of vehicle parts, which is having an impact on pricing of new vehicles.

Value factors: New vehicles are more fuel-efficient than models being replaced – higher fuel efficiency and/or electric and alternative fuels are high-value factors considered in procurement choices. Since April 26, 2021, all value-driven tenders for vehicles include Yukon First Nation labour levels, as per the First Nation Procurement Policy.

4 Financial and fleet management information

Summary of projected revenues, expenses and FVA Revolving Fund

The FVA must ensure the agency is fully cost-recoverable and maintains a sufficient fund balance necessary to procure vehicle replacements as needed.

In the next year and beyond, revenue to FVA is expected to increase: \$5.8 million in 2023-24 up from the \$5.7 million 2022-23 forecast. With increasing vehicle use across government and higher expenditures on new vehicles, revenues are forecast to grow each year. FVA revenue consists of charge-back rates and fees to departments to cover capital costs for replacement vehicles, vehicle maintenance and repair and administration expenses for providing fuel and fleet programs to clients. FVA does not expect to require additional funding to top up the Revolving Fund for the years 2023 to 2026.

Operating expenses are estimated to decrease slightly to \$4.9 million in 2023-24 from the \$5.1 million 2022-23 forecast. FVA expenditures include fuel, fleet maintenance and administrative costs of managing that fleet.

Third-party rental expenses are forecast to be \$1.2 million in 2022-23 and then steadily decline in the following years. This expenditure is challenging to predict, with higher use notable in years with emergency events, departmental responsibility shifts and private sector market factors. As FVA adjusts fleet composition for the new customer requirements, this expense should begin decreasing overall, though unexpected client demands and short term special vehicle requests can change throughout the year.

FVA Revolving Fund balance is expected to decrease from the fund limit of \$8.0 million to \$6.6 million by end of year 2022-23, continuing to decline to \$4.3 million by 2025-26. FVA plans to spend the maximum of \$3.9 million per year on vehicles each year over the next three years to reduce the overdue replacement backlog and minimize the carrying costs of an aging fleet, recognizing the opportunity to accelerate replacements depending on market capacity and availability, especially for EVs.

Net profits to the FVA Revolving Fund will be applied to new vehicle procurements, replacing vehicles beyond economical repair and financing new acquisitions to meet clients' program requirements. The resulting net income each year is used in the FVA Revolving Fund for vehicle replacements and offset the lost depreciation of units devolved or transferred into the fleet. Vehicle acquisition has increased sharply in 2022-23 to catch up on delayed procurements from the COVID-19 pandemic year and will continue into 2023-24 and 2024-25, affecting both amortization and proceeds sales of capital assets over these years accordingly.

Rate adjustments are a tool used to ensure the agency will be able to sustain replacement schedules to support client department needs in future years. Rates will remain unchanged in the 2023-24 fiscal year.

Table 4.1 Summary of revenues, expenses and FVA fund balances

(In thousands of dollars)

	2021/22 Actual	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
Revenues					
Vehicle rentals and leases	5,489	5,698	5,869	6,045	6,227
Gain (Loss) on disposal of tangible capital assets	(43)	(45)	(70)	(70)	(70)
Subtotal	5,446	5,653	5,799	5,975	6,157
Expenses					
Salaries and administration	887	1,119	1,152	1,187	1,222
Other operating costs ¹	179	1	1	1	2
Fuel	1,498	2,196	1,713	1,713	1,713
Fuel charged to departments	(1,479)	(2,196)	(1,713)	(1,713)	(1,713)
3rd party vehicle rentals	1,008	1,211	999	902	814
Vehicle service and repairs	1,126	973	996	1,026	1,057
Amortization	1,544	1,825	1,750	1,993	2,288
Subtotal	4,763	5,129	4,898	5,109	5,382
Net Profit/(Loss) for Year	683	525	901	867	774
Adjustments					
Acquisition of capital assets	(1,002)	(3,900)	(3,900)	(3,900)	(3,900)
Amortization	1,544	1,825	1,750	1,993	2,288
Proceeds on sale of capital assets	99	135	210	210	210
(Gain)/Loss on disposal of tangible capital assets	46	45	70	70	70
Subtotal	687	(1,895)	(1,870)	(1,627)	(1,332)
Adjusted Net Profit (Loss)	1,369	(1,370)	(969)	(760)	(557)
Balance at Beginning of Year	7,172	8,000	6,630	5,661	4,901
Transfer to Consolidated Revenue Fund	(541)	0	0	0	0
Balance at End of Year	\$8,000²	\$6,630	\$5,661	\$4,901	\$4,344

¹"Other operating costs" for 2021/22 include various infrequent expenses, for example, fuel card machine repair and wash bay equipment upgrades; from 2022/23 forward only parking tickets are included here and other infrequent expenses are included in "Salaries and administration".

²Fund capped at \$8 million.

Note: Table 4.1, Summary of Revenues, Expenses and FVA Revolving Fund Balances, while verified with audited financial statements, is laid out above in a format that is directly comparable to how they are reported in Schedule 6 of the Public Accounts. This makes it possible to show the projected balance of FVA Revolving Fund and to achieve consistency across government in the way in which the financial resources of the agency are reported.

Future year fund forecast and estimates

Estimates of revenue, expenses and forecast end-of-year balances to end of fiscal year 2025-26 are as follows:

Table 4.2 FVA revolving fund future year forecast

(In thousands of dollars, except for carbon tax per tonne)

	2021/22 Actual	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
Year start balance	7,172	8,000	6,630	5,661	4,901
Revenues	5,446	5,653	5,799	5,975	6,157
Expenses	(4,763)	(5,129)	(4,898)	(5,109)	(5,382)
Adjustments	146	(1,895)	(1,870)	(1,627)	(1,332)
Year ending balance	\$8,000¹	\$6,630	\$5,661	\$4,901	\$4,344
Carbon tax per tonne	\$40/\$50	\$50/\$65	\$65/\$80	\$80/\$95	\$95/\$110

¹ Balance based upon the 2021-22 Annual Report.

Source of Revenues

The Source of Revenue Table 4.3, used for FVA rental revenue estimates, utilizes historic actuals and presents future year forecasts to provide a more accurate estimation. Each department's vehicle needs may change throughout the year(s).

Table 4.3 Revenue source by department

(In thousands of dollars)

	2021/22 Actual	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
Yukon Legislative Assembly	12	12	13	13	13
Executive Council Office	5	5	5	5	6
Education	219	221	228	235	242
Economic Development	2	2	2	2	2
Justice	163	165	170	175	180
Public Service Commission	4	4	4	4	5
Finance	1	1	1	1	1
Health and Social Services	1,323	1,394	1,436	1,479	1,524
Community Services	1,012	1,066	1,099	1,132	1,166
Environment	900	909	937	965	994
Energy, Mines and Resources	480	485	500	515	530
Tourism and Culture	86	87	90	92	95
Highways and Public Works	1,177	1,240	1,278	1,316	1,356
Yukon Housing Corporation	80	81	83	86	88
Yukon Liquor Corporation	22	22	23	24	24
Other	1	1	1	1	1
Totals	\$5,489	\$5,698	\$5,869	\$6,045	\$6,227

Note: Figures include annual, monthly and daily rental charges (daily rental charges include fuel in the km charges).

Summary of operations

Year-over-year fluctuations are affected by driver usage, annual weather conditions and idle times. FVA, as the vehicle provider and not the supervisor of individual drivers, relies on departmental program managers and supervisors to encourage drivers to improve driving habits and reduce idling times to help reduce overall emissions.

Table 4.4 Cost of operations per kilometre – fixed and direct expenses

(In thousands of dollars, except for \$/km figures)

	2021/22 Actual		2022/23 Forecast		2023/24 Target		2024/25 Target		2025/26 Target	
*rounded estimates	Cost	\$/km	Cost	\$/km	Cost	\$/km	Cost	\$/km	Cost	\$/km
Vehicle service & repairs	1,126	0.15	973	0.13	996	0.14	1,026	0.15	1,057	0.16
Fuel ¹	1,498	0.20	2,196	0.29	1,713	0.24	1,605	0.24	1,504	0.23
3 rd party rentals	1,008	0.14	1,211	0.16	999	0.14	902	0.13	814	0.14
Total direct expenses	3,632	0.51	4,380	0.59	3,699	0.52	3,516	0.52	3,351	0.54
Salaries & administration	887	0.12	1,119	0.15	1,152	0.16	1,187	0.18	1,222	0.19
Other expenses	179	0.02	1	0.00	1	0.00	1	0.00	1	0.00
Amortization	1,544	0.21	1,825	0.24	1,750	0.25	1,993	0.30	2,288	0.36
Total fixed expenses	2,610	0.35	2,945	0.39	2,903	0.41	3,181	0.47	3,512	0.55
Total	\$6,242	\$0.84	\$7,324	\$0.98	\$6,602	\$0.93	\$6,698	\$0.99	\$6,862	\$1.08

¹ Fuel costs for vehicles assigned to all YG departments including FVA pool vehicles.

Table 4.5 Average cost per kilometre – 3rd party vehicles vs FVA vehicles

	2021/22 Actual	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
Total kms driven – all vehicles	7,444	7,485	7,111	6,755	6,417
Change in total km driven	10.5%	5.4%	-5.0%	-5.0%	-5.0%
Total kms driven - FVA vehicles only	6,583	6,555	6,366	6,083	5,811
Average number of FVA-owned vehicles	688	692	699	694	689
Average kms per FVA-owned vehicles	9,568	9,472	9,114	8,771	8,440
Change in km per FVA vehicle	6.0%	-1.0%	-3.8%	-3.8%	-3.8%
Total kms driven - 3 rd party vehicles only	861	930	745	672	607
3 rd party kms - percent of total	11.6%	12.4%	10.5%	10.0%	9.5%
Average variable cost per km - FVA vehicles	\$0.61	\$0.72	\$0.67	\$0.73	\$0.78
Average variable cost per km - 3 rd party vehicles	\$1.37	\$1.60	\$1.58	\$1.58	\$1.58
Average total cost per km - All vehicles	\$0.84	\$0.98	\$0.89	\$0.98	\$1.10

Fuel details

Fuel costs have averaged \$1.95 per litre in 2022-23 and are projected to average \$1.89 in 2023-24. This is significantly higher than Business Plan 2022-25 forecast of \$1.59 per litre for 2022-23, due to continued supply uncertainty from the pandemic and the war in Ukraine. Prices are projected to rise thus increasing fuel expenses year-over-year for some time.

As they become more available and demand rises, alternative fuels and energy sources for vehicles, such as electricity, hydrogen and biodiesel, may also have some impact on mitigating prices and consumption of conventional gasoline and diesel. Targets for reducing consumption reflect current policy commitments to increase use of Zero-Emission and low-emission vehicles in the fleet, car-share and utilization of existing vehicles.

Carbon emissions are taxed, and YG is not exempt from this tax; the amount has increased each year since 2019, and for 2023 is set at \$65 per tonne of carbon dioxide equivalent (CO₂e) emissions. It will increase by \$15 per tonne per year until 2023, when it will reach \$170 per tonne.

Table 4.6 Fuel consumption and emissions

	2021/22 Actual	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
Average fuel consumption (litres/100km)	13.7	13.3	12.7	12.2	11.7
Average projected net fuel cost per litre	\$1.47	\$1.95	\$1.89	\$1.95	\$2.01
Litres consumed (000s)	1,020	994	904	822	749
Estimated CO ₂ emitted in tons ¹	2,335	2,276	2,071	1,884	1,714
Change in total consumption (emissions)	-13.3%	-2.5%	-9.0%	-9.0%	-9.0%

¹ The CO₂ calculation is based on 2.29 kg/L of gasoline, in accordance with Environment Canada's published report, Canada's Greenhouse Gas Inventory and Natural Resources Canada Fuel Guide.

Table 4.7 Vehicles in the fleet

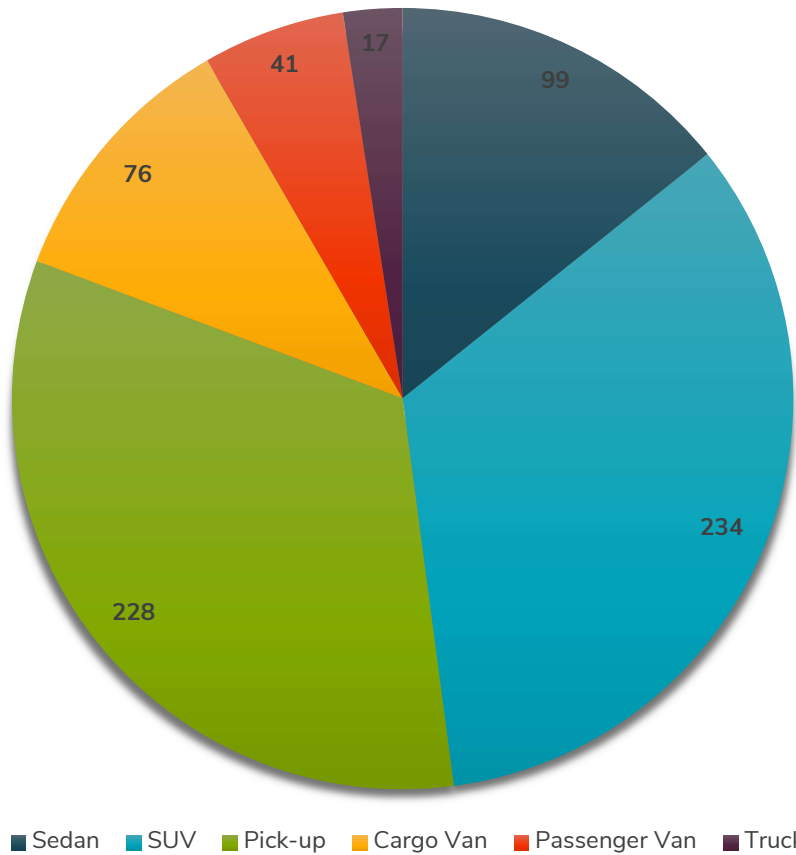
	2021/22 Actual	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
Total Vehicles					
Assigned to departments	590	584	596	566	531
Pool vehicles	83	98	105	130	160
Total owned vehicles – beginning of year	694	682	701	696	691
Vehicles sold at auction	31	45	70	70	70
Vehicles transferred in or out(+/-)	6	0	0	0	0
Vehicles purchased ¹	13	64	65	65	65
Total owned vehicles – end of year	682	701	696	691	686
Average vehicles per year	688	692	699	694	689

¹ Based on minimum procurement projection.

APPENDIX A Fleet complement and vehicle replacement

The fleet is made up of a variety of types of vehicles.

FVA vehicle breakdown by type



Vehicles are normally replaced when the mechanical condition suggest that specific vehicles are no longer cost effective and vehicles meet targets for retirement.

Targets are:

- 200,000 kilometres
- 6, 7, 10 or 15 years as noted below

FVA Amortization Schedule Targets (by vehicle type):			
Sedan	7 years	Cargo van	10 years
SUV	7 years	Cube van	10 years
Suburban / Full-Size SUV	7 years	Passenger van	7 years
2x4 Pick-up truck	7 years	Truck - light duty	10 years
4x4 Pick-up truck	6 years	Truck - heavy duty	15 years

APPENDIX B 2023-24 FVA rates

Effective April 1st, 2023		Assigned Vehicles Rentals		Yearly & Monthly ²	Pool Vehicles Rentals		Weekly & Daily ³
Vehicle Type & Class		Yearly	Monthly	Per Km	Weekly	Daily	Per Km
Sedan							
Sub-Compact	401	\$3,972	\$500	0.08	\$162	\$32	0.23
Compact Electric	401E	\$3,972	\$500	0.08	\$163	\$32	0.08
Mid-size	403	\$4,247	\$523	0.11	\$170	\$34	0.29
Cargo-Van							
Minivan	422	\$3,800	\$486	0.12	\$157	\$31	0.36
Full-size	424	\$4,195	\$519	0.14	\$169	\$33	0.52
Passenger Van							
Minivan	432	\$4,282	\$526	0.12	\$171	\$34	0.37
AWD Crossover	433	\$6,416	\$637	0.13	\$207	\$41	0.39
Full-Size	434	\$5,329	\$614	0.18	\$199	\$52	0.48
Pick-up							
4x2 mid-size	453	\$4,944	\$582	0.11	\$188	\$37	0.48
4x2 full-size	454	\$5,269	\$608	0.14	\$198	\$39	0.51
4x4 mid-size	463	\$6,765	\$739	0.12	\$241	\$47	0.45
4x4 full-size	464	\$6,972	\$750	0.15	\$245	\$48	0.51
SUV							
Compact	472	\$5,078	\$597	0.11	\$193	\$38	0.29
Compact Plug-In-Hybrid	472P	\$5,078	\$597	0.11	\$193	\$38	0.22
Mid-size	473	\$5,832	\$655	0.12	\$213	\$42	0.34
Full-size	474	\$8,842	\$889	0.15	\$276	\$58	0.40
Truck							
Light	443	\$7,345	\$736	0.25	\$240	\$47	0.74
Heavy Duty	493	\$9,255	\$901	0.50	\$324	\$64	1.04

¹ Per km rate for assigned vehicles includes service and repair costs only, updated annually to cover expected expenditures. Fuel for yearly assigned and monthly rentals are charged directly to departments as per actual cost incurred, plus 2% for administering fuel credit cards and wholesale fuel purchasing programs.

² Per km rate for weekly and daily rentals includes service and repair and fuel costs. In order to reflect ongoing changes in fuel prices and allocate the true cost of fuel to users, the fuel portion of the rate will be adjusted quarterly, using a regularly published fuel price index. Current as of April 1st, 2023.

Note: Rates have not increased from 2018-19 pending cost-charge back analysis and a new rate structure recommendation delivered in September 2022. Individual vehicle rental rates may be adjusted by FVA, with customer consent, based upon utilization, non-standard amortization schedules, multi-year rental contracts, special equipment, or unusual circumstances.

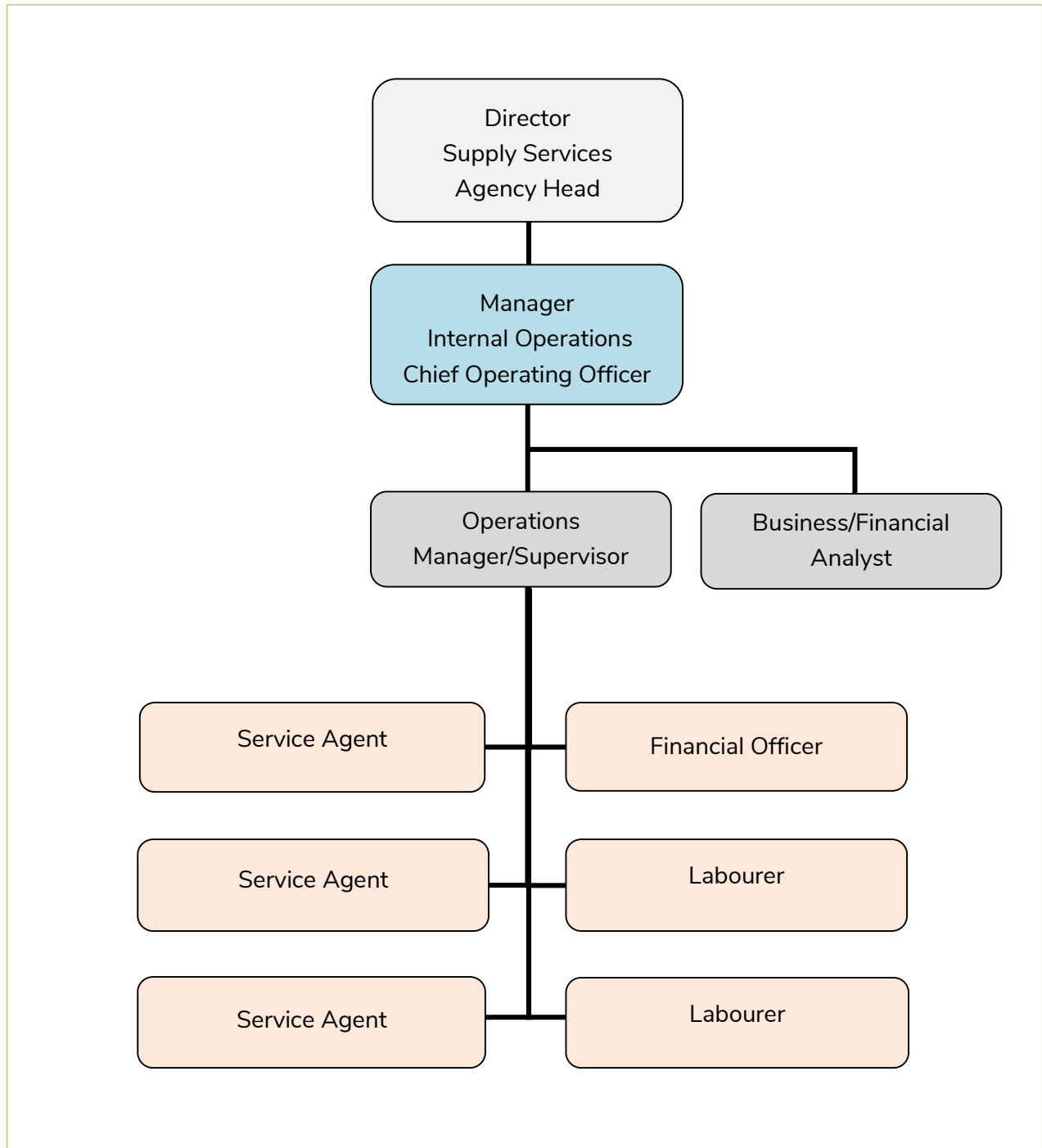
APPENDIX C 2023-24 FVA surcharges and service fees

Any missing equipment noted at vehicle return will be charged back to departments at replacement cost.

Equipment Surcharges (no effect on km rates)				
Item	Daily	Weekly	Monthly	Yearly
Radio Phone	\$6	\$34	n/a	n/a
Winch	\$11	\$63	\$97	\$550
Canopy	\$6	\$34	\$53	\$300
Rack	\$6	\$34	\$53	\$300
Cellular GPS Locator (AVL)	\$4	\$15	\$40	\$370
Call out service	\$50			
Detailing	\$250 minimum			
Decal removal	\$75/hr			
Studded tires	At cost	**Winter rated tires are installed on all FVA vehicles, year round so studded tires would only be installed if the department requires them.		

APPENDIX D FVA Organizational Chart

This organizational chart represents 9 positions dedicated to FVA operations and staffed at full-time (manager is 0.5 FTE to FVA).



APPENDIX E FVA operational agreements

FVA, while a self-funded agency within YG, operates within Section 47 of the *Financial Administration Act*, *Financial Administration Manual (FAM)* and *General Administration Manual (GAM)* policies, as well as FVA Charter (approved by cabinet in 1996). In conjunction with these, a number of other operational and high-level agreements and contracts are in place.

- Contracts are in place with a variety of service providers including businesses such as garages, body shops and vehicle rental agencies both within and more recently outside Yukon.
- There is a service agreement outlining price structures and markups between HPW Transportation Maintenance Branch (TMB) and FVA.
- FVA has a software service agreement in place with the Manitoba Government's Vehicle Equipment and Management Agency (VEMA) covering both the software used internally within FVA and the web-based system used by FVA clients (KEYS and KEYS-Online). The license is non-transferable.
- FVA has an agreement with Sirius Technologies with regards to Geotab telematics.

All existing agreements are being evaluated as part of the agency review process.