TO: CHAIR AND MEMBERS
ENVIRONMENT AND TRANSPORTATION COMMITTEE

FROM: PETER STEBLIN, P. ENG.
GENERAL MANAGER AND CITY ENGINEER
ENVIRONMENTAL & ENGINEERING SERVICES DEPARTMENT

SUBJECT: MEETING ON DECEMBER 8, 2003
FLEET CONSOLIDATION UPDATE

RECOMMENDATION

That, on the recommendation of the General Manager of Environmental & Engineering Services & City Engineer; no further action BE TAKEN at this time to pursue fleet amalgamation(s) of the Environmental & Engineering Services Department with the Fleet Services of London Police Service, London Hydro and the London Transit Commission.

BACKGROUND

PURPOSE

On July 7th, 2003, Municipal Council resolved that:

*That on the recommendation of the General Manager of Environmental and Engineering Services and City Engineer:

(a) no further action BE TAKEN at this time to amalgamate London Fire Department Fleet Services and the Environmental and Engineering Services Department, Fleet Services;

(b) the Civic Administration BE DIRECTED to correspond with the London Police Department, the London Transit Commission and London Hydro to determine their willingness to consider future Fleet Services amalgamation, and the Civic Administration BE FURTHER DIRECTED to pursue flexibility in fleet services relating to future collective agreements with the London Police, the London Transit Commission and the London Fire Department; and

(c) no further action BE TAKEN to consider amalgamations with other similar Fleet Services unless a positive interest is expressed by a requesting party to the Environmental and Engineering Services Department.*

This report is provided to update the Committee on actions taken and results received subsequent to Council's direction.

OVERVIEW

The Environmental & Engineering Services Department (EESD) has corresponded with senior management at London Police, London Hydro and London Transit Commission (LTC) to determine their willingness to pursue fleet service amalgamations. As well, a productive exploratory meeting and follow up discussions were held with LTC General Manager, Larry Ducharme and senior staff. The direction of Council with respect to flexibility in future collective agreements has been noted and passed on to Human Resources, as well as Police, Transit and Fire.

Each of these agencies have sizable fleets, existing professional fleet management, trained/experienced technicians and established and well equipped vehicle repair facilities. These agencies have incorporated their on-site fleet operations to be an integral part of their complex and unique business operations. If an existing fleet maintenance repair facility was closed or substantially reduced in size to centralize fleet servicing operations, it would be detrimental to the efficient and effective delivery of their respective business operations and would only warrant further consideration if offset by financial savings.

Remuneration for vehicle/equipment maintenance staff at the London Transit Commission is less than comparable with staff employed in EESD Operations and amalgamation would result in labour cost increases to the Commission. Internal labour costs at both London Police and London Hydro are comparable to City labour costs and no significant financial benefit would be realized by amalgamation.
LONDON TRANSIT COMMISSION

A review of the LTC's collective agreement indicates there are no impediments to restrict the amalgamation of LTC Fleet Services with EESD Fleet Services.

Fleet amalgamation discussions focused primarily on potential opportunities for increased efficiencies, reduction in costs and amalgamation options, if pursued. The agencies (EESD & LTC) agreed there would not be any financial advantage to amalgamation of these fleets and the likelihood of increased maintenance costs would result due to the higher compensation paid to EESD mechanics.

Through discussions it was agreed that opportunities for increased efficiencies were limited since existing on-site fleet management and supervision is required in order to provide continuing efficient transit services. An option of providing limited management services vs. full amalgamation of comprehensive fleet operations had no identifiable efficiencies.

A number of comparable municipalities that had previously amalgamated fleet services of these two specific agencies, have recently reverted to distinct Public Works and Transit fleet operations (i.e.: City of Kitchener, City of Mississauga), in an effort to improve the effectiveness of Transit business operations. Similarly, other municipalities with amalgamated Fleet Services are reassessing their service delivery to consider separating Public Works and Transit Fleet Services, after recent negative fleet amalgamations experiences (i.e.: City of Hamilton, City of Windsor). These municipalities have rationalized Public Works and Transit operations as different and distinct business operations and should have remained separated.

LONDON POLICE DEPARTMENT

London Police responded as "not opposed to co-operating in a comprehensive study that again wants to address this issue". A previous study analyzing the potential for amalgamation of these services carried out in 1997 by the Consolidation of Administration and Support Services Steering Committee (CASSP) had concluded, "there was not sufficient common interest or support for pursuing any further consolidation in the area of Fleet Maintenance and Service".

Key issues raised by the London Police Department include:

- Fleet maintenance staff are required to take an oath of secrecy.
- All employees completing repairs at a centralized facility would be subject to criminal record checks and extensive background investigations.
- Due to sensitive police equipment, fire arms, ammunition and explosives, vehicles must be serviced in a controlled environment.
- Computer equipment installed in police vehicles would require routine removal and reinstallation if serviced off-site.

LONDON HYDRO COMMISSION

London Hydro responded as "not interested in amalgamating its Fleet Services". London Hydro raised the concern of an unsuccessful previous attempt to amalgamate fleet operations in 1993 to 1995, indicating their main issue was a "significant increase in cost". A secondary concern was "a lack of control over repair/defer/replace decisions and prioritizing of work between City and London Hydro vehicles".

EESD maintains that we are fully capable of providing fleet service to London Hydro at costs equal to or less than the current cost given a willing client. The prime reason for the previously unsuccessful fleet amalgamation attempted in 1993 to 1995 was that client was not a willing participant.
CONCLUSION

A recent review of consolidating EESD Fleet Services and Fire Department Fleet Services was conducted and Council directed that no further action be taken to amalgamate these specific fleets and that no further action be taken to consider amalgamations with other similar Fleet Services unless a positive interest is expressed by the requesting party to EESD. Based on the subsequent review of potential amalgamations with London Police, London Transit and London Hydro, it has been concluded that there are limited operational efficiencies that could be achieved and no significant financial benefits that would warrant further actions.

This review has confirmed the previous study undertaken in 1997 by the Consolidation of Administration and Support Services Steering Committee.

This report was prepared by Joe Amaral, Division Manager, (Operations) Fleet & Facilities, and Environmental & Engineering Services Department with input from the General Manager of London Transit, Larry Ducharme and written information provided by London Police Services and London Hydro.

SUBMITTED BY: 

RECOMMENDED BY: 

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<th>J. T. HOBBS</th>
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<td>DIRECTOR – FLEET, FACILITIES AND DEPARTMENT RESOURCES</td>
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cc London Transit
London Police
London Hydro
Veronica McAlea Major, Director of Human Resources