

FLEET FACILITY LONG TERM STRATEGY

EXECUTIVE SUMMARY

The Fleet Services maintenance facility at Shepard is outdated and no longer meets the functional requirements and demand for maintenance services in the south east quadrant of the city. Work being performed at this site has a high potential for non compliance with safety legislation. The proposed facility will meet the current demand for services at that site, allow for future expansion and align with the Operational Workplace Centre (OWC) site plan.

ADMINISTRATION RECOMMENDATION(S)

That the Priorities and Finance Committee recommend that Council direct Administration to:

1. Build a Fleet Services Maintenance Facility at the Shepard OWC at a cost of \$11.6 million.
2. Transfer \$10.5 million of capital budget appropriation and funding from Fleet Acquisitions (Program 871) to Support Facilities (Program 872).

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, DATED 2014 APRIL 08:

That the Administration Recommendations contained in Report PFC2014-0257 be approved.

PREVIOUS COUNCIL DIRECTION / POLICY

None

BACKGROUND

The Shepard (Shepard) maintenance location, at the intersection of 52 Street and 114 Avenue S.E., currently maintains about 150 Waste & Recycling Services (WRS) units in a four bay facility that was constructed in 1972. The condition of this facility has declined considerably with age and this, coupled with technology change in the units maintained at Shepard, has lead to increasing inefficiencies. These inefficiencies have been compounded further as a result of moving the storage of the WRS fleet to new parking barns that were constructed about 2.5 kilometres east of the maintenance facility in an Operational Workplace Centre (Shepard OWC). Additionally, Water Services Calgro Operations and Roads are based at the Shepard OWC and at present, there are no maintenance facilities available for these units at that site. Fleet Services technicians are the only remaining City staff at Shepard.

The configuration of the Shepard shop is such that one bay is only usable for light fleet, two bays are usable for the WRS collection fleet units and one bay is required for storage of tool boxes. Of the two bays suited for the WRS collection fleet, only a small number of units can fit in the bay. Since the shop was built the model design of the units has changed in such a way that they are now longer and higher than the repair space allows and, the side arms cannot be extended indoors. As such, much of the work is being performed outside or outsourced to a commercial vendor.

The Shepard facility needs to be replaced. The structure presents safety concerns, inhibits efficiency in work processes and now, being located 2.5 kilometres from WRS vehicle storage, is adding costs for both Fleet Services and WRS.

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INVESTIGATION: ALTERNATIVES AND ANALYSIS

Several options were explored including building a new facility, buying a warehouse and outfitting it to become a maintenance facility, outsourcing to local vendors and in-sourcing to Manchester shop (Attachment 1). As shown in Attachment 2, construction of an eight bay facility at the Shepard OWC has the lowest annual operating cost and is selected as the best alternative. The Shepard OWC site plan includes land that has already been set aside for a maintenance facility adjacent to the vehicle storage facility (Attachment 3).

The benefits presented in this option would be:

- Increased safety and working conditions
- Increased capacity for maintenance of an additional 290 units
- Enhanced utilization of Shepard OWC storage facility
- Reduction in operating expenses (fuel, unit wear and staff productivity) related to ferrying units between Shepard and Shepard OWC
- Increased efficiencies resulting from improved utilization of staff and decreased outsourcing
- Future expansion opportunity as demand becomes present

Stakeholder Engagement, Research and Communication

Over the past year Fleet Services has partnered with Corporate Properties & Buildings (CPB) and WRS on exploring the solutions. Investigation, findings and recommendations have been vetted within Corporate Services, CPB, WRS and Finance for input.

Strategic Alignment

The recommended solution aligns with the Council approved Sustainable Building Policy, the Corporate Workplace Framework and Operational Workplace Centre City Wide master planning.

Social, Environmental, Economic (External)

The recommended solution serves to reduce the ferrying of units throughout the city leading to decreased emission of greenhouses gasses. The solution will be designed to include compressed natural gas (CNG) compliance to position The City with vehicle maintenance options as CNG options expand. Additionally, the Shepard OWC will be built to be LEED compliant, thereby eliminating inefficiencies associated with the Shepard shop.

Financial Capacity

Current and Future Operating Budget:

The current cost to The Corporation to operate the maintenance facility at Shepard is approximately \$1.7 million per year (Attachment 2). These costs include ferrying units between Shepard and Shepard OWC, building maintenance, and the cost of outsourcing work to commercial vendors.

The annual operating cost to The Corporation for the new proposed eight bay facility at the Shepard OWC is estimated to be approximately \$1.3 million per year and will be funded through Fleet Services operating budget (Attachment 2). The operating cost of the new facility will include building maintenance, lifecycle on facility, depreciation expense, interest on debt and

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outsourcing cost. This option will reduce annual operating cost due to the significant reduction in outsourcing to external vendors at higher mark ups.

Current and Future Capital Budget:

There is no new funding required for this building. The current approved capital budget and funding available within Support Facilities, Program 872, is \$1.1 million. There is available capital appropriation and funding (debt) capacity within the Fleet Acquisition (Program 871) as a result of reduced client vehicle demands. This transfer of \$10.5 million appropriation and funding (debt) from Fleet Acquisitions, Program 871 to Support Facilities, Program 872 will have a net zero impact on the approved capital appropriation and funding (debt) levels for Fleet Services.

Risk Assessment

Continued work at the Shepard shop has the potential to lead to safety infractions related to deteriorating conditions.

REASON(S) FOR RECOMMENDATION(S):

The Shepard OWC will lead to improved working conditions and operational efficiencies for both Fleet Services and operating business units.

ATTACHMENT(S)

1. Evaluation of Alternatives
2. Financial Analysis
3. Shepard OWC - Master Plan