




CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
General Manager's Office

TO:	Chair and Members General Issues Committee
COMMITTEE DATE:	February 15, 2023
SUBJECT/REPORT NO:	Fleet Services Realignment (PW23011) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Melissa Chiappetta (905) 546-2424 Ext. 2240 Patricia Leishman (905) 546-2424 Ext. 2629 Craig Murdoch (905) 546-2424 Ext. 4490
SUBMITTED BY:	Carlyle Khan General Manager Public Works Public Works Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That the General Manager of the Public Works Department be authorized and directed to transfer the Fleet Services Section of the Energy, Fleet & Facilities Management Division to the Corporate Asset Management Division within the Public Works Department, including 57 FTE's and a total 2022 Council Approved Budget in the amount of \$147,777, effective March 1, 2023:
- i. Fleet Services Section in the amount of \$147,777 and 57 FTE's;
 - ii. Fleet Vehicle Replacement Reserve #112025 with a 2022 forecasted year-end balance of (\$4,369,128)
- (b) That the Outstanding Business List Item respecting the review of the function and role of the Energy Office within the Energy Fleet & Facilities Management Division of Public Works, and any other potential service areas, be considered complete and removed from the General Issues Committee Outstanding Business List.

EXECUTIVE SUMMARY

In consultation with departmental leadership, the General Manager of the Public Works Department (GM PW) has identified an opportunity to balance divisional portfolios and leverage service alignment by transferring the Fleet Services Section (Fleet) from the Energy, Fleet & Facilities Management Division (EFFM) to the Corporate Asset Management Division (CAM).

This recommendation is reflective of management's efforts to review the organizational structure and efficiencies as it pertains to the ability to best execute work to deliver high-quality services.

Alternatives for Consideration – See Page 5

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The Net Levy Base funding for 2022 in the amount of \$147,777 will be transferred from the EFFM Division to the CAM Division effective March 1, 2023. Transfer from Reserve and Cost Recoveries from other Operating budgets comprise the remaining funding for the Fleet Section and will continue in the new Division.

The Fleet Equipment Reserve #112025 with a forecasted 2022 year-end balance of (\$4,369,128) will be transferred to the CAM Division to maintain normal operations for the Fleet Services Section.

Staffing: Fleet's full complement will be realigned to the CAM Division. There are no changes proposed to positions, or staff, with the exception of the Manager, Fleet Services, who will report to the Director, Corporate Asset Management.

Legal: There are no legal implications associated with the transfer of Fleet from the EFFM Division to CAM Division.

HISTORICAL BACKGROUND

Since the creation of the EFFM Division, the size, complexity and variety of portfolios within the group have evolved and experienced an increase in scope and workload. Conversely, the CAM Division was recently made permanent in accordance with the recommendation in Report PW22048 respecting the Core Asset Management Plan, approved by Council through GIC Report 22-012. The CAM Division houses corporate asset management, enterprise asset management, and Public Work's departmental programs and initiatives. The newly created Division has both the capacity to assume Fleet as well as the respective service alignments.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The recommendation to transition Fleet from EFFM to CAM satisfies the following corporate policy directives:

- Budget Control Policy (Policy No: CBP - 2);
- Budget Complement Control (Policy No: CBP - 1) and;
- Organization Restructuring (Policy No: HR-54-12).

RELEVANT CONSULTATION

Human Resources staff were consulted on staffing impacts and labour impacts. There are no labour impacts noted.

Finance staff provided information on operating budgets and reserve totals and provided advice on the migration of department identification numbers. Staff noted that there would be very minimal administrative impact on managing the expenditures and budget line items as a result of the transition.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Since the creation of the EFFM Division, the size, complexity and variety of portfolios within the group have evolved and experienced an increase in scope and workload.

Currently, there are six sections in EFFM, which are:

1. Energy Initiatives
2. Facility Planning & Business Solutions, which includes Corporate Security
3. Facilities Operations & Maintenance (Facilities)
4. Fleet Services
5. Sports & Entertainment Facilities
6. Strategic Planning, Capital & Compliance

Fleet and Facilities are very similar in the way in which they leverage management systems. Both lines of business face similar issues: routine maintenance, emergency repairs, preventative maintenance, and changeovers, but their functions are very different in many ways. Growth and increased complexity over the past few years have caused management to review both lines of business and determine a balanced governance and delivery model, keeping in mind the rising changes in both industries, including technology, environmental and climate change initiatives.

Additionally, over the past three years, Facilities has expanded in its scope and complexity to include additional responsibilities including the consolidation of major facilities into its operation in order to realize efficiencies and synergies. This included

the City's two Long Term Care (LTC) facilities (Macassa and Wentworth Lodges) and the Investigative Services Division of Police Services.

In 2018, the Facilities Planning & Business Solutions Section introduced a new business line into its portfolio, the Corporate Security Office (CSO), and the scope and volume of these services has grown exponentially. The protection of all assets is critical to the City's operations and premises (i.e.: people, property and critical infrastructure) and is one of the primary objectives of the CSO. Another key objective for the CSO is to develop a comprehensive corporate wide security program that includes a 10-year Capital Plan for the sustainability and enhancement of corporate wide security infrastructure. The CSO team has faced unique and evolving challenges since its creation and as such, areas of responsibility have increased. The CSO has become a critical resource, drawn on by many Departments for its subject matter expertise in the areas of both internal operations and external public safety initiatives. As the CSO continues to grow, it will ensure alignment with associated expectations and bring Corporate Security to a new elevated level.

The Fleet Section has created a sustainable fleet management strategy that aims to reduce environmental impacts through actions such as more sustainable vehicles and fuels, the development of the Green Fleet strategy, a move towards eliminating diesel operated vehicles by 2030 and electrifying the corporate fleet by 2050. This is an aggressive and challenging timeline. A "green fleet" can be simply defined as a fleet with a goal of reducing its greenhouse gas emissions, however going from planning to implementation has its challenges and is the hardest part for most fleets across both the municipal and private sectors.

With the above priorities, it has become evident that the EFFM divisional portfolio needs to be rebalanced, and in consultation with the Director, EFFM and Director, CAM, the GM PW has determined the best place for Fleet to be realigned to is the CAM office.

The Fleet Section's client groups span throughout the corporation, including mainly Public Works, as well as Planning & Economic Development (Building Division and Municipal Licensing & Bylaw Division), Library (bookmobiles) and Healthy & Safe Communities (Recreation Division and Public Health Division, i.e.: dental buses).

Similarly, the Director, CAM, is accountable for a portfolio that services the corporation (Corporate Asset Management) and portfolios that service the entire Public Works Department (Enterprise Asset Management, Quality Management program, and the Continuous Improvement program).

The transition of Fleet to CAM will balance the EFFM portfolio, and CAM will ensure the following:

- Continued support to the City as a service provider, ensuring that all Asset Owners understand their role in the management of their vehicles;
- One point of contact managing the reserve and reserve contributions within the asset management framework;
- Strong alignment with asset management practise such as life cycle management of the vehicles, risk management, capital planning and level of service determination; and
- Impartial and consistent customer service to all user groups.

With the recommended transfer of Fleet, EFFM would be renamed as the Corporate Facilities and Energy Management Division.

Additionally, further to Report PW22048 - GIC22-016 Item 1(g), in which staff was directed to review the function and role of the Energy Office within Energy, Fleet and Facilities Management Division of Public Works for any other potential service areas, the General Managers of Planning & Economic Development (PED) and Public Works and the Director of EFFM and Director of Climate Change Initiatives have met to review the function and role of the Energy Office within the EFFM Division of Public Works for any potential service area alignments with the Climate Change Office in PED. Staff are not recommending any change to the role or organizational structure with respect to the Energy Office at this time.

The role and function of the Climate Change Office and Energy Office are distinct, with the Climate Change Office focussed on implementation of the broader corporate Climate Change Strategy, and the Energy Office focussed on its existing role, providing continuous improvement of energy efficiency through utility and commodity management, energy engineering, renewable energy and new technology. While the Energy Office, like many other Divisions across the corporation, will play a key role in implementing the City's Climate Change Strategy, staff do not recommend any organization changes at this time.

Therefore, in consultation with the Executive Director of Human Resources, the determination has been made that there are no recommended organizational changes regarding the movement of any portion of the Energy Office in PW to the Climate Change Office in PED. With this, the above new Division name of Corporate Facilities and Energy Management Division is in alignment with this determination.

ALTERNATIVES FOR CONSIDERATION

An alternative to the proposed recommendation would be that Fleet remain within EFFM. This is not recommended as the transfer of Fleet to CAM would ensure impartiality as CAM has a corporate-wide lens when administering the Fleet program.

Lastly, this alternative would not achieve the goal of balanced divisional portfolios within the Public Works Department.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Built Environment and Infrastructure

Hamilton is supported by state-of-the-art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

N/A