

Winnipeg's fleet business A special operating agency

by Laura Eggertson

When Yvan Lupien took over the City of Winnipeg's fleet management operation three years ago, he was determined to make the government department operate more as a business.

Today, Lupien has reached his goal – and seen the demise of his department. He is now the chief operating officer of Winnipeg's Fleet Management Agency, one of four special operating agencies (SOAs) the municipality created in striving for more efficiency and better service for residents. Winnipeg is the first municipality to set up SOAs.

Unlike government departments, SOAs have mandates that can see them compete with the private sector. Authorized by City Council through operating charters with five-year business plans, the agencies are not quite Crown corporations, but they are no longer part of the city government structure. They have traded bureaucracy for the bottom-line.



"They have more flexibility and autonomy," says Iain Day, senior consultant for alternative service delivery and business planning at the City of Winnipeg. "They're set up like a business."

Not all of Winnipeg's SOAs are required to turn a profit; the Animal Services Agency still receives a grant from the city that will decline as the agency becomes more self-sufficient. Even without a profit-driven motive, Animal Services increased its revenue by \$100,000 in just one year, by monitoring dog licences more aggressively.

Winnipeg's three other SOAs – Glacial Sand and Gravel, Golf Services, and Fleet Management – are designed to generate revenues and to turn a profit.

Fleet Management serves the city as a huge leasing agency for vehicles, heavy equipment and repair services. Rates are competitive, because after three years, its clients – municipal departments – can look to the private sector, says Lupien.

In the past, Fleet Management employees were not preoccupied if they were nursing an older vehicle or piece of equipment past its useful

lifetime. But Fleet Management now works on a life cycle cost-management model.

"Before, it really didn't matter to us, and in effect, it would be better – the older the vehicle was, the more work we'd get to do on it," says Lupien. "It was probably not the optimum solution for the city... This [SOA] way, we get the best value for dollars by taking into account all the relevant costs associated with operating a fleet, balancing both the cost of capital and the cost of operating."

Suppliers are also noticing the changes. They now have the option of dealing directly with staff at the agencies that use their products, instead of being required to go through the city's purchasing department. Agencies can make their own decisions, and may consider more than just the lowest price.

When purchasing new cars and light trucks for the fleet this year, Lupien emphasized value for money over the lowest price, including fuel efficiency, and the cost of preventative maintenance for the vehicles in his request for tenders. He also anticipated the fleet's needs over a year-long period, instead of issuing several calls for proposals.

"Before, it didn't matter if you had a gas guzzler, you'd get in (if the price was low enough)," Lupien says.

For suppliers like Jason Hannah, the divisional manager for Winnipeg-based Cubex Ltd., which supplies equipment such as street sweepers and sewer trucks, dealing with the Fleet Management Agency means a less cumbersome process, he says.

"It's a lot more open," Hannah says of the new approach towards procurement. "You don't feel like you're dealing with bureaucracy. Before, you had 50 or 60 different people to go to. Now, I can deal with [the agency] like I deal with contractors. You can bring them projects and ask if it's cost-effective."

Suppliers are still bound by the city's existing legal and procedural procurement policies, which can sometimes hamper a special operating agency's freedom, says Day. "It's not perfect right now," he admits.

But when General Motors won the bid from the Fleet Management Agency this spring for 168 new vehicles, there were benefits for both sides. GM received a two-year contract with prices guaranteed for that period. And by having one tender instead of several, the Fleet Management Agency saved \$200,000 over last year, when the government department issued eight tenders for 12 or 15 vehicles each time. GM also saved administrative costs by not having to re-bid on smaller contracts.

"Everybody wins," says Lupien. "That's one of our principles, to work in partnership with our suppliers so that our customers get the best deal possible." ■■■

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