Yukon

Fleet Vehicle Agency

Business Plan 2024 to 2027

EXECUTIVE SUMMARY

Fleet Vehicle Agency Business Plan 2024 to 2027 provides a foundation for Fleet Vehicle Agency (FVA) operations and initiatives over the next three years, beginning in fiscal year 2024-25. Business planning is a key element of the Government of Yukon's commitment to transparency and accountability, against which FVA activities and services can be understood and measured.

Fleet Vehicle Agency, part of the Department of Highways and Public Works (HPW), supplies vehicles to Government of Yukon departments and public agencies. Fleet passenger cars, SUVs, pick-ups, cargo vans, passenger vans, large trucks (such as water delivery trucks), school buses and electric bicycles are used around the territory to deliver programs and services to Yukoners.

Business Plan Highlights

One of FVA's ongoing priorities is collaborating with departments to identify appropriate and sustainable transportation solutions and implement changes to reduce greenhouse gas emissions, as outlined to in *Our Clean Future* (OCF), the Government of Yukon's climate action plan. FVA is committed to addressing climate change and reevaluating its transportation services.

The Government of Yukon, through FVA, is leading by example by incorporating electric vehicles (EVs) into the fleet and evaluating the suitability and availability of EVs for all vehicle purchases. In 2024-25, FVA plans to procure 70 vehicles, including up to 24 battery electric vehicles. FVA's aim is to exceed the 2020 OCF commitment with tenders for electric trucks, vans and SUVs to replace gasoline vehicles, demonstrating the intent to reduce emissions from YG's transportation. Moreover, FVA has established the objective of having electric vehicles constitute 10% of the fleet by summer 2025, further emphasizing a commitment to sustainable practices. FVA will continue to document a rationale for any procurements of internal combustion engine vehicles.

FVA adjusts rental rates and operating approach as needed to reflect changes in vehicle purchase, service and maintenance costs, in consultation with departments. In 2024-25, changes are as follows (details on pages 10 and 11):

- New categories with rates for electric vehicles.
- Increasing motor-pool charges to recover higher capital costs.
- Adjusting annual and monthly rates for clarity and easier budget estimates.

FVA will continue to find internal operating and maintenance savings in the coming fiscal year, and support departments to better manage transportation requirements. FVA is replacing more vehicles that are beyond economical repair with EVs to reduce GHG emissions.

Fleet vehicles are essential to the Government of Yukon's public service operations and FVA is committed to including EV adoption as a fundamental component.

Projections for 2024-25[1]

- FVA is projecting that the balance of the Vehicle Fleet Revolving Fund (VFRF) may decrease from $5.9 million to $4.5 million due to maintenance, operations, and capital spending on vehicle replacements up to the $3.9 million cap (per *FAA* s47(3)).
- Projected recoveries up to $5.8 million from $5.7 million, driven foremost by increased kilometre-based rates, pool rates and new rate classes.
- Projected expenses increase to $5.3 million from $5.2 million largely due to increased amortization and repair costs of aging vehicles.
- FVA projects the acquisition of 70 replacement vehicles at an average of $56,000 per vehicle, including up to 17 EVs.
- Over the year, FVA predicts holding between 736 down to 725 vehicles, depending on clients' identified needs and right-sizing progress.
- Total kilometres driven in 2024-25 are anticipated to be approximately 6,580,000, which is marginally higher (0.9%) than 2023-24 levels.

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[1] *FVA's projections in this Business Plan are based on analysis finished in January 2024, which included finalized figures from the 2022-23 Annual Report and six months of operations and capital procurement data from 2023-24. Consequently, these projected numbers differ from the published Budget 2024-25 Highways and Public Works Restricted Fund estimates, which match targets from FVA's previous business plan prepared in October 2022. FVA monitors and updates expenditures, procurement plans, and amortization of existing fleet assets for P4 and P8 forecasts.*

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INTRODUCTION

The Fleet Vehicle Agency (FVA), established in 1996, is a special operating agency of the Government of Yukon tasked with managing efficient and affordable ground transportation services for YG departments and agencies. FVA's services include fleet vehicle rentals, vehicle maintenance and repair, a fuel card program and supplementary rental services, all tailored to meet the diverse needs of its clients across the territory.

FVA plays a foundational role for departments delivering essential services. Around the territory, government programs rely on fleet vehicles to transport staff and 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 Government of Yukon in its day-to-day work as it relates to the agency's role as a government agency.

Services highlights for 2024 to 2027

- Continue FVA transportation commitments in the *Our Clean Future* climate strategy to reduce emissions and build on progress: (Plans and Reports - Climate Change | Government of Yukon)
    - Continue adding electric and hybrid vehicles and infrastructure, as needed, adding to current 48 EVs and installing another 35 Level 2 chargers for fleet support at Yukon government building sites adding to current 19 chargers. (T2)
    - Implement a right-sizing approach with baseline utilization requirements for current and future assignments and rentals to actively reduce fleet size using shared guidelines and planning practices from 2022. (T21)
    - Continue work on interdepartmental vehicle-sharing pools to reduce number of assigned vehicles by 10% from 2020 levels by 2025. Identify options to support remote carpools closer to areas of need and opportunities and report back on usage of new tool built into the vehicle request system. (T20)
- To accelerate *Our Clean Future* commitments, implement initiatives and plan strategic procurements, continue to augment FVA staff contingent with short-term assignments.
- Examine and, where feasible, combine fleets, such as Protective Services vehicles.
- Prioritize procurement of specialized vehicles for enforcement and emergency services.
- Implement cost-analysis recommendations for service chargebacks to ensure the sustainability of assets and the fleet revolving fund.
- Continue to implement telematics and location tracking and share data with departments to enhance safety, reduce emissions and control costs.
- Replace the aging fleet – reducing the maintenance costs to improve fleet sustainability and supplementing with third-party rentals.
- Continue to manage and improve the fuel card program.
- Perform maintenance, service and inspection on fleet assets to increase performance and reduce downtime.
- Maintain fleet service locations in Whitehorse and Dawson and a rental contact in Watson Lake. Enhance service in northern Yukon by creating a permanent position (conditional on FTE approval) co-located with Transportation Maintenance Branch in Dawson.
- Implement new fleet management software by 2025-26.

Risks and challenges

- The average cost of vehicle replacements has risen from $32,000 during 2016-2019 to over $58,000 from 2020-2023.
- Increasing costs for vehicle parts and services to maintain older assets.
- Availability of electric vehicles (EVs) is limited but slowly increasing in variety.
- Unpredictability of vehicle supply and delivery dates affect annual procurement plans and targets.

1 Fleet management framework

FVA operates under a revolving fund model, using a chargeback model to recover capital, operations and maintenance expenses for client use of all fleet assets.

Client departments and agencies engage in agreements with FVA for either long-term (renewed annually) or pool (short-term, less than a year) vehicles.

Fleet allocation

	Long-term assignments	Motor pool Whitehorse	Motor pool Dawson	Motor pool Watson Lake	Total
On April 1 2024	610	119	4	3	**736**

Organizational structure

FVA is part of the Supply Services Branch of the Department of Highways and Public Works, and shares management positions with the rest of the branch. The Agency Head is the Director of Supply Services, and 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 YG employees and are included under existing collective agreements.

FVA currently employs twelve full-time staff, with 8.5 FTEs and four temporary positions. This dedicated team ensures consistent, quality customer service and effective asset management.

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 motor 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 programs to the public.

- Clients gain volume discounts on parts, services and vehicle purchases.
- Client assignment agreements delineate service levels and rates to match requirements. Short-term rental agreements are available for pool vehicles or third-party providers.
- Fleet vehicles are equipped with a standard set of emergency equipment, mobile radios, winches, tow packages and more.
- Clients can access specialized upfits or services that are part of FVA's rate structure.
- Rental rates for yearly/monthly/weekly/daily use and kilometre charges cover the costs arising from normal operation of vehicles, including a replacement when a vehicle is beyond economical repair.
- Repairs for irregular use, up fits and other vehicle additions can be billed to clients immediately or expensed in a longer term.
- Each fleet vehicle assignment includes a fleet fuel card honored at most commercial fuel outlets in the Yukon. Departments pay directly for assigned vehicles fuel, while fuel charges for short-term assignments are included in the kilometre rate.
- Automated Vehicle Locators (AVLs) are operational in approximately 40% of the fleet (299 units). 67% of fleet will have AVLs by the start of fiscal 2024-25, to capture and amalgamate operational data. AVLs help FVA and clients optimize the fleet size using asset utilization data analysis, as well as improve safe driving practices and reduce greenhouse gas (GHG) emissions.
- To support decision-making, clients enjoy convenient access to their assigned vehicle information. There is FVA's fleet management system: Keys Online and, for vehicles equipped with AVLs, supervisors and safety officers will soon be on-boarded to be able to retrieve location, utilization and driving habits data through the Geotab portal.
- FVA helps clients with all aspects of vehicle maintenance and repairs. For after-hours emergency services like towing and lockout assistance, FVA contracts with local companies. Government workshops in Whitehorse, Dawson and Watson Lake, or the nearest private sector garages with certified mechanics service fleet vehicles. Turnaround times for service vary based on the required maintenance or repair, as recommended by technicians.

Financial structure and rate adjustments

FVA's operational framework is fee-for-service, designed to recover various expenses, including vehicle replacement, employee compensation and operational requirements. Using an amortization model, FVA aims for fiscal sustainability, enabling timely vehicle replacements without additional funding.

Clients pay a fixed rental rate that targets the replacement cost accumulation in the revolving fund and a variable kilometre rate that covers the service, maintenance and management of the fleet vehicles.

Fuel is charged back to clients, plus 2% to cover administrative costs for the fuel card program. FVA also provides fuel cards to departments for non-FVA vehicles or equipment.

Clients pay for necessary upfits from the basic vehicle model, with FVA taking care of vehicle acquisition and management. Special rates for upfitted and customized vehicles aim to reduce significant one-time capital outlays and contribute to budgetary stability for clients.

To adapt to changing economic conditions FVA periodically adjusts rental rates and outlines the new annual rates within this plan. Notably, since its last overhaul on April 1, 2009, the current rate structure has seen only one minor increase, in 2018.

Agency management and operational agreements

Internally, FVA has introduced various initiatives, including customer service training, driving courses and first aid/safety certifications. These efforts are geared toward enhanced operational efficiency and meeting safety and service objectives, contributing to a safer, more effective and client-focused fleet management service.

Recommendations on FVA Charter changes were deferred pending the completion of other reviews of fleet organization, cost chargebacks and right-sizing. The ongoing review of internal policies, cost analysis and service delivery are part of continuous improvement. This work is now complete.

FVA, as a special operating agency within the Government of Yukon, operates within the Section 47 of the *Financial Administration Act* (FAA), Financial Administration Manual (FAM) and General Administration Manual (GAM) policies, and the FVA Charter (approved by cabinet in 1996). Several other operational and high-level agreements and contracts are integral to FVA's operations.

- **Service Contracts with Various Providers:** These include garages, body shops and vehicle rental agencies, both within and outside Yukon.
- **Service Agreement with HPW Transportation Maintenance Branch (TMB):** This outlines price structures and markups between HPW Transportation Maintenance Branch (TMB) and FVA, ensuring a collaborative and structured relationship.
- **Software Service Agreement with Manitoba Government's Vehicle Equipment and Management Agency:** This agreement covers both the internal software used within FVA and the web-based system utilized by FVA clients (KEYS and KEYS-Online).
- **Cellular Service and SaaS Agreement with Sirius Technologies for Geotab Telematics:** Sirius assists FVA by managing hardware and monthly charges related to Geotab Telematics. This agreement ensures the effective utilization and maintenance of essential telematics systems.
- **Membership in the National Association of Fleet Administrators (NAFA) and West Coast Electric Fleets:** These memberships facilitate direct communication with corporate and government fleets across North America. These affiliations provide training opportunities and support FVA's commitment to reducing carbon emissions.

2 Operational objectives

FVA centres its operations around five core activities: acquisition, allocation, operation, maintenance and vehicle disposal.

Government of Yukon's policy objectives align with FVA's mission to further reduce the environmental impact of ground transportation. This involves modernizing the vehicle fleet, promoting fuel-efficient driving practices, mitigating idling and encouraging government employees to explore alternative transportation options.

Acquisition: FVA collaborates with Supply Services to acquire new vehicles, as elaborated in section 3 Fleet Composition. The procurement of vehicles is executed using the Vehicle Fleet Revolving Fund (VFRF) to ensure that client needs are met at the lowest possible purchase and operating costs, all while maintaining a contemporary and efficient fleet. FVA is also actively exploring opportunities for government fleet amalgamations, such as school buses from the Department of Education.

Allocation: At the start of the 2024-25 fiscal year, FVA projects its fleet to contain 736 vehicles. Out of these, FVA will assign 610 exclusively to various government departments, while holding the remaining 126 vehicles in motor pools for courtesy and short-term use. Leveraging vehicle-sharing and short-term use of FVA vehicles offers cost-saving advantages compared to annual assignments. FVA remains prepared to facilitate third-party rentals from the private sector, effectively addressing surges in demand during emergencies like pandemics, wildfires, or floods.

Operation: FVA will submit a new rate structure as part of the FVA Business Plan 2025 to 2028. At the same time, an assessment of both the current and future fleet management needs, building on recommendations made in 2022, to enhance or replace the existing Keys vehicle management software is underway. A versatile, improved system will bolster FVA's right-sizing strategy (see section 2.1.2 for details) and foster sustainability within the fleet. FVA will incorporate the increased use of third-party software for analysis into the planning and implementation of vehicle management.

Maintenance: FVA relies on Transportation Maintenance Branch workshops for most vehicle maintenance. The agency assesses options to enhance operational efficiency and expedite vehicle turnaround times. FVA actively promotes and maintains regular and preventive maintenance schedules in collaboration with various government departments.

Disposal: FVA disposes of old vehicles through the established government asset disposal processes. FVA will continue to move surplus vehicles to auction, particularly those beyond economical repair or designated for salvage purposes. In 2024-25, FVA is planning to conduct vehicle auctions in parallel with new vehicle acquisitions to ensure a balanced and sustainable fleet composition.

2.1 Fleet initiatives for 2024 to 2027

2.1.1 Fleet management software (FMS)

FVA renews the KEYS software license and support contract annually with the Government of Manitoba. In 2022, FVA conducted a comprehensive review of system requirements, integrations and alternative solutions. FVA is actively exploring options that enhance client service, improve vehicle data management and reduce environmental impact. FVA completed a request for information (RFI) for FMS options in late 2022-23 and expects a negotiated request for proposals (nRFP) to be posted for public tender in summer 2024. FVA will ensure uninterrupted KEYS support throughout any transition to a new system.

2.1.2 Fleet right-sizing and composition

FVA is working with clients to reduce fleet emissions. Using the FVA assignment guidelines from 2022, FVA is meeting with each client branch to identify and justify fleet use cases to establish baseline models by department by June 2024. One of FVA's top priorities is to reduce departmental reliance on long-term rentals. To do this, FVA is renovating and promoting motor-pool options. In this way, clients can use short term pool rentals or localized pools for programs that require less than two days per week of transportation by summer 2025.

2.1.3 GPS telematics and AVLs

FVA has successfully installed AVLs in 299 fleet vehicles, providing real-time data on vehicle position, mileage, safety, fuel consumption and emissions. The use of AVLs is indispensable for capturing the data needed to modernize FVA's operations. AVLs will be installed in up to 500 vehicles by the end of 2024-25 and an estimated 100 additional units will be added each year until the entire fleet has them. Business analysis will guide decision-making and policy direction as the program continues to expand in 2024-25.

The use of AVLs for real-time vehicle tracking will also inform the EV procurement strategy and provide insights for future improvements to vehicle assignments and department allocations.

2.1.4 Car-sharing initiative

Starting in 2020, FVA has been exploring internal car-sharing programs for within Whitehorse and community travel to reduce emissions. The car-sharing initiative involves evaluating tools, including collaborative booking software, trip coordination and keyless vehicle options. Due to restrictions on intercommunity travel and reduction in sharing transportation during Covid, this project was put on a backburner until the pandemic constraints were lifted.

In November 2023, FVA added a car-sharing indicator to the Fleet Vehicle Request System (FVRS) to surface interest and acceptance test the concept of shared community travel. This corresponds to the Our Clean Future commitment T20. FVA will collect and share information about this initiative in the next Annual Report as a baseline for future use.

2.1.5 FVA safety initiatives

In collaboration with HPW's safety officer and Risk Management Office, FVA continues to develop documentation and policy guidelines for client safety and vehicle operations. FVA connects clients to driver-training courses, with a particular emphasis on winter driving safety, as well as promoting various safe driving online courses on its Yukonnect SharePoint page. With the planned new FMS implementation in early 2025, FVA will develop onboarding for all drivers who use fleet vehicles to enhance awareness of safe work practices and guidelines.

2.1.6 Fuel card program

In June 2023, FVA's outdated fuel card-embossing machine broke, revealing a key vulnerability in the management of fuel procurement for YG vehicles. It took months to procure replacement cards from another vendor. So, FVA completed a Request for Information in August 2023 to solicit market options for alternatives to the charge card, such as an external fuel credit card. Further analysis of options that work with a new FMS will be done in 2024-25.

2.1.7 EV procurement strategy

With growing market opportunities, FVA is creating an EV procurement strategy that will harmonize EV additions with the expansion of charging station infrastructure. This strategic plan will determine the number of procurements by utilizing Geotab data, assessing the suitability and availability of EVs and identifying adequate access to charging infrastructure.

Furthermore, FVA's vehicle pools in Dawson, Watson Lake and Whitehorse will host a larger number of EVs, acting as a staging point for broader distribution and serving as a training and educational base to encourage drivers to consider EVs.

2.1.7 Communication initiatives

1. **Promoting electric vehicles:** FVA actively promotes the adoption of EVs by procuring various makes and models as they become available in the Yukon market. EVs will be prioritized in the motor-pool and assigned to different departments to maximize visibility by both government employees and Yukon residents. Collaboration with other government entities aims to change public perceptions about the viability of EVs in a northern climate. FVA works closely with the Department of Energy Mines and Resources who facilitate supplier readiness for EVs. Tenders consistently incorporate EVs to signal FVA's commitment to cleaner, more sustainable transportation options.
2. **Comprehensive vehicle usage survey:** FVA is dedicated to ensuring that clients have access to the financial and operational information they need for well-informed decisions regarding their vehicle requirements. In spring 2024, FVA will conduct a comprehensive vehicle usage survey and update information for all assigned vehicles. This effort aligns with FVA's commitment to provide clients with the data needed to make informed decisions about their vehicle allocations and motor pool options.

3. **AVL data analysis expansion:** FVA is committed to expanding the utilization of AVL data analysis to monitor vehicle usage, locations and driving safety. FVA has developed a phased approach spanning three years, in collaboration with other government departments, to implement an AVL program for all government vehicles. This program will provide authorized departmental representatives with access to real-time data, enhancing their ability to monitor and manage vehicle usage effectively.

4. **Client communication and safety initiatives:**

   FVA provides manuals for departmental users and as a valuable reference for their safety and operation of YG vehicles.

   Since 2018, FVA has continued its practice of verifying operator's licenses, including checking their class and expiry dates, before authorizing drivers to access vehicles. This practice aligns with industry standards, addressing safety and risk management concerns. Note that FVA accepts out-of-territory licenses for its drivers, following the provisions of the *Motor Vehicles Act*.

FVA designs these communication initiatives to keep clients and stakeholders well informed and engaged in its efforts to improve fleet management, promote sustainability and enhance the safety of government vehicle operations.

2.2 FVA staffing compliment

FVA exists to manage effective and efficient fleet operations, while meeting the needs of departments' programs and service-delivery to the people of Yukon. To respond better to evolving needs, FVA piloted the following positions in 2022-23:

- **Fleet acquisition specialist (pilot of a 2-year term)**: To support strategic planning and procurement and achieve and accelerate ***Our Clean Future*** commitments for adding EVs to the fleet.
- **Fleet coordinator (AKA service agent) in Dawson (pilot of a 1-year term, extended into 2-year)**: To improve FVA client support in the northern region with localized community-based FVA services.

The pilot programs have been successful, and will be extended for an additional year. Added staffing compliment includes:

- **Business analyst (1-year GradCorps placement)**: To engage with clients and partners for improved vehicle data management as an AVL project analyst - May 2023 to May 2024.
- **Fleet coordinator in Whitehorse (training position)**: To bridge development of fleet front office service providers meeting increasing demands for vehicle rentals, ongoing as needed.

FVA plans to create a two-year term position for a functional analyst in 2024-25, contingent on funding for the AVL project from non-FVA sources.

2.3 Rate adjustments - Rate changes for 2024-25

FVA has assessed a need for rate adjustments to cover increased capital costs of each vehicle asset as well as increased costs for parts, servicing and repairs. As noted, FVA has been consulting with clients to assess transportation needs and realign assignments to meet operational requirements.

To mitigate the impact on departmental budgets, changes for 2024-25 are minor and will be implemented with clients such that the overall costs are minimized. Starting in April 2023, FVA met with most departmental clients to discuss right-sizing, utilization needs, and rate changes. These changes support a higher use of existing assets and reallocation of under-utilized vehicles from single assignments to shared pools.

FVA projects a 2.2% increase in non-fuel recoveries in 2024-25 compared to 2023-24 levels. Table 4.3 shows the projected impact by department. See **Appendix A and Appendix B FVA updated rate structures** for long-term assignments and short-term pool rentals. Rates for electric bicycles (eBikes) are shown in **Appendix C**.

FVA proposes the following minor changes for the 2024-25 fiscal year:

New rate categories: Four new rate categories for EVs to account for the higher capital and lower maintenance costs of these vehicles.

Short-term motor pool rental fee increase: A weighted average increase of 63% to short-term rental costs to ensure capital recoveries for future replacements. With these changes, FVA pool rates would average approximately 53% of third-party rental summer rates, increasing from 34% of third-party rental rates.

Minor adjustments to annual rates: Rounded up annual rates to even increments of $100 for clarity and convenience purposes, as a micro step towards recovering the full cost of new vehicles.**

*** Note: Current rental rates do not cover the capital cost recovery of new vehicles over the 6-to-10-year timeline of peak use. FVA is remodeling the charge back rates for full-cost recovery. The revised rates will circulate in summer 2024 and subsequently included in 2025-26 department budgets. Full-cost recovery may instigate rate increases from 12% up to 22%.*

2025-26 fiscal looking ahead:

To balance the projected vehicle replacement expenditures, FVA is considering, and currently consulting with departments about, making more substantial adjustments to annual rates for the 2025-26 fiscal year. An increase in rental rates will slow the projected drawdown of the Vehicle Fleet Revolving Fund (VFRF) where increasing vehicle procurement prices and rising costs for maintenance and servicing are impacting long term sustainability.

3 Fleet composition

FVA continually reviews and monitors the composition of its fleet to ensure alignment with client needs, a positive balance in the VFRF and adherence to the annual capital expenditure limit of $3.9 million. FVA recognizes a new rate structure can help counter the anticipated annual decline of the fund balance due to this regular high capital spend.

3.1 Procurement projections

FVA buys vehicles every year. In 2024-25, FVA will address a substantial backlog of vehicle replacements. FVA plans to procure up to 24 battery electric SUVs, vans and pick-ups. Additionally, FVA plans to acquire between 45 and 61 new Internal Combustion Engine (ICE) vehicles to meet departmental program requirements and replace aging vehicles in service. Refer to Table 3.3 for further details on 2024-25 procurement.

By March 31, 2025, FVA projects the core fleet to contract from 736 to 725 vehicles, with 600 assigned to client agencies and 125 allocated to vehicle-sharing pools for short-term use.

To client departments, FVA promotes pre-seasonal planning for transportation needs to optimize the utilization of FVA-owned vehicles, as this reduces the reliance on third-party rentals from the private sector due to unforeseen requirements. From April to September, FVA rarely has enough vehicles in the motor pool to meet departmental demand. Having enough cars in the summer is possible but means more vehicles sitting unused in the winter. With that in mind, FVA is expanding the FVA motor pool slightly to alleviate or offset third-party rental costs by up to 15%. Third-party rental expenditures have increased significantly since 2020-21 due to unanticipated fleet and transportation requirements to respond to floods, fires, field work, and increased construction. FVA will provide increased support to departments in their planning efforts in the coming year to ensure core demand is met.

Multiple factors influence the specific number of vehicles procured each year, including purchase price, vehicle availability, emerging departmental requirements and unplanned replacement vehicles due to theft, collisions and vandalism.

3.2 Electric vehicles

FVA plans to "continue the electrification of the Government of Yukon's vehicle fleet and by 2025 develop vehicle lifecycle management practices that incorporate emissions of greenhouse gas emissions reductions into vehicle replacement decision-making," as per *Our Clean Future* action T2 (revised). Since 2021, FVA has actively advanced charging station infrastructure and EVs, which include both battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs).

In the 2024-25 fiscal year, the focus of EV acquisitions will primarily be compact BEV SUVs. FVA will continue to issue tenders for trucks, passenger vans and cargo vans, signaling its commitment to emissions reduction even if the market cannot yet fully meet its requirements.

FVA collaborates with clients to evaluate each new or replacement vehicle request, ensuring we provide the most suitable vehicle technology to meet operational requirements. For procurements involving vehicles with ICE engines, FVA records a written rationale to provide transparency and justification for the decision.

3.3 Vehicle class and type - procurement ranges

The following procurement plan shows the expected minimum and maximum ranges for each vehicle class and type. Projected costs are included for purchases adding up to $3.9 million. These ranges include anticipated replacements, additions and trade-outs. FVA works with clients to exchange or reduce vehicle types and volumes based on utilization data analysis and recommendations for fleet right-sizing. FVA will provide such information in annual planning meetings with branches to help utilize resources efficiently and minimize expenses on maintenance and downtime. FVA will aim to buy the "ideal" amount in all categories = 70 units or 10% of the fleet. Five ICE vehicles are large pickup trucks to add to existing fire services activities.

Table 3.3 Procurement plan for 2024-25

Internal combustion vehicles				
Vehicle Type	**Minimum**	**Ideal**	**Maximum**	**Projected average Cost**
SUVs	20	25	28	$ 45,000
Trucks	15	17	19	$ 60,000
Vans	10	11	14	$ 65,000
Total	**45**	**53**	**61**	**$2,860,000 (Ideal)**

Battery electric vehicles				
Vehicle type	**Minimum**	**Ideal**	**Maximum**	**Projected average Cost**
SUVs	9	15	19	$ 55,000
Trucks	0	1	3	$ 115,000
Vans	0	1	2	$ 100,000
Total	**9**	**17**	**24**	**$1,040,000 (Ideal)**

Vehicle prioritization: FVA prioritizes vehicle replacements based on the most urgent need. Unexpected circumstances or developments such as vehicle losses, write-offs and the creation of new programs in other government areas may necessitate changes outside the expected range mentioned above. Additionally, since the pandemic, anticipating delivery dates for new vehicles has become complicated due to unprecedented lead times.

Cost: In the four years prior to April 2020, the average cost paid by FVA for vehicles was under $32,000. In the four years since, this figure was over $58,000. This is due to several reasons.

- Same model vehicle prices have increased by 40% or more since the pandemic.
- BEVs tend to cost around 40% more than comparable ICE vehicles.
- Supply issues have reduced the incentive for dealers to offer bulk discounts

- Recent replacement has focused on higher-priced vehicles types, such as vans, pick-up trucks and specialized vehicles, more than compact SUVs and passenger cars.

FINANCIAL AND FLEET MANAGEMENT INFORMATION

4.1 Summary of projected recoveries, expenses and Vehicle Fleet Revolving Fund

FVA must ensure the agency is fully cost-recoverable and maintains a sufficient fund balance in the Vehicle Fleet Revolving Fund (VFRF) necessary to procure vehicle replacements as needed.

In the next year and beyond, recoveries to FVA are expected to increase: from $5.7 million in 2023-24 rising to $5.8 million in 2024-25. FVA's recoveries comes from direct chargebacks for third-party rentals, kilometre rate fees to designed to fund vehicle service and repairs, and vehicle rental fees to cover administration expenses and the capital costs of vehicles for fleet programs to clients.

FVA estimates operating expenses to be $5.2 million in 2023-24 and $5.3M in 2024-25. FVA expenditures include fleet maintenance, fuel, third-party rentals, amortization and the administrative costs related to fleet management. Amortization expenses are expected to grow significantly in the coming years as new procurements replace fully amortized vehicles.

The forecast for third-party rental expenses is $1.0 million in both 2023-24 and 2024-25. Third-party rental expenses can be challenging to predict due to emergency events, departmental program changes and market factors. FVA expects these expenses to decrease as it adjusts fleet composition, but unexpected client demands can lead to changes throughout the year.

The VFRF balance is expected to decrease from $5.9 million to $4.6 million during 2024-25, continuing to decline to just $2.5 million by the end of 2026-27. FVA aims to spend the maximum of $3.9 million on vehicles each year over the next three years to reduce a backlog of overdue replacements. However, due to the projected decreasing fund balance, FVA anticipates reduced spending in 2026-27 onwards, unless rates increase significantly.

FVA applies "net profits" accumulated in the VFRF to EV procurement, vehicle replacement and some new acquisitions to meet clients' program requirements. Vehicle tenders increased sharply in 2022-23 and 2023-24 to catch up on procurements delayed in the COVID-19 pandemic year. FVA expects maximum procurement to continue into 2024-25 and 2025-26, which will impact both amortization and proceeds on sales of capital assets over these years.

FVA is making rate changes for the 2024-25 fiscal year, with minor increases to pool rentals and kilometre-based rates that will more directly cover the necessary expenses incurred to maintain the fleet and replace aged assets. New rate classes have been added to account for the higher capital cost of EVs. FVA has advised its clients of minor changes to annual rates for better budget estimating.

Together, these immediate, minor rate adjustments help FVA to maintain the fleet, delaying the need for more comprehensive rate increases to a future year. Departments will manage the changes by returning underutilized assignments, giving early notice for summer rentals for better planning options, and evaluating program delivery needs for transportation with FVA's support.

Table 4.1 Summary of recoveries, expenses and FVA fund balances (000's) [1]

	2022/23 Actual	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
Recoveries					
FVA vehicle rentals	3,811	3,903	4,045	4,053	4,089
Third-party vehicle rentals	1,090	1,024	1,002	980	959
Vehicle KM rates	808	785	792	794	805
Gain (Loss) on disposal of tangible capital assets	(27)	(44)	(50)	(22)	-
Subtotal	**5,682**	**5,668**	**5,789**	**5,805**	**5,853**
Expenses					
Salaries and administration	1,079	1,139	1,173	1,208	1,244
Other operating costs	337	166	170	176	181
Fuel	1,884	1,792	1,815	1,823	1,860
Fuel charged to departments	(1,739)	(1,792)	(1,815)	(1,823)	(1,860)
Third-party vehicle rentals	1,090	1,024	1,002	980	959
Vehicle service and repairs	1,267	1,081	1,090	1,092	1,108
Amortization	1,689	1,747	1,819	2,047	2,289
Subtotal	**5,607**	**5,155**	**5,253**	**5,503**	**5,781**
Net Profit/(Loss) for Year	**75**	**513**	**535**	**302**	**72**
Adjustments					
Acquisition of capital assets	(2,462)	(3,900)	(3,900)	(3,900)	(3,224)
Amortization	1,689	1,747	1,819	2,047	2,289
Proceeds on sale of capital assets	21	102	199	195	179
(Gain)/Loss on disposal of tangible capital assets	27	44	50	22	-
Subtotal	**(725)**	**(2,008)**	**(1,833)**	**(1,636)**	**(756)**
Adjusted net profit (Loss)	(650)	(1,495)	(1,297)	(1,334)	(684)
Balance at beginning of year	8,000	7,350	5,855	4,558	3,224
Balance at end of year	**$7,350**	**$5,855**	**$4,558**	**$3,224**	**$2,540**

Note: 2022-23 Actual recoveries, expenses and VFRF Balances are verified with audited financial statements, and correspond to Schedule 6 of the Public Accounts 2022-23.

[1] *FVA's projections in this Business Plan are based on analysis finished in January 2024, which included finalized figures from the 2022-23 Annual Report and six months of operations and capital procurement data from 2023-24. Consequently, these projected numbers differ from the published Budget 2024-25 Highways and Public Works Restricted Fund estimates, which match targets from FVA's previous business plan prepared in October 2022. FVA monitors and updates expenditures, procurement plans, and amortization of existing fleet assets for P4 and P8 forecasts.*

4.2 Future year fund forecast and estimates

Estimates of recoveries, expenses and forecast end-of-year balances to end of fiscal year 2026-27 are as follows:

Table 4.2 Vehicle Fleet Revolving Fund future year forecast (000's)

	2022/23 Actual	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
Year start balance	8,000	7,350	5,855	4,558	3,224
Recoveries	5,682	5,668	5,789	5,805	5,853
Expenses	(5,607)	(5,155)	(5,253)	(5,503)	(5,781)
Adjustments	(725)	(2,008)	(1,833)	(1,636)	(756)
Year ending balance	**$7,350**	**$5,855**	**$4,558**	**$3,224**	**$2,540**

4.3 Recoveries by department

Recoveries from departments are directly used for FVA's capital and O&M expenditures each year. The amounts below reflect current assignment allocations, short-term rentals, variable rates charged by kilometres driven and fuel purchases. Depending on program growth or adjustment, department's vehicle needs may vary over the year(s) from FVA's estimate here.

Table 4.3 Recoveries by department (000's)

	2022/23 Actual	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
Executive Council Office	26	13	13	13	13
Education	233	205	210	209	210
Economic Development	12	9	9	9	9
Justice	186	159	163	162	163
Finance	3	51	52	52	52
Health and Social Services	1,294	1,227	1,254	1,252	1,257
Community Services	951	1,111	1,136	1,134	1,139
Environment	863	945	966	964	969
Energy, Mines and Resources	565	482	493	492	494
Tourism and Culture	99	97	99	99	99
Highways and Public Works	1,361	1,303	1,332	1,329	1,335
Yukon Housing Corporation	77	85	87	87	87
Yukon Liquor Corporation	23	19	19	19	20
Other	16	6	6	6	6
Totals	**$5,709**	**$5,712**	**$5,839**	**$5,827**	**$5,853**

Note: Figures include FVA vehicle rentals, vehicle kilometre rates, and third-party rentals (short-term pool fuel is included in vehicle kilometre rates). These sum the first three lines under Recoveries in Table 4.1.

4.4 Summary of operations – cost per kilometre

Year-over-year fluctuations in FVA's operational costs are influenced by several factors, including usage demand, annual weather conditions and vehicle down times. The primary goal is to work collectively to decrease overall emissions from the fleet.

Fleet's cost per kilometre expressed as an average of vehicle use will likely fall below $1 per km in 2024-25, due to the lower servicing costs of new vehicles and EVs and the lower spending on fuel.

Table 4.4 Average cost per kilometre – fixed and variable expenses

	2022/23 Actual		2023/24 Forecast		2024/25 Target		2025/26 Target		2026/27 Target	
*Rounded estimates	Cost (000's)	$/km	Cost (000's)	$/km	Cost (000's)	$/ km	Cost (000's)	$/ km	Cost (000's)	$/km
Vehicle service & repairs	1,267	0.17	1,080	0.15	1,089	0.15	1,091	0.15	1,109	0.15
Fuel[1]	1,884	0.26	1,792	0.25	1,815	0.25	1,823	0.25	1,860	0.25
Third-party rentals	1,090	0.15	1,024	0.14	1,002	0.14	980	0.14	959	0.14
Total variable expenses	**4,241**	**0.58**	**3,896**	**0.54**	**3,906**	**0.54**	**3,894**	**0.54**	**3,919**	**0.54**
Salaries & administration	1,079	0.15	1,139	0.16	1,173	0.16	1,208	0.17	1,244	0.17
Other expenses	337	0.05	166	0.02	170	0.02	176	0.02	181	0.02
Amortization	1,689	0.23	1,746	0.24	1,818	0.25	2,047	0.28	2,317	0.31
Total fixed expenses	**3,105**	**0.43**	**3,051**	**0.42**	**3,161**	**0.43**	**3,431**	**0.47**	**3,742**	**0.51**
Total	**$7,346**	**$1.01**	**$6,947**	**$0.96**	**$7,067**	**$0.97**	**$7,325**	**$1.01**	**$7,661**	**$1.05**

[1] Fuel costs for vehicles assigned to YG departments, FVA pool vehicles and third-party rentals.

4. 5 Comparison of costs by rental fleet

FVA uses its own motor pool, assigned vehicles and third-party rentals to meet departmental transportation requirements. When renting from a third-party, the average cost per kilometre is more than double the cost of rentals from fleet pool, as shown below.

The procurement and right-sizing plans for 2024-25 aims to reduce dependency on third-party rentals and increase use of fleet pool vehicles to gain savings. However, FVA will continue to use third-party options to fill peak demand for transportation.

Table 4.5 Average cost per kilometre – FVA vs third-party vehicles (000's)

	2022/23 Actual	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
Total kms driven – all vehicles	7,254	7,245	7,265	7,245	7,310
Change in total kms driven	**(5.0%)**	**(0.1%)**	**0.3%**	**(0.3%)**	**1.0%**
Total kms driven - FVA vehicles only	6,528	6,524	6,580	6,594	6,692
Average number of FVA owned vehicles	702	729	731	729	736
Average kms per FVA owned vehicles	9,299	8,949	9,008	9,052	9,104
Change in kms per FVA vehicle	**(6.3%)**	**(3.8%)**	**0.7%**	**0.5%**	**0.6%**
Total kms driven – third-party vehicles only	726	721	685	651	618
Third-party kms - percent of total	10.0%	10.0%	9.4%	9.0%	8.5%
Average cost per km - FVA vehicles[1]	**$0.71**	**$0.68**	**$0.69**	**$0.73**	**$0.76**
Average cost per km – third-party vehicles[2]	**$1.76**	**$1.67**	**$1.71**	**$1.76**	**$1.81**

[1] Includes vehicle service & repairs, fuel and amortization

[2] Includes fuel and third-party rentals.

4.6 Fuel consumption and emission details

As the proportion of EVs within the fleet increases, FVA anticipates a corresponding decline in the average fleet-wide fuel consumption. FVA expects each of the recently procured BEV SUVs (30), cargo vans (3) and pick-ups (2) to be fully operational by summer 2024. These EVs are projected to reduce fuel consumption by an average of 1,000 litres per year of service, resulting in an estimated total annual reduction of approximately 35,000 litres of fuel.

However, FVA projects the overall reduction of emissions to be gradual for the following reasons:

- EVs in fleet is currently less than 10% of all vehicles in the fleet.
- Departmental requests are for larger vehicles like SUVs and pick-ups where the options for EV replacements are still limited. FVA will have to continue purchasing ICE vehicles.
- Government operational growth, required to serve a growing Yukon population, will increase requirements for transportation.
- Complementary efforts to reduce road travel such as videoconferencing will meet some but not all transportation demands.

Table 4.6 Fuel consumption and emissions

	2022/23 Actual	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
Total kms driven – all vehicles (000s)	7,254	7,245	7,265	7,245	7,310
Average fuel consumption (litres/100kms)	15.0	14.7	14.3	14.0	13.7
Litres consumed (000's)	1,092	1,063	1,041	1,012	999
Estimated CO_2 emitted in tons[1]	2,500	2,435	2,385	2,318	2,288
Change in total consumption (emissions)	**0.0%**	**(2.7%)**	**(2.1%)**	**(2.8%)**	**(1.3%)**

[1] The CO_2 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.

4.7 Fuel spending and carbon tax details

The average cost of fuel in 2023-24 has averaged $1.81 per litre. FVA projects this figure to average $1.86 in 2024-25 and continue to increase in the future, recognizing that gasoline prices are inherently unpredictable.

Carbon emissions are taxed, and the Government of Yukon is not exempt from this tax. The tax amount has been increasing annually since April 1, 2019. For 2024-25, the tax is set to be $80 per tonne of carbon dioxide equivalent emissions, equivalent to 18.3 cents per litre of gasoline. This tax is scheduled to increase by $15 per tonne annually until 2030, when it is projected to reach $170 per tonne or 38.9 cents per litre.

Table 4.7 Fuel spending and carbon tax

	2022/23 Actual	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
Litres consumed (000's)	1,092	1,063	1,041	1,012	999
Average net fuel cost ($/litre)	$1.86	$1.81	$1.86	$1.92	$1.97
Total fuel spending (000's)	$1,884	$1,792	$1,815	$1,823	$1,860
Estimated CO_2 emitted in tons[1]	2,500	2,435	2,385	2,318	2,288
Carbon tax per tonne of CO_2	$50	$65	$80	$95	$110
Carbon tax paid (000's)	**$125**	**$158**	**$191**	**$220**	**$252**

[1] See table 4.6.

4.8 Acquisition, disposal and growth details

FVA foresees significant changes in its vehicle inventory to address long outstanding aged fleet assets. In the 2024-25 fiscal year, FVA plans to dispose of 81 vehicles that have driven over 200,000km, are beyond economic repair, or cannot meet any need in government. Disruptions in the supply chain are easing, leading to availability of vehicles for acquisition and in the short-term increasing the FVA overall vehicle count.

Looking ahead, FVA aims to streamline its vehicle disposal cycle, aligning it with the arrival of new vehicles. This approach not only ensures the steady refreshment of the fleet but also considers moderate growth and replaces use of third-party rentals with pool assets to increase YG fiscal management and reduce expenditures.

For information on the current fleet composition and the amortization and replacement schedule, refer to Appendix F.

Table 4.8 Acquisition, disposal and growth

	2022/23 Actual	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
Total Vehicles					
Assigned to departments	590	593	610	600	590
Pool vehicles	92	128	126	125	135
Total owned vehicles – as of April 1 in the fiscal year	**682**	**721**	**736**	**725**	**725**
Vehicles sold at auction	13	45	81	69	57
Vehicles transferred in or out (+/-)	1	0	0	0	0
Vehicles purchased	51	60	70	69	57
Total owned vehicles – end of year	**721**	**736**	**725**	**725**	**725**
Average vehicles per year	**702**	**729**	**731**	**725**	**725**

[1] Based on projected procurement plan.

APPENDIX A 2024-25 FVA long-term assigned rates

Long-term rate structure Effective April 1, 2024[1]			
Vehicle type & class	**Yearly**	**Monthly**	**Per km[2]**
Car			
Compact	$4,000	$500	0.08
Mid-size	$4,300	$525	0.08
Electric	$5,300	$675	0.10
Cargo van			
Mid-size	$3,800	$500	0.12
Full-size	$4,195	$525	0.14
Full-size electric	$9,900	$1,250	0.14
Passenger van			
Mid-size	$4,300	$525	0.12
Full-Size	$5,300	$625	0.18
Pick-up			
Mid-size	$6,750	$750	0.12
Full-size	$7,000	$750	0.15
Full-size electric	$10,500	$1,300	0.15
SUV			
Compact	$5,000	$600	0.11
Compact plug-in-hybrid	$5,500	$700	0.11
Mid-size	$5,900	$700	0.12
Full-size	$8,900	$900	0.15
Truck			
Stake	$7,400	$750	0.25
Heavy-duty	$9,300	$950	0.50

[1] *With customer agreement, FVA may adjust individual vehicle rental rates based upon utilization, non-standard amortization schedules, multi-year rental contracts, special equipment or unusual circumstances.*

[2] *Per km rate for assigned vehicles includes service and repair costs only, updated annually to cover expenditures.*

Note: FVA charges fuel for yearly assigned and monthly rentals directly to departments as per actual cost incurred, plus 2% for administering fuel credit cards and wholesale fuel purchasing programs.

APPENDIX B 2024-25 FVA short-term pool rates

Pool Rate Structure Effective April 1, 2024			
Vehicle type & class	**Weekly**	**Daily**	**Per km[1]**
Car			
Passenger car	$250	$50	0.23
Passenger car electric	$375	$75	0.10
Cargo van			
Mid-size	$300	$60	0.35
Full-size	$350	$70	0.50
Full-size electric	$500	$100	0.15
Passenger van			
Mid-size	$300	$60	0.35
Full-Size	$350	$70	047
Pick-up			
Mid-size	$325	$65	0.44
Full-size	$375	$75	0.49
Full-size electric	$500	$100	0.15
SUV			
Compact	$300	$60	0.28
Compact plug-in-hybrid	$325	$65	0.19
Mid-size	$325	$65	0.32
Full-size	$425	$85	0.39
Truck			
Stake	$475	$95	0.71
Heavy-duty	$550	$110	1.01

[1] *Per km rate for short-term rentals from the motor pool is calculated to include the per km rate for annual assignments, updated annually, plus projected fuel costs based on average fuel economy of class and current fuel prices in Whitehorse, updated quarterly.*

APPENDIX C 2024-25 FVA eBike rates

eBike Rates Effective April 1, 2024		
eBike	**Yearly**	**Monthly**
Standard	$1000	$100
Cargo	$2000	$200

APPENDIX D 2024-25 FVA surcharges and service fees

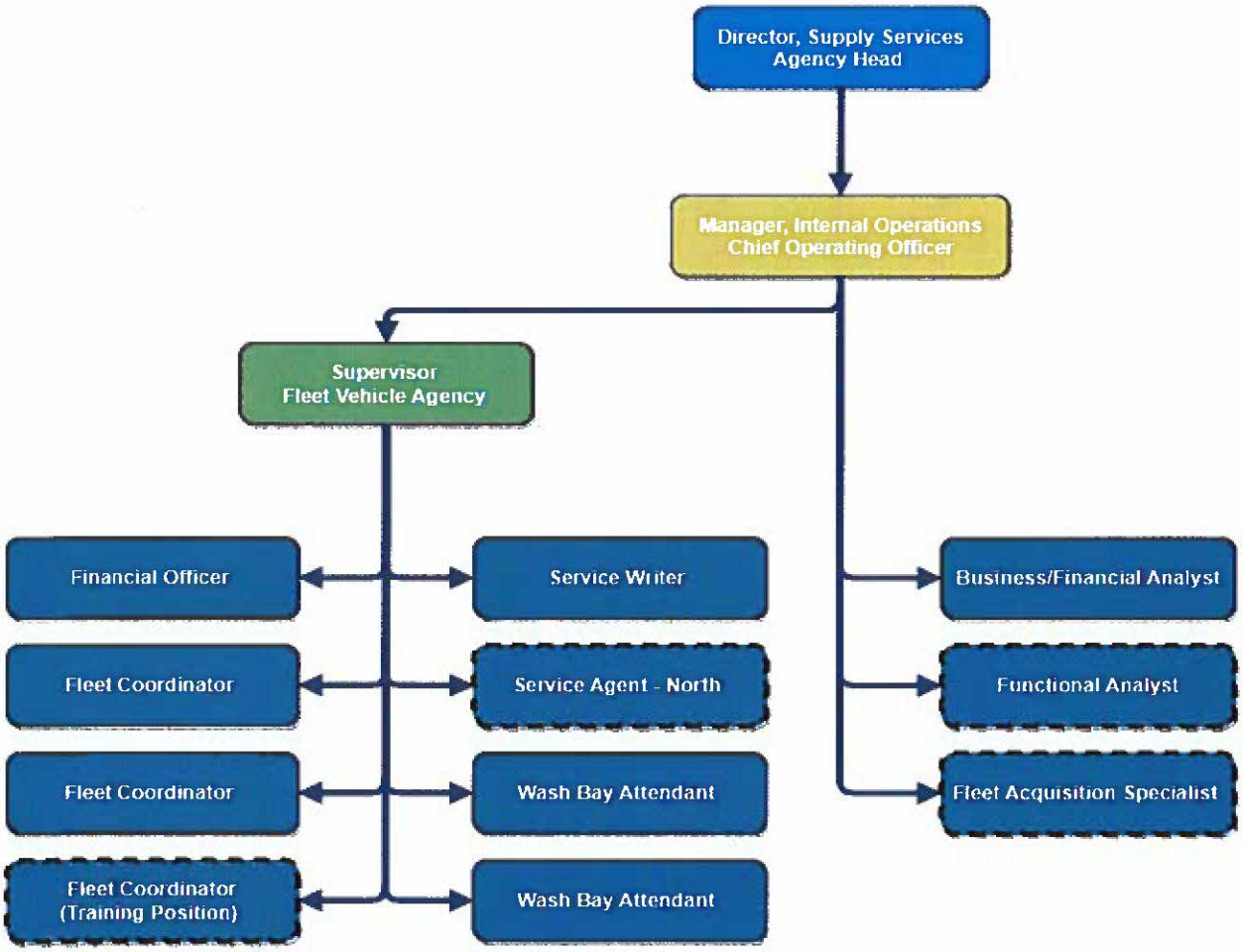
FVA will charge back any missing equipment noted at vehicle return to departments at replacement cost.

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*	***FVA installs winter rated tires on all FVA vehicles, year-round. Studded tires are installed only if the department requires them and assumes all cost and responsibility for changeovers.*		

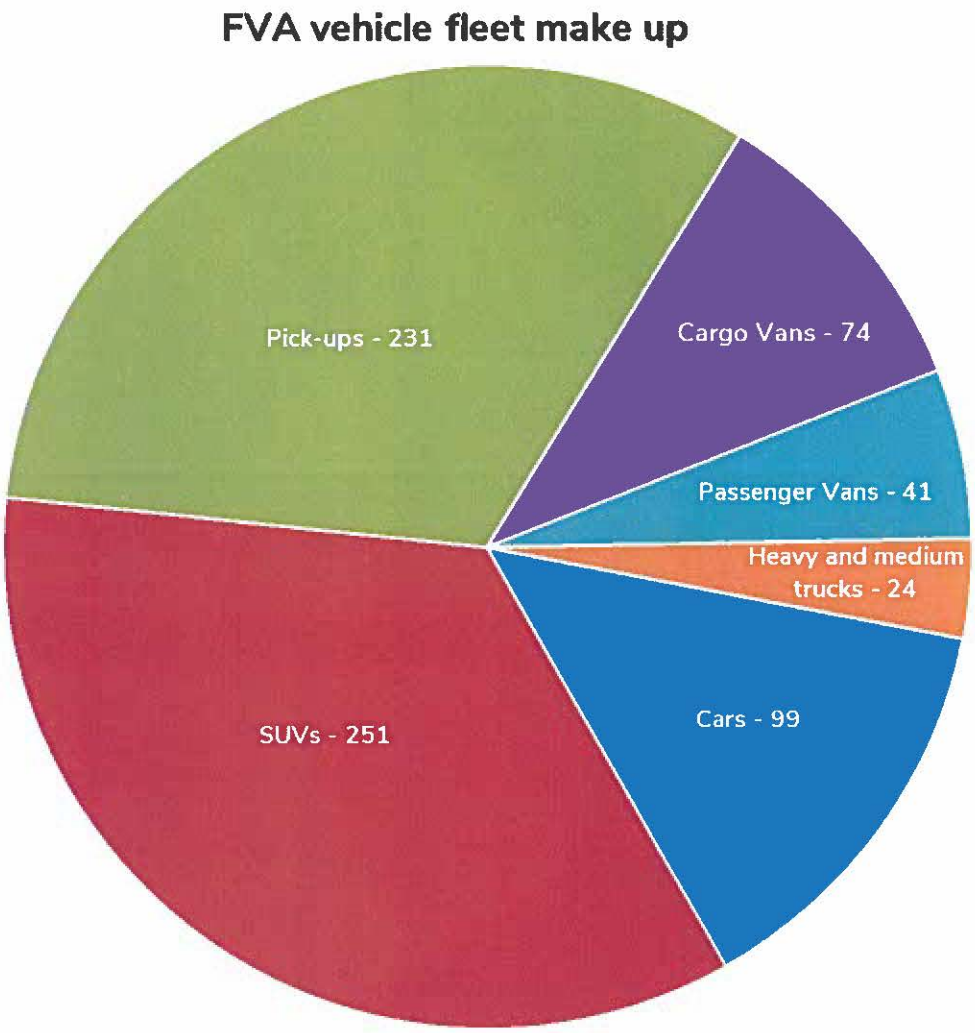
APPENDIX E FVA organizational chart

This organizational chart represents the 8.5 FTEs and four temporary/term positions currently supporting FVA operations. FVA is part of the Supply Services Branch of HPW's Corporate Services division. Temporary positions ensure sustainable planning and increased service delivery to clients.

Solid and dotted boarders indicate permanent and temporary positions, respectively.



APPENDIX F Fleet complement and amortization schedule



Asset type	Amortization schedule	Replacement target
Cars	7 years	10 years
Cargo vans	10 years	10 years
Passenger vans	7 years	10 years
Pick-ups	6 years	10 years
Heavy trucks	15 years	15 years
Medium trucks	10 years	15 years
SUVs	7 years	10 years