



**Fleet Vehicle Agency
Annual Report**

2022-23





October 24, 2023

The Honourable Nils Clarke
Minister of Highways and Public Works
Government of Yukon
P.O. Box 2703
Whitehorse, YT Y1A 2C6

Dear Minister Clarke:

I submit for your consideration, the annual report for the Fleet Vehicle Agency (FVA) for the fiscal year 2022–23, which ended on March 31, 2023.

FVA continues to maintain operational efficiencies to ensure the sustainability of fleet vehicles and the Vehicle Fleet Revolving Fund. In the 2022–23 fiscal year, FVA supported departments and agencies in meeting their program objectives by supplying and managing efficient and affordable transportation options.

I look forward to FVA's continued emphasis on increasing the availability and use of zero-emission vehicles, reducing fuel consumption and greenhouse gas emissions from petroleum-fueled vehicles, and finding greater vehicle utilization opportunities. FVA continues to work with departments to increase vehicle utilization and support the reliable delivery of programs and services to Yukoners.

I want to recognize FVA's management and staff for their dedication and commitment to public service which they demonstrate daily.

Sincerely,

Catherine Harwood
Deputy Minister



Fleet Vehicle Agency
Bldg. 277 - 9029 Quartz Rd
Whitehorse, Yukon Y1A 4P9

August 14, 2023

We are pleased to present the Fleet Vehicle Agency (FVA) Annual Report for fiscal year 2022-23. This report describes FVA, the services we provide and our accomplishments as a special operating agency for the year just ended.

FVA strives to provide exceptional customer service to our government clients, working to meet their needs through better use of fleet vehicles and helping reduce department costs on transportation overall. Departments' requirements have been fulfilled to the best degree possible.

Through increasing the availability of environmentally friendly vehicles when replacing aged-out units and reducing emissions and fuel consumption on existing units, FVA continues to focus on helping our clients achieve increased value from their vehicle utilization. FVA is committed to working with government departments through the consolidation and modernization of their current use of fleet vehicles and services.

A handwritten signature in blue ink, appearing to read "Katy Mead", written over a horizontal line.

Katy Mead
Agency Head, FVA

A handwritten signature in blue ink, appearing to read "Luke Sugden", written over a horizontal line.

Luke Sugden
Chief Operating Officer, FVA

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Fleet Vehicle Agency: Mission

To help government departments and publicly funded agencies meet their objectives by procuring and managing efficient and affordable ground transportation services.

Agency overview

Fleet Vehicle Agency (FVA) is a Special Operating Agency focused on client service and managing for results in providing light and medium-duty vehicles to the Government. FVA operates under the Department of Highways and Public Works and reports to the Deputy Minister of Highways and Public Works. The FVA head, who is the director of the Supply Services Branch, oversees the unit's planning and strategic direction. FVA adheres to government legislation, policies and directives, while contributing to the department's overall mission and mandate.

FVA manages over 700 light-duty vehicles that fulfil identified departmental transportation needs. Vehicles are assigned to either long-term or short-term rentals. FVA covers the normal operation expenses of the vehicles, while departments are responsible for damages. Capital, operation and maintenance costs are recovered from departments through a service agreement using rental and per-use charge-back fees. These fees are determined annually in the FVA Business Plan. The primary FVA office is in Whitehorse, with additional pool vehicles available in Dawson City and Watson Lake. On March 31, 2023, FVA employed 8.5 permanent and 4 term employees.

Performance achievements and highlights

The FVA 2022-23 Business Plan set goals aligned with the agency's three mandates: policy alignment, business efficiency and fiscal effectiveness, and meeting client needs. Here is a summary of our performance regarding those goals from the past year:

Meeting the public policy objectives of the Government of Yukon, such as sustainable procurement and carbon emission reduction.

- **Goal:** Complete, implement and exceed Transportation commitments in *Our Clean Future* climate action strategy.
 - **Result:** (T2/T22) FVA continued additions of electric and hybrid vehicles and infrastructure. Recognizing the existing supply chain delays and market shortages, FVA put out fewer EV tenders: 10 hybrid mid-sized trucks and two battery electric vehicles (BEVs) which are both cargo vans. Delivery is expected in 2023-24. FVA did not tender for passenger cars this past year.
 - **Result:** (T21) Assignment guidelines are now used for assessing new and replacement requests. A written rationale is saved on file to explain procurements of internal combustion engine (ICE) vehicles.
- **Goal:** Enable Active Transportation where possible and add transportation pool options.
 - **Result:** (T20) FVA purchased and deployed five e-bikes. Departments can now request short and long-term e-bike assignments. Efforts are underway to determine the number of e-bikes the fleet could utilize to replace administrative vehicle assignments within the Whitehorse or community core areas.
- **Goal:** Continue implementation of Automated Vehicle Locator (AVL) technology and use telematics to enhance safety, reduce emissions and control costs.
 - **Result:** FVA purchased and installed 215 AVLs, bringing the total number of installed AVLs to 268. FVA has also begun to receive data from newer vehicles' pre-installed AVLs, bringing the total vehicles with AVLs to 304. Data analysis and software allows FVA to identify and prioritize new BEV allocations, track usage clusters and support safety programs. Looking at fleet composition, FVA has a strategy to reduce our fleet emissions balanced with program requirements and right-sizing goals.

Managing delivery of ground transportation services in a business-like manner to ensure effective use of the government's financial resources.

- **Goal:** Complete and implement cost-analysis for service charge backs to ensure sustainability.
 - **Result:** FVA sought recommendations from a fleet management consulting firm, which, paired with internal analysis, was used to develop comprehensive rates that support sufficient revenue generation to cover increasing capital spending for electric and non-electric vehicles. A new rate structure may be introduced in the 2024-25 fiscal year.

- **Goal:** Systems analysis to improve client services.
 - **Result:** In 2022-23, FVA began the planning phase of looking for a new motor pool and asset management system. We completed a concept case, jurisdictional scan and public request for information. Planning continues into 2023-24, including building and tendering an RFP before seeking implementation approval. Early cost estimates are \$900,000 over three years for transition and implementation, and \$50,000 per year licensing on a new platform.
- **Goal:** Tailor provision of specialized vehicles for enforcement and emergency services to the users' needs and improve provision of vehicles to meet demand at the lowest cost possible.
 - **Result:** FVA maintained service delivery to all departments and agencies with minimal changes in fees charged. However, increased vehicle demand and supply shortages led to higher revenues spent directly on third-party rentals for emergency responses (such as fires and floods).

Meeting the ground transportation needs of customers by delivering services in a customer-oriented manner that allows them to focus on their core business.

- **Goal:** Replace assets in the aging fleet -- reducing the number of fully amortized vehicles improves sustainability of the fleet.
 - **Result:** FVA bought 51 vehicles in 2022-23, equal to combined vehicle procurements over the previous three years. However, because this was significantly less than the 118 vehicles that reached full amortization this year, the count of fully amortized vehicles increased significantly from 354 to 427.
- **Goal:** Replace minimum 65 vehicles using \$3.9M from the fund including up to 26 EVs.
 - **Result:** FVA had tenders for 84 vehicles totaling \$4.8M open through the year, but due to continued supply chain disruptions, only 51 vehicles totaling \$2.5M were received during the year, including 12 plug-in hybrid vehicles.
- **Goal:** Provide more pool options to clients.
 - **Result:** FVA disposed of only 13 vehicles in 2022-23. FVA is currently keeping as many vehicles as possible to add to the pool for short-term uses, where maintenance costs can be kept down. More short-term rental availability from the pool eliminates the need to purchase more vehicles that are used less than the target 20,000km a year or incur the higher cost of 3rd party rentals.

FVA client services – transaction summary

Rentals

Agreements processed from April 1, 2022, to March 31, 2023:

- 592 assigned to departments.
- 859 daily short term pool rentals.
- 51 monthly short term pool rentals.
- 233 courtesy rentals for assigned vehicles while they are in the shop for repair.
- 15 daily third-party rentals for YG operations (excess required).
- 63 monthly third-party rentals for YG operations (seasonal).
- 93 rentals for non-YG employees, contractors or doctor/nurse locum on government business.

Repairs

- 1,876 work orders for repairs and maintenance.
- 293 work orders for non-standard repairs.

Vehicle care and management

- 1,682 car washes at the HPW wash bay.
- 707 fuel payments to Yukon and Inuvik vendors.
- 23 parking tickets paid to City of Whitehorse.

Services provided by Fleet Vehicles Agency

The following services are included with vehicles rented from FVA:

- Maintenance and repair
 - FVA manages full maintenance and repair services, including body damage repairs, tire replacements, and glass repairs for all vehicles in the fleet.
 - Maintenance and repair services are provided by HPW Transportation Maintenance Branch under agreement or by private sector garages under contracts.
 - Courtesy vehicles are often offered during scheduled preventive maintenance or repair.
- Damage charges
 - FVA's mileage rates cover the cost of minor repairs resulting from normal wear and tear.
 - Any damage beyond normal wear and tear is charged back directly to department budgets as per the rental agreements.
- Cleaning and inspection
 - FVA ensures that vehicles are cleaned and inspected for safety after every short-term rental and service or maintenance on assigned vehicles.
 - In some cases, private sector detailers provide deep clean.
 - Emergency equipment is provided with all pool vehicles.
 - Radio phones are available on request.
- Fuel card program
 - FVA manages a fuel card program for purchasing fuel for fleet vehicles and projects.
 - Billing is handled by FVA, including the recovery of various taxes to the Department of Finance.
 - FVA fuel cards are usable as charge cards at most commercial fuel and service suppliers in Yukon.
 - On request, FVA can issue fleet fuel cards as "project cards" for non-FVA vehicles, such as snowmobiles, ATVs, graders, and plows.
- Vehicle usage reports
 - FVA provides customers with monthly vehicle usage reports that detail the kilometres driven and costs incurred for each vehicle.
 - Telematics gathers more information on usage, location, and vehicle engine condition.
 - The costs include fixed charges (rent and management fee), variable charges (such as kilometres driven), fuel charges, and repair-related charges if applicable.
- Roadside assistance
 - FVA offers a roadside assistance program that includes services like flat tire changes, boost services, additional cleaning, and vehicle pickups in Whitehorse and vicinity.
 - Outside Whitehorse, FVA arranges third-party assistance services on request.

The following additional services are also provided by FVA:

- Service level agreements for non-FVA vehicles:
 - FVA offers service level agreements for the management and service of non-FVA vehicles such as Department of Education's activity buses or Community Service's water delivery trucks. This includes telematics, semi-annual PMVI inspections, and cleaning services.
 - FVA also provides parking and key control for the Department of Education's pool of activity buses for Whitehorse schools.
- Vehicle purchase specification information:
 - FVA shares vehicle purchase specification information for tender documents and procurement on request from the government departments, funded agencies, and corporations.

2022-23 Operating profiles

Fleet profile

At the end of fiscal year 2022-23, the fleet consisted of 721 vehicles. Out of these, 592 were assigned to departments, 125 served as pool vehicles based in Whitehorse (76), Dawson City (3) and Watson Lake (4), and four vehicles were awaiting disposal through online surplus auction or transfer. FVA keeps the older vehicles through the high demand months of April to October then plans for disposal of the replaced units. Thirteen vehicles were auctioned via GovDeals.com in 2022-23. Average fleet vehicle age is 6.8 years.

Replacing fully amortized units is an integral part of annual procurement planning to enhance overall inventory efficiency. In 2022-23, FVA tendered 23 vehicles and targeted the purchase of 65 vehicles but received only 51 due to supply chain delays.

Table 1 Fleet profile on March 31, 2022

	2022-2023	2021-2022	2020-2021
Fleet inventory			
Total number of vehicles at the start of fiscal year	682	694	687
Vehicles purchased	51	13	7
Vehicles acquired by transfer	1	6	0
Vehicles sold	13	31	0
Total number of vehicles at fiscal year-end	721	682	694
Fleet asset value			
Recovery on vehicles sold (000s)	21	99	0
Average return (net of disposal fees) (000s)	2	3	0
Total book value at fiscal year-end (000s)	7,114	6,388	7,074
Fully amortized vehicles pending replacement ²	427	354	309
Percentage of fleet fully amortized ²	59%	52%	45%
Fully amortized vehicles estimated replacement cost (000s)^{2,3}	22,000	12,680	8,033
Fleet distribution			
Vehicles on annual assignment to departments	592	590	569
Pool vehicles for daily/weekly/monthly assignments	125	83	101
Vehicles retired, awaiting disposal	4	9	24

Note: 1. This table has been updated to include the estimated replacement cost of fully amortized vehicles and vehicles retired but still pending disposal through auction or transfer.

2. Refer to the amortization schedule on page 17.

3. Inflation and market shortages have increased the purchase price of same-model vehicles by up to 100%.

Zero-emission vehicles (ZEVs)

The Government of Yukon is fully committed to 100% zero-emission new vehicle acquisitions by 2030. As outlined in *Our Clean Future* (September 2020), FVA is now prioritizing purchasing zero emissions vehicles for all new fleet acquisitions where available and suitable. In 2021-22, FVA sought **two battery electric vehicles (BEVs)** for the fleet, adding two cars procured from local dealerships.

Supply chain issues have affected delivery expectations for new vehicles, resulting in extended waiting times. FVA managed to receive **12 plug-in hybrid compact SUVs** in 2022-23. The procurement of ZEV vehicles in the same period includes tenders for **two BEV cargo vans**. Additionally, FVA tendered for ten standard hybrid pick-up trucks. These vehicles are anticipated to be mostly received by the summer of 2023.

To further reduce CO₂ emissions and promote a healthier lifestyle, FVA has introduced e-bikes to its fleet. Currently, FVA owns eight e-bikes. These e-bikes not only contribute to lowering emissions from the government fleet but also encourage a healthier lifestyle for government staff and the public who witness their usage. Various departments have expressed interest in having more e-bikes available and FVA intends to make every effort to keep up with demand.

ZEV Infrastructure

The Government of Yukon recognizes the need for dedicated charging stations to support the distribution of electric fleet vehicles to assigned use areas. Initial locations have been selected based on program affinity and distributed placement. More charging stations at “home base” parking lots are planned to supplement use of fast charging stations that are now available for general public use.

In 2022-23, Highways and Public Works initiated a contract to install 22 chargers for fleet use at government buildings. The installation of two Level 2 chargers is complete outside the main administration building and four by the tourism business center in downtown Whitehorse. Fleet Vehicle Agency has twelve level 2 chargers at their Whitehorse compound and Education has three at their Lewes Blvd office. The remaining chargers will be installed at other YG-owned building locations.

Automated vehicle locaters (AVLs)

FVA has activated AVLs in 368 vehicles, with 100 newer vehicles coming with AVL and 215 new installations in 2022-23. Geotab, the telematics software provider for FVA, offers standard and custom reports, such as driver safety, idling times, vehicle utilization, fuel consumption and CO₂ emissions. This data enables FVA to make informed decisions regarding fleet right-sizing, safety measures and operational objectives. For instance, speed profiles help identify unsafe driving and help enhance fleet safety communication, while utilization reports aid in vehicle selection for electrification increasing our ability to meet our rightsizing and sustainability goals.

A Privacy Impact Assessment (PIA) for telematics has been completed. FVA has begun work to create user profiles and grant access to Geotab data and reports, which will allow us to work with supervisors and safety managers across YG to track their vehicles in real-time for dispatch and route planning options or evaluate risk levels, for example. As the number of connected vehicles and users grows, FVA is exploring new ways to maximize the benefits of the systems.

Fuel usage

FVA continues to emphasize to departments the importance of practices such as no idling, right-sizing (right sized vehicle for the job at hand), and efficient driving techniques to increase fuel efficiency and reduce greenhouse gas emissions, in line with the Government of Yukon's commitments in *Our Clean Future*.¹ In 2022–23, the overall kilometres and fuel consumption showed a slight decrease compared to the previous year. This can be attributed to increased use of smaller and fuel-efficient new vehicles, as older and low fuel mileage vehicles were retired from the fleet.

Table 2 Fuel usage

	2022-2023			2021-2022			2020-2021		
Fuel efficiency									
Total kilometres driven (000s)	7,254			7,444			6,738		
Litres of fuel consumed (000s)	1,092			1,123			1,039		
Fuel consumption in litres per 100 kms	15.0			15.1			16.4		
Fuel cost									
Total fuel cost (000s)	2,025			1,647			1,258		
Average price per litre (net)	1.84			1.47			1.14		
Emissions									
CO ₂ emitted in grams per km driven (g/km) ²	345			345			374		
Change in CO ₂ emitted per km driven	-0.2%			-7.8%			0.8%		
	2022-2023			2021-2022			2020-2021		
Fuel cost distribution	ltrs	\$	\$/km ³	ltrs	\$	\$/km ³	ltrs	\$	\$/km
Total fuel(000s)	1,092	2,025	0.28	1,123	1,647	0.22	1,102	1,258	0.19
FVA fuel (000s)	1,020	1,884	0.29	1,020	1,498	0.23	1,039	1,184	0.19
Third-party fuel (000s)	72	141	0.19	103	149	0.17	63	73	0.15
Fuel expenses									
Direct-billed fuel recovered (000s) (includes 2% handling fee)	1,918			1,661			1,324		
Short-term fuel (000s) ⁴	145			19			-41		

Note 1. Our Clean Future Commitment T22. "Incorporate fuel efficiency into purchasing decisions for Government of Yukon fleet vehicles beginning in 2020 to reduce greenhouse gas emissions and fuel costs."

Note 2. CO₂ emitted grams per km are rounded estimates using Industry Canada's CO₂ emission value of 2.29 kg/l of fuel.

Note 3. Figures based on rounded data from financial statements.

Note 4. Fuel for short-term rental units is paid by FVA and not recovered directly from users.

Vehicle utilization

2022-23 showed a decrease in total kilometres driven compared to the previous year, indicating a return to normal operations following the pandemic. The per-vehicle utilization rate for FVA-owned vehicles decreased by 3.1%, primarily due to low kilometres drive on 2022-model vehicles that were received later in the year – vehicle use average is consistently around 9,000km with higher kilometres put onto the largest vehicles (pick-up trucks and SUVs). Third-party kilometres decreased by 15.7% to 726,000, which aligns with the historical average.

Table 3 Utilization

	2022-2023	2021-2022	2020-2021
Vehicle utilization			
Total kilometres driven (000s)	7,254	7,444	6,738
Third-party rentals kilometres driven (000s)	726	861	501
Owned fleet kilometres driven (000s)	6,528	6,583	6,237
Owned fleet utilization rate ¹ (per vehicle - 000s of km)	9.3	9.6	9.0

Table 4 Utilization details by category

Utilization breakdown	FVA fleet		Third-party	
	Units	kms	Units	kms
Car - sub-compact	41	191,476	10	1,262
Car - compact	4	9,007	4	1,945
Car - mid-size	54	330,261	2	509
SUV - compact	183	1,479,963	5	10,840
SUV - mid-size	45	486,645	67	137,776
SUV - full-size	23	275,753	36	78,004
Pick-up - 4x2 mid-size	1	4,523	0	0
Pick-up - 4x2 full-size	7	86,850	7	44,797
Pick-up - 4x4 mid-size	29	221,918	1	1,426
Pick-up - 4x4 full-size	194	2,211,923	41	443,464
Cargo van - minivan	17	116,607	0	0
Cargo van - full-size	57	604,463	0	0
Cargo van - cube van	0	0	1	4,977
Passenger van - minivan	23	117,317	1	512
Passenger van - AWD crossover	8	74,844	0	0
Passenger van - full-size	10	64,756	2	186
Truck - light	22	204,810	0	0
Truck - heavy duty	2	13,002	0	0

Note 1. Owned fleet utilization rate is based on the average number of owned vehicles throughout the year, including vehicles awaiting disposal.

Cost and revenue profiles

Expenses (costs): Total operating costs increased by 17.7% to \$5.61M, primarily due to higher vehicle service and repair costs resulting from the increasing average age of vehicles, greater amortization totals on new vehicles, increased staffing, higher fuel costs and general inflation in the price of goods and services.

Third-party rental costs increased 8.1% to \$1.09M compared to the previous year, driven by increased rental prices associated with the higher costs of new vehicles. Every year that has floods and fires or other emergencies will increase expenses in the rentals area, where demand exceeds FVA's supply of pool vehicles. Long term planning for utilization and right-sizing will help to reduce these costs.

Administration and salary costs grew \$22% to \$1.08M due to a variety of factors including increased short-term staffing related to specific initiatives (piloting a staff member in Dawson and a dedicated procurement specialist in Whitehorse), customer service and safety training, office equipment repairs, and enhancements to the fleet management system, including the acquisition of more AVL devices. Additionally, the accrued staff pay raises totalled \$35K. FVA staff training and development improves client service and ensures preparedness to meet client needs more quickly and efficiently. In future years, the administration and salary costs should be closer to \$980K.

Other operating expenses reflect one-time costs of \$257K for consultant contracts completing necessary reviews of operations and financial sustainability, specifications drafting and dealer engagement, and project management for systems renewals. This category also includes the subscription expenses for the AVL program currently provided in 37% of fleet vehicles.

Revenues: Total revenues increased by 4.3% to \$5.68M, primarily due to more assigned and pool rentals, as well as increased spending on third-party rentals. Demand from program activities for vehicles and transportation increases each year.

Net annual surplus: Net surplus decreased 89.0% to \$75K, as the combined increases in all cost categories outpaced the growth in revenue. FVA aims to balance revenues to expenditures and ensure as much surplus as possible is spent on vehicle replacements within the \$3.9M cap. During COVID, less money was spent on new vehicle acquisition which increased the surplus for those two years.

Table 5 Cost and revenue profiles

Cost profile	2022-2023		2021-2022		2020-2021	
	\$(000s)	Per km ¹	\$(000s)	Per km ¹	\$(000s)	Per km ¹
Vehicle service and repairs	1,267	0.17	1,126	0.15	802	0.12
Pool fuel ² (000s)	237	0.03	173	0.02	81	0.01
Assigned fuel ³ (000s)	-92	0.00	-154	0.00	-122	0.00
Third-party vehicle rentals	1,090	0.15	1,008	0.14	623	0.09
Other operating expenses ⁴	321	0.04	179	0.02	81	0.01
Direct operating costs	2,823	0.39	2,332	0.33	1,465	0.23
Salaries and administration	1,079	0.15	887	0.12	855	0.13
Amortization	1,689	0.23	1,544	0.21	1,564	0.23
Total costs	5,607	0.78	4,763	0.66	3,884	0.59
Revenue profile						
Legislative appropriation	0	0.00	0	0.00	0	0.00
Vehicle rental revenue	5,709	0.79	5,489	0.74	4,870	0.72
Other revenues (losses)	-27	-0.01	-43	-0.01	0	0.00
Total revenues	5,682	0.79	5,446	0.73	4,870	0.72
Net (losses) annual surplus⁵	75	0.01	683	0.07	986	0.13

Note 1. Per km figures are for total kilometres driven.

Note 2. Pool fuel is short-term rental fuel costs that are recovered through kilometre charges and is included in rent revenue.

Note 3. Assigned fuel consists of the 2% management fee and the residual amount for fuel purchased in one fiscal year not recovered until the next fiscal year.

Note 4. Includes contract expenses for fleet reviews and project management support services.

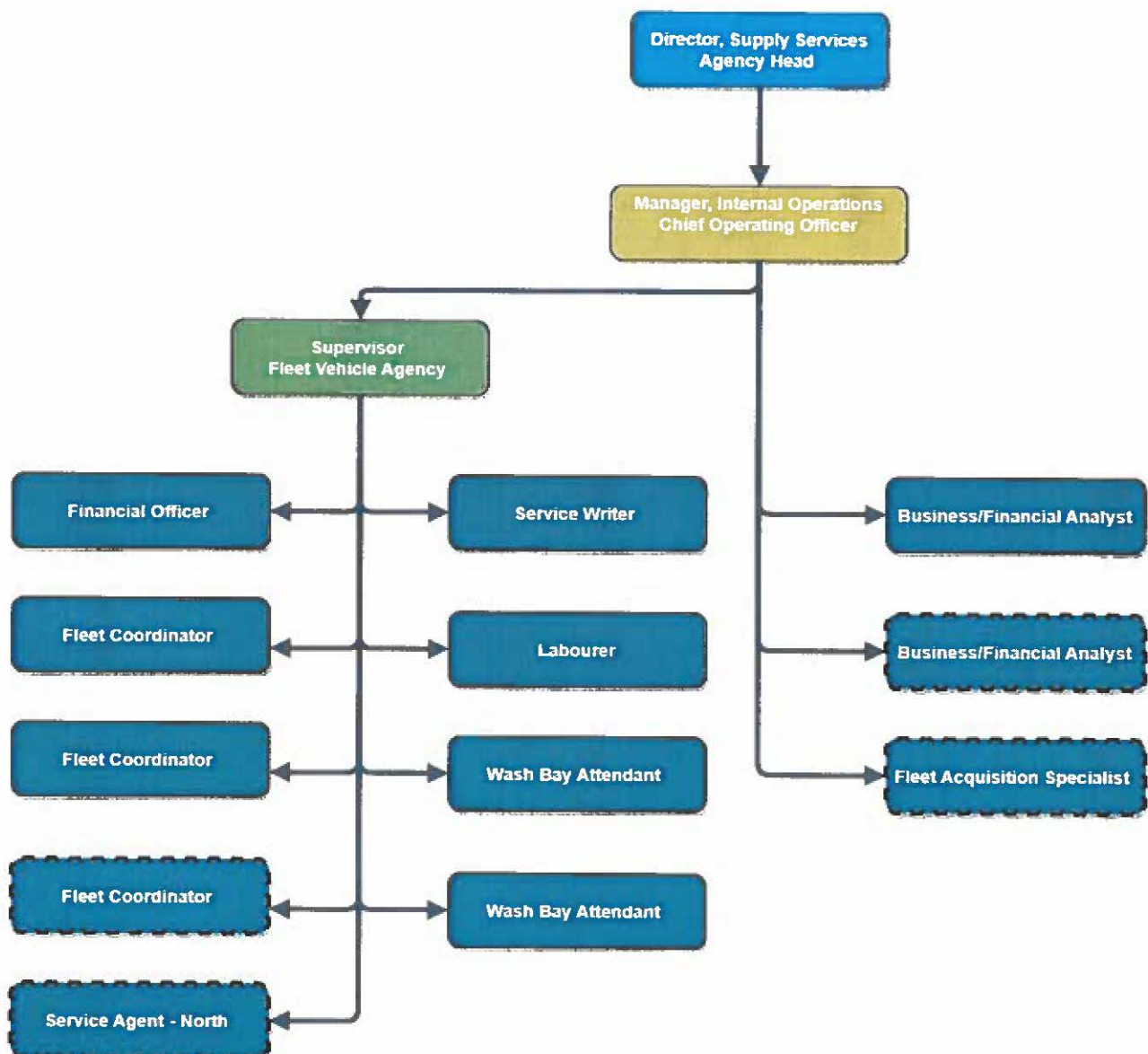
Note 5. Annual surplus amounts may differ from the audited statements due to rounding.

FVA Organizational Chart

FVA has temporarily expanded services and programs to ensure its ability to deliver mandated programs and services to clients, address the backlog of vehicle replacements and introduce new systems and management approaches related to Our Clean Future commitments. FVA plans to maintain these added positions for up to two years while the fleet review and recommendations are implemented as per the 2023-26 Business Plan. This does not increase the FTE count allocated, which is 8.5 FTE. Director/Head of FVA is not paid from the revolving fund.

In 2022-23, FVA added these roles as term positions for 1 to 2 years (dotted boxes):

- a procurement specialist to increase specification expertise and long-term planning;
- a northern office fleet coordinator/service writer in Dawson City;
- a training role of fleet coordinator to ensure long term capacity in fleet operation; and
- a second Financial Business Analyst for the AVL project - filled by a GradCorps student.

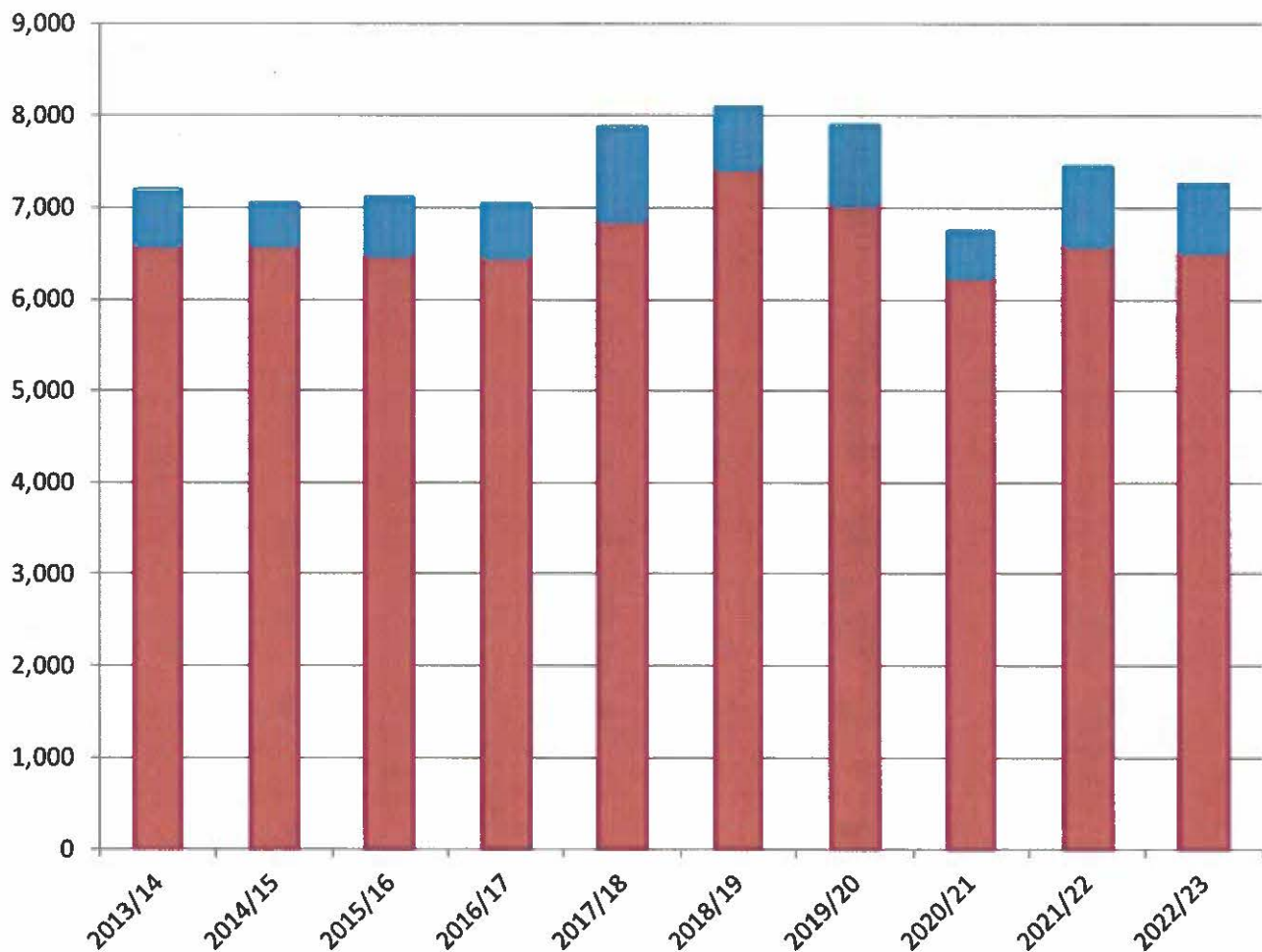


2022-23 Operating and financial trends

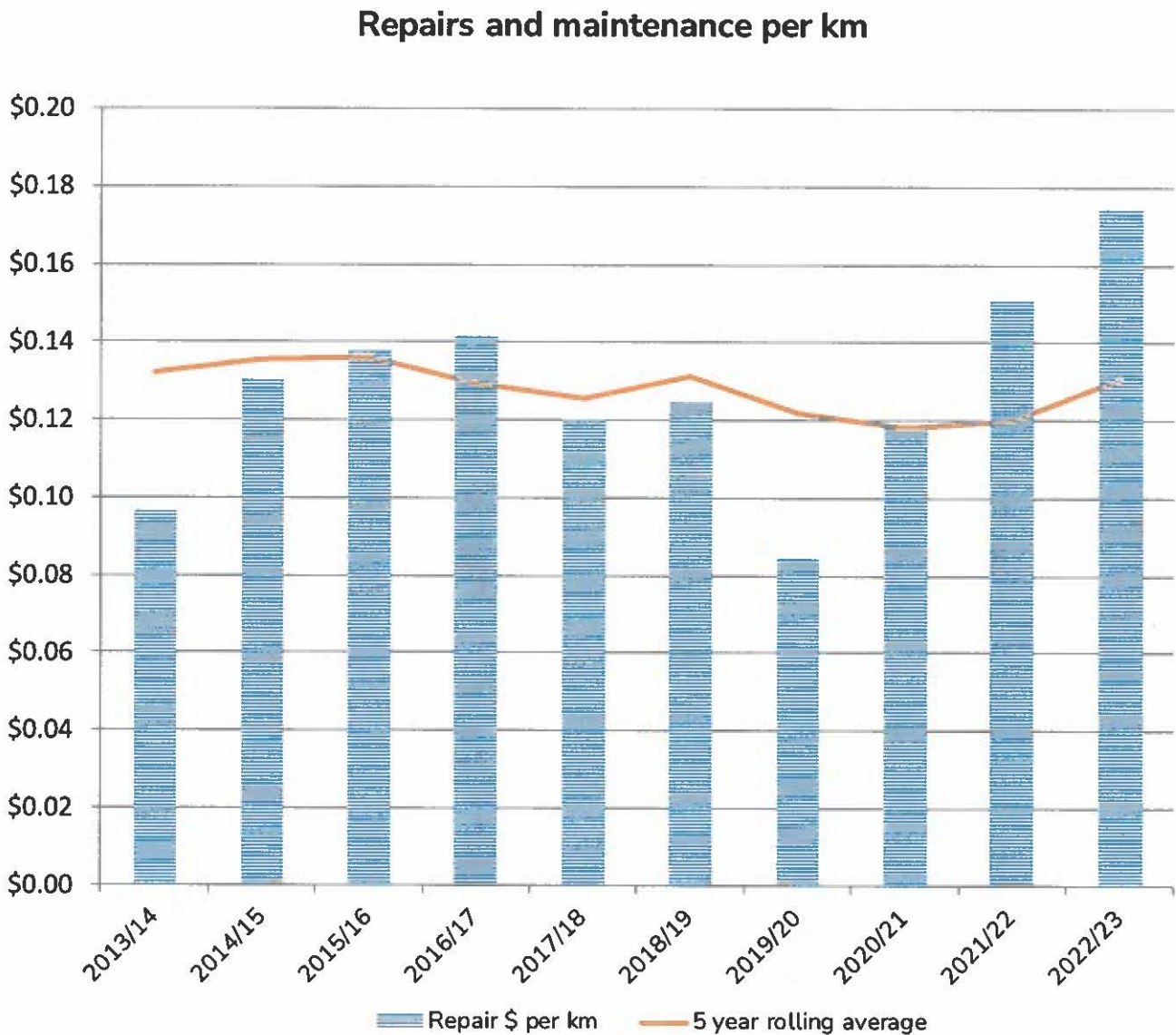
Graph 1 – Total kilometres 2013 to 2023

Total kilometers (000's)	7,197	7,032	7,101	7,043	7,876	8,091	7,888	6,738	7,444	7,254
FVA kilometers	6,596	6,588	6,492	6,453	6,868	7,421	7,035	6,237	6,583	6,528
Third-party kilometers	601	444	609	590	1,008	670	853	501	861	726

Total kilometers (000's)



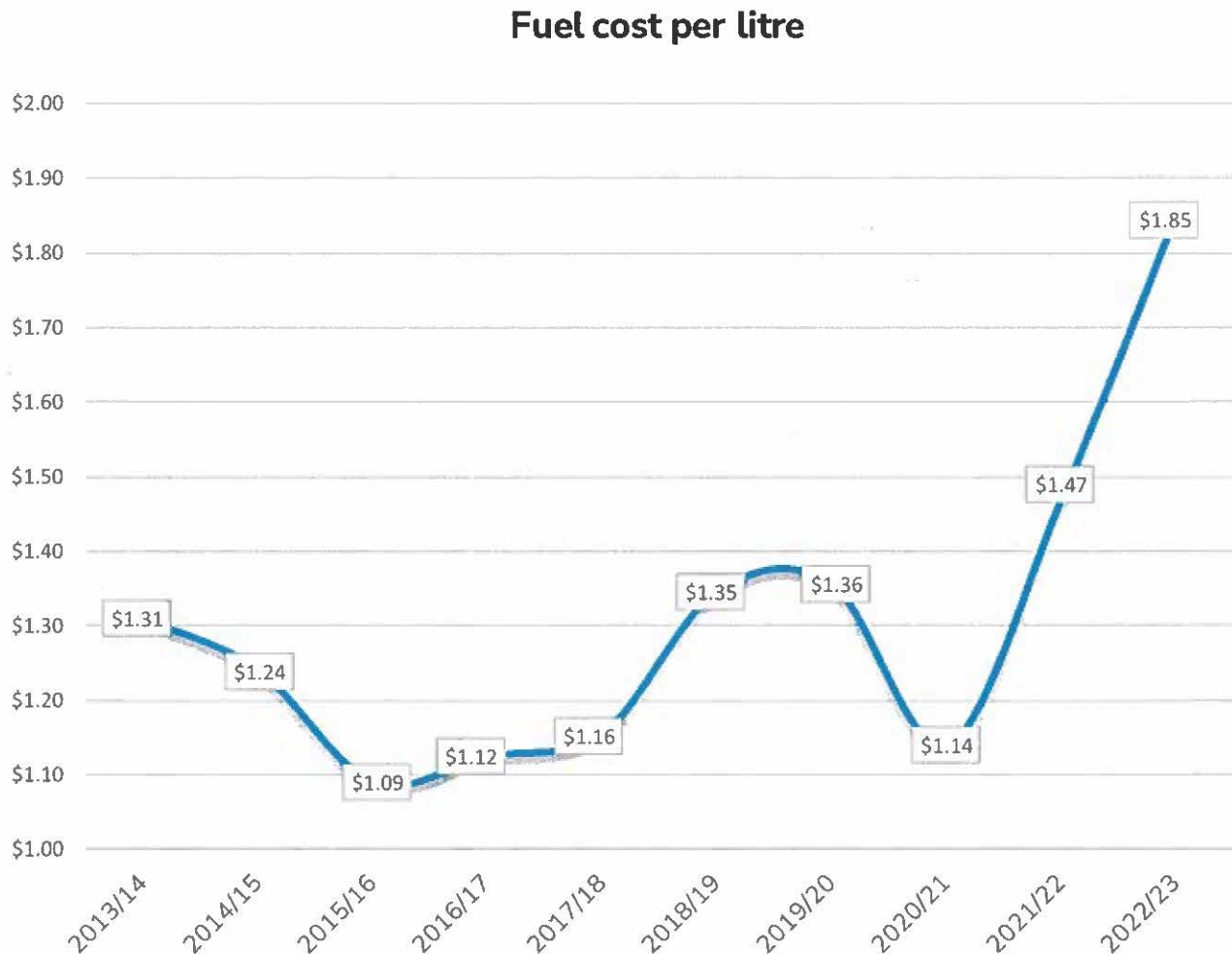
Client demand (total kilometres): Total use decreased slightly in 2022-23, with overall usage leveling-off post-pandemic. Total kilometres includes both FVA-owned vehicles and third-party rental vehicles. Higher use of third-party corresponds to fire or flood responses.

Graph 2 – Repairs and maintenance per km

Repair and maintenance costs: Fleet maintenance and repair costs continues an upward trend. It rose significantly in 2022-23 as older vehicles required more significant maintenance, like transmissions or suspension, and the pricing on replacement parts went up. This increase reflects the average inflation seen in 2022-23 across Canada. Additionally, in smaller communities the vehicle repairs are now done at private mechanic shops which charge more than in Whitehorse at the Transportation Maintenance central shop. This year the central shop couldn't take on these repairs due to mechanic vacancies. Actions are being taken to address staffing, replace older vehicles and increase preventative maintenance adherence.

Regular preventive maintenance services and minor repairs covered by variable charges. Major repairs and up-fits for added equipment are directly billed back to clients and are included in these final expense totals.

Graph 3 – Fuel cost per litre



Fuel cost: The cost of fuel per litre in 2022-23 has jumped dramatically reaching historic levels due to global supply issues and increased demand. Natural Resources Canada recommends driving less, combining trips and practicing fuel-efficient driving techniques to squeeze more kilometres out of a tank.

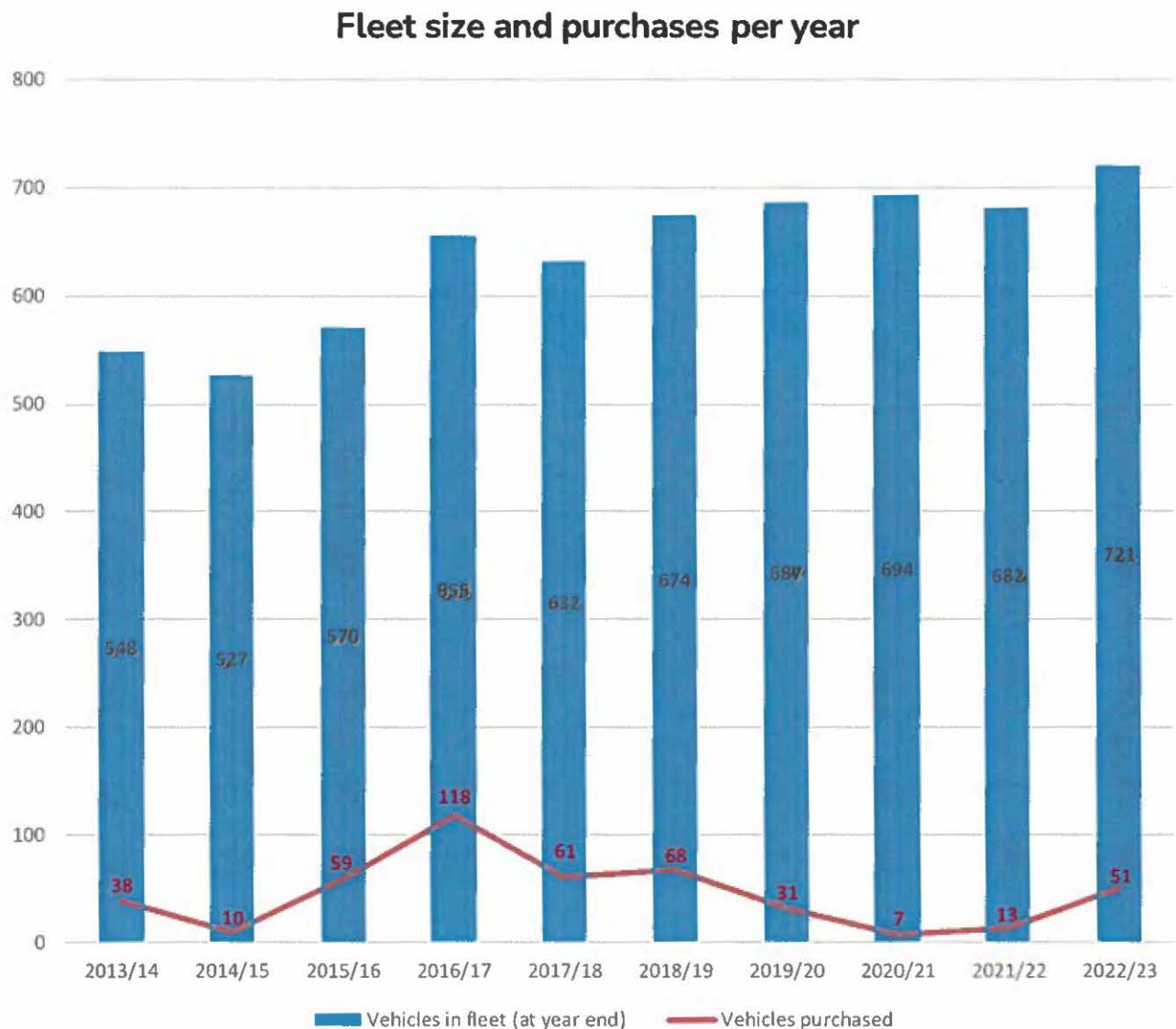
The average price per litre for FVA this year was \$1.85. The Government of Yukon procures regional supply arrangements with local vendors for fuel at reduced rates.

According to Stats Canada for Whitehorse, Yukon, the average retail price of gasoline was \$1.87 over year.

Source for average retail price: <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action>.

Carbon taxing in Canada began in 2018, raising the price of gasoline by \$0.044 per litre. For 2022-2023, Canada's carbon tax increased fuel prices by \$0.115 per litre of gasoline and \$0.132 per litre of diesel fuel.

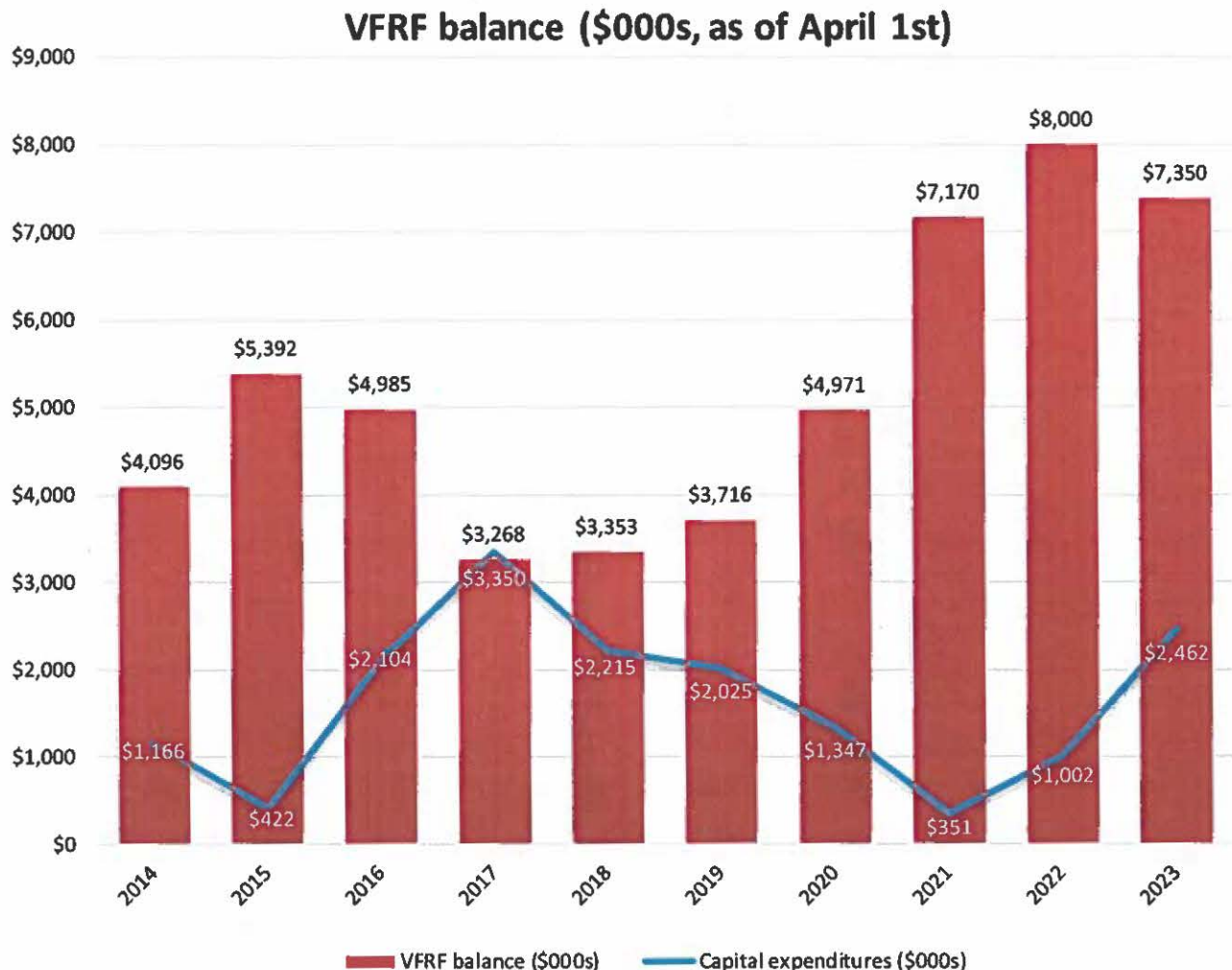
Source for average carbon pricing impacts: <https://www.canada.ca/en/environment-climate-change/services/climate-change/pricing-pollution-how-it-will-work/carbon-pollution-pricing-federal-benchmark-information/federal-benchmark-2023-2030.html>

Graph 4 – Fleet size and acquisitions per year

Fleet size: The fleet has grown with the size of government and its programs for citizens. Successful vehicle procurements will continue to ensure programs have access to the vehicle required and the timely replacement of retired vehicles when needed, while right sizing the fleet for maximum utilization. Fleet size increased as demand for program uses also increased, however the largest growth was in the pool and not departmental assignments.

Vehicles purchased: Before this year, the number of vehicles purchased by year has trended downwards since it peaked in 2016-17. This contrasts with the size of the fleet, which has seen minor growth over that period, due to fewer vehicle disposals.

Graph 5 – Vehicle Fleet Revolving Fund (VFRF) and capital expenditures



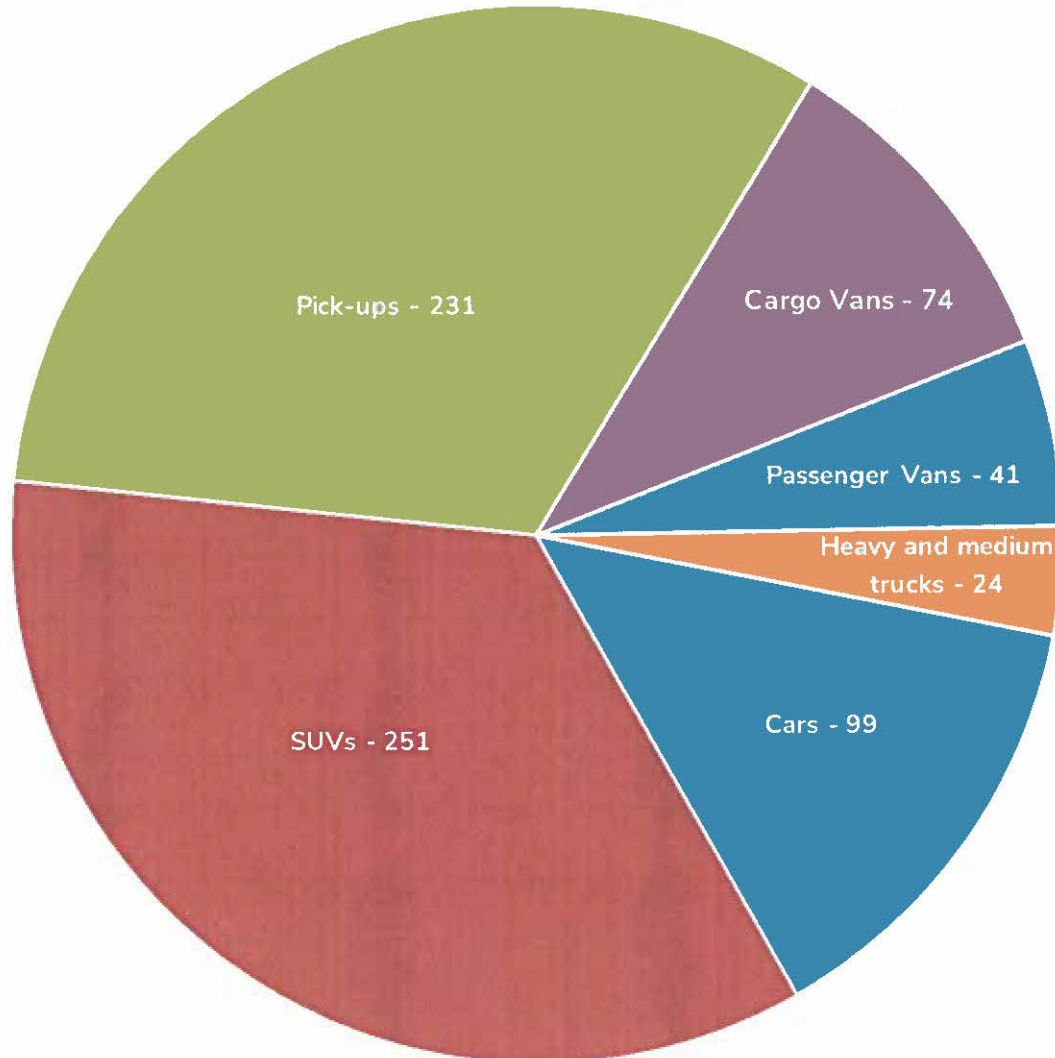
Fund balance as recorded in the Public Accounts – see financial statement page FS -11.

Vehicle Fleet Revolving Fund: The VFRF covers personnel, maintenance and cleaning of vehicles, and the replacement of vehicles. In 2022-23, the VFRF balance decreased for the first time since 2016-17, as FVA pursued a significant level of new vehicle procurement.

Capital expenditures: Capital expenditures are primarily made up of FVA spending on new fleet vehicles. Despite tenders awarded for the maximum amount, FVA received only \$2.5M in vehicles, \$1.4M below the \$3.9M that was projected for 2022-23. Annual capital spending has varied significantly in the past, showing a strong inverse correlation to the VFRF balance. FVA is using capital to procure appropriate to use vehicles, increase utilization of existing vehicles, and gradually reduce O&M due to a younger fleet.

Graph 6 – FVA vehicle counts by type

FVA vehicle fleet make up



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

***Usage goal is 200,000 km at retirement
Approximating 20,000 km per year**

FLEET VEHICLE AGENCY

(A SPECIAL OPERATING AGENCY OF
HIGHWAYS AND PUBLIC WORKS)

FINANCIAL STATEMENTS

March 31, 2023

Fleet Vehicle Agency
Financial statement

March 31, 2023

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Fleet Vehicle Agency

Statement of financial position

March 31, 2023

	2023 (000s)	2022 (000s)
Financial assets		
Accounts receivable (Note 3)	\$ 15	\$ 67
Due from Government of Yukon (Note 5)	5,187	6,826
	5,201	6,893
Liabilities		
Accounts payable and accrued liabilities	365	1,406
Net financial assets	4,837	5,487
Non-financial assets		
Tangible capital assets (Note 4)	7,114	6,388
Accumulated surplus	\$ 11,950	\$ 11,875
Legislative compliance (Note 6)		

The accompanying notes are an integral part of the financial statements.

Approved:

Deputy Minister
Highways and Public Works

Minister
Highways and Public Works

Fleet Vehicle Agency

Statement of operations and accumulated surplus

March 31, 2023

	2023 (000s)	2022 (000s)
Revenue		
Vehicle rentals and leases (Note 3)	\$ 5,709	\$ 5,488
Revenue – other	0	4
Gain (loss) on disposal of tangible capital assets	(27)	(46)
	<u>5,682</u>	<u>5,445</u>
Expenses		
Amortization	1,689	1,544
Salaries and administration	1,079	887
Vehicle service and repairs (Note 3)	1,267	1,126
Vehicle rentals	1,090	1,008
Contract services (Note 3)	259	150
Registration and communications	62	29
Fuel	145	19
Other	16	0
Total expenses	<u>5,607</u>	<u>4,763</u>
Surplus for the year	75	682
Accumulated surplus, beginning of year	<u>11,875</u>	<u>11,734</u>
Adjustment due to FAA limits		(541)
Accumulated surplus, end of year	<u>\$ 11,950</u>	<u>\$ 11,875</u>

Fleet Vehicle Agency

Statement of changes in net financial assets

For the year ended March 31, 2023

	2023 (000s)	2022 (000s)
Annual surplus	\$ 75	\$ 682
Effect of change in tangible capital assets		
Amortization	1,689	1,544
Acquisition of tangible capital assets	(2,462)	(1,002)
Dispositions	47	145
Increase (decrease) in net financial assets	(651)	1,369
Net financial assets - beginning of year	5,487	4,659
Adjustment due to FAA limits		(541)
Net financial assets - end of year	\$ 4,836	\$ 5,487

Fleet Vehicle Agency

Statements of cash flows

For the year ended March 31, 2023

	2023 (000s)	2022 (000s)
Operating transactions		
Annual surplus	\$ 75	\$ 682
Add (deduct) items not involving cash		
Amortization of tangible capital assets	1,689	1,544
(Gain) loss on disposal of tangible capital assets	27	46
Change in non-cash working capital balances	(989)	1,020
	<u>802</u>	<u>3,291</u>
Capital transactions		
Acquisition of tangible capital assets	(2,462)	(1,002)
Proceeds on disposal of tangible capital assets	21	99
	<u>(2,442)</u>	<u>(902)</u>
Financing transactions		
Increase in due from Government of Yukon	1,639	(2,389)
	<u>1,639</u>	<u>(2,389)</u>
Cash, beginning and end of year	<u>\$ -</u>	<u>\$ -</u>

The Agency does not have cash. Cash is held and managed on behalf of the Agency by the Department of Finance, Government of Yukon.

Fleet Vehicle Agency

Notes to the financial statements

For the year ended March 31, 2023

1. Authority and operations

Fleet Vehicle Agency (the 'Agency') was established as a Special Operating Agency under the Fleet Vehicles Agency Charter with the approval of the Cabinet of the Government of Yukon and commenced operations on April 1, 1996.

The Agency is a program of the Department of Highways and Public Works and is responsible for procuring and managing efficient and affordable ground transportation services for government departments and publicly funded agencies. The Agency is accountable for its activities as described in its charter. As a program of the Department, the Agency is subject to government legislation, directives and policy.

2. Significant accounting policies

These financial statements have been prepared by management in accordance with the reporting requirements of the Government of Yukon as described below and using the recognition and measurement principles of Canadian public sector accounting standards.

Amortization

The Agency is responsible for the operation and safeguarding of the tangible capital assets and the Government of Yukon retains title to the assets.

Tangible capital assets are estimated to have a salvage value at the end of their normal life equal to 10% of the original cost. Amortization is provided on a straight-line basis over the estimated normal life of the asset. All assets will be amortized half their annual amortization rate in the year the tangible capital asset is put in productive use.

The estimated normal life for each asset is as follows:

Passenger cars	7 years
Cargo vans	10 years
Passenger vans	7 years
Pick-up trucks - 4 x 2	7 years
Pick-up trucks - 4 x 4	6 years
Heavy duty trucks	15 years
Stake trucks	10 years
Utility vehicles	7 years
Assets other	7-15 years

Fleet Vehicle Agency

Notes to the financial statements

For the year ended March 31, 2023

2. Significant accounting policies (continued)

Services provided without charge

The Agency does not record the value of services it receives without charge. These services include the following:

- use of office premises and vehicle parking area which are provided by the Government of Yukon;
- telephone, utilities, office and other overhead costs which are also provided by the Government of Yukon; and
- Interest-free legislative appropriation and other advances from the Government of Yukon.

Pensions

The employees of the Agency are employees of the Government of Yukon but are recorded as employees of the agency. Both the Agency and its employees make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Agency is only liable for current contributions, which are expensed in the accounts on a current basis.

Revenue recognition

Revenue from assigned vehicles is billed on a monthly or annual basis, at the beginning of the period, and revenue is adjusted accordingly if a vehicle is returned midway through the year. Rental revenue for pooled vehicles is earned monthly. Mileage revenue is billed on a monthly basis for kilometres driven to the end of the particular month.

Use of estimates

The preparation of financial statements in accordance with Canadian Public Sector accounting standards requires the Agency's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial instruments

The Agency's financial instruments consist of accounts receivable, due from the Government of Yukon and accounts payable. Financial instruments are recorded at cost or amortized cost. Unless otherwise noted, it is management's opinion that the Agency is not exposed to significant interest, currency, or credit risks arising from its financial instruments.

Fleet Vehicle Agency

Notes to the financial statements

For the year ended March 31, 2023

3. Related party transactions

The Special Operating Agency is related to the following parties in terms of being a program of the Department of Highways and Public Works.

Revenue consists of the following:

	2023 (000s)	2022 (000s)
Government departments		
Health and Social Services	\$ 1,294	\$ 1,323
Highways and Public Works	1,361	1,177
Environment	863	900
Community Services	951	1,012
Energy, Mines and Resources	565	480
Education	233	219
Justice	186	163
Tourism and Culture	99	86
Yukon Legislative Assembly	12	12
Executive Council Office	26	5
Finance	3	1
Public Service Commission	5	4
Economic Development	12	2
	<u>5,609</u>	<u>5,384</u>
Corporations		
Yukon Housing Corporation	77	80
Yukon Liquor Corporation	23	22
Other	0	1
	<u>100</u>	<u>103</u>
	<u>\$ 5,709</u>	<u>\$ 5,487</u>

Fleet Vehicle Agency

Notes to the financial statements

For the year ended March 31, 2023

3. Related party transactions (continued)

Expenses include the following:

	2023 (000s)	2022 (000s)
Vehicle service and repairs		
Transportation	\$ 1,260	\$ 1,243
Charge-back	(277)	(320)
Contract services		
Property Management Department	30	30
	\$ 1,013	\$ 953

Accounts receivable consist of the following:

	2023 (000s)	2022 (000s)
Yukon Housing Corporation	\$ 8	\$ 27
Yukon Liquor Corporation	2	2
Yukon University	1	5
Other	3	33
	\$ 15	\$ 67

Fleet Vehicle Agency

Notes to the financial statements

For the year ended March 31, 2023

4. Tangible capital assets

	2023			2022
	(000s)			(000s)
	Cost	Accumulated amortization	Net book value	Net book value
Assets - other	\$ 352	\$ 301	\$ 51	\$ 58
Passenger cars	2,020	1,602	400	525
Cargo vans	2,742	1,708	1,034	1,041
Passenger vans	1,197	957	240	276
Pick-up trucks - 4 x 2	182	163	18	21
Pick-up trucks - 4 x 4	7,833	5,861	1,972	1,548
Heavy duty trucks	271	127	144	144
Stake trucks	1,781	886	894	1,048
Utility vehicles	7,335	4,975	2,360	1,727
	\$ 23,713	\$ 16,599	\$ 7,114	\$ 6,388

5. Due from (to) Government of Yukon

Due from (to) Government of Yukon is a long-term advance to the Agency consisting of the following:

- tangible capital assets acquired by the Government of Yukon prior to the establishment of the Agency or through the devolution of federal government programs and any interdepartmental transfers, for use by the Agency; and
- cash received or disbursed by the Government of Yukon on behalf of the Agency, since the Agency's establishment on April 1, 1996.

The amount due from (to) the Government of Yukon is non-interest bearing and there are no fixed terms of repayment.

Fleet Vehicle Agency

Notes to the financial statements

For the year ended March 31, 2023

6. Legislative compliance

The Vehicle Fleet Revolving Fund (the 'Fund') is governed by section 47 of the *Financial Administration Act*.

- 47 (1) states that the Fund limit shall be \$8,000,000. The balance of the Revolving Fund at March 31, 2023 was \$7,384,536 (at March 31, 2022 was \$8,000,000).
- 47 (2) states that the accumulated capital and operations and maintenance expenditures, excluding amortization, shall not exceed the accumulated revenues in the Fund at the time of expenditure. The following schedule shows that this legislative requirement has been met.

	2023 (000s)	2022 (000s)
Opening balance, April 1	\$ 8,000	\$ 7,172
Revenues from operations	5,682	5,445
(Gain) loss on the sale of tangible capital assets	27	46
Proceeds on the sale of tangible capital assets	21	99
	<u>\$ 13,730</u>	<u>\$ 12,762</u>
Capital expenditures	2,462	1,002
Operations and maintenance expenditures	5,607	4,763
Amortization of tangible capital assets	(1,689)	(1,544)
	<u>\$ 6,380</u>	<u>\$ 4,221</u>
Adjustment due to FAA limits	<u>-</u>	<u>(541)</u>
Excess of revenues over expenditures, as defined in section 47(2)	<u>\$ 7,350</u>	<u>\$ 8,000</u>

- 47 (3) states that capital expenditures from the fund shall not exceed \$3,900,000 in a fiscal year. Capital expenditures for the year ended March 31, 2023 were \$2,462,463 (at March 31, 2022 was \$1,002,000).
- 47 (4) states that revenues from the sale, lease, or other use of the fleet vehicles shall be credited to the Fund unless the Management Board directs otherwise.