



Commission for a New Georgia

Fleet Management – II
Final Report

May 10, 2004



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Task Force Members

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Fleet Management II

Purpose and Understanding



Fleet Management II Mission Statement

Mission Statement:

The Commission for a New Georgia's Fleet Management II Task Force will evaluate the effectiveness and efficiency of the state's current vehicle management controls and processes, and make recommendations to the Governor and the Commission on how the state can utilize best practice methodology to improve operations in this area. This Task Force will focus on three main areas: Vehicle Procurement, Maintenance and Disposal, and Fleet Management System Controls.



Fleet Management II

Findings



Fleet Management II - Summary of Findings

- Office of Fleet Management – Current Status
- The state of Georgia Office of Fleet Management operates under the Authority of the Department of Administrative Services.
- The Office of Fleet Management (OFM) was established less than three years ago to manage the state fleet.
- The OFM currently has seven employees, and is responsible for new vehicle specifications, fuel management, and oversees vehicle disposal.

- State of Georgia Vehicle Fleet – Current Data
- The most recent physical audit shows that there are a total of 20,904 vehicles in the state fleet, with approximately 25% being classified as sedans.
- There is no Fleet Management System in place across all departments making it difficult to: implement statewide policies for vehicle purchase and disposal; accurately monitor the usage and maintenance expenses for the state vehicles; and determine the economic life of individual vehicles based on the type of vehicle, type of usage, and maintenance cost.
- Individual departments are responsible for procurement , maintenance, and disposal of their own vehicles.

- Contracts and Policies
- There is an existing vehicle procurement contract for the state, but it's usage is not enforced.
- Some departments utilize a vehicle maintenance service vendor with national contracts to help monitor and control their maintenance costs, but some departments manage these services using local vendors.
- The use of Wright Express for fuel purchases is improving, and this service has proven to be beneficial for controlling cost and vehicle usage.

- Other States and the Private Sector
- Many other States such as Utah, Michigan, South Carolina, Minnesota, and Ohio have Fleet Management Systems in place.
- Utah has been recognized as the leader in State Fleet Management, and has reduced it's cost per vehicle each of the last 3 years, attributing this to the Fleet Management Systems and controls they have implemented.
- The private sector companies surveyed all utilize a fleet management system to manage their fleet.



Fleet Management II

Guiding Principles



Fleet Management II - Guiding Principles

- *Provide the Commission for a New Georgia an accurate, un-biased assessment of the current status of Fleet Management in the state of Georgia.*
- *Develop clear, actionable recommendations that the state can implement to better manage the state fleet of vehicles, thus providing better service to the state employees, and reduced cost to the citizens of the state.*



Fleet Management II

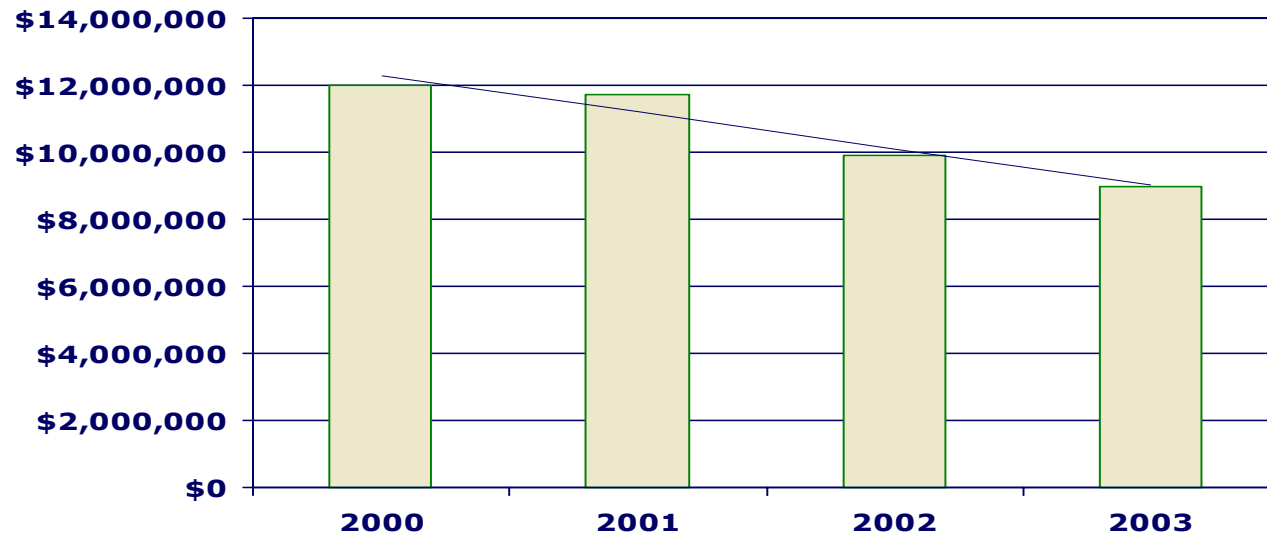
Vision



Fleet Management II - Vision

- One state-wide management system to track all state vehicles from purchase through disposal.
- One state-wide set of standards for procurement, assignment, usage, maintenance, and disposal, enforced and maintained by a central Fleet Management office.
- A state budget process change that will allow for extended three to five year planning for state vehicle requirements.

Potential Maintenance Cost Reductions for GA
Fleet (based on Utah Fleet results)



Fleet Management II - Best Practices

Internal to the State of Georgia

- The DOT utilizes the Fleet Anywhere Fleet Management system to manage their vehicles.
- The Office of Fleet Management has been monitoring the Wright Express Fuel Management process, and has improved the usage of this system
- Most of the departments have reviewed their internal policies on personal use of state vehicles, and have reduced the number of individually assigned vehicles.

Other State Governments

- The states of Utah, Minnesota, Ohio, Michigan, and others have a centralized Fleet Management office to monitor and enforce state vehicle usage policies.
- All of these states have a Fleet Management system in place, and the majority use an off the shelf product, such as Fleet Anywhere.
- The state of Utah has been recognized as a leader in state vehicle management, and they have documented savings attributed to the use of Fleet Anywhere, and a contract maintenance service, ARI.

Private Sector

- United Parcel Service uses an internally developed system to track the usage and maintenance costs for all 220,000 vehicles the company operates.
- Southern Company, Peoples Company, Pope Trucking all use some form of vehicle management system to track costs for each of their vehicles.
- Cost analysis using data from a fleet management system is used to determine the economic life of each vehicle, reducing overall fleet cost.

Other

- A general guideline for vehicle replacement based on mileage, or age, is not the most cost effective way to determine when to dispose of a vehicle.
- The type of usage, maintenance expense, disposal value, and equipment replacement cost should all be used to determine the time that a vehicle should be replaced.



Fleet Management II

Recommendations with Discussion



Fleet Management II Recommendation #1

Utilize Fleet Management System across all agencies

Current Problem

- Fleet Anywhere (FA) purchased – not utilized
- No central tracking system
- Cannot measure fleet utilization
- Cannot determine annual operating cost by vehicle type

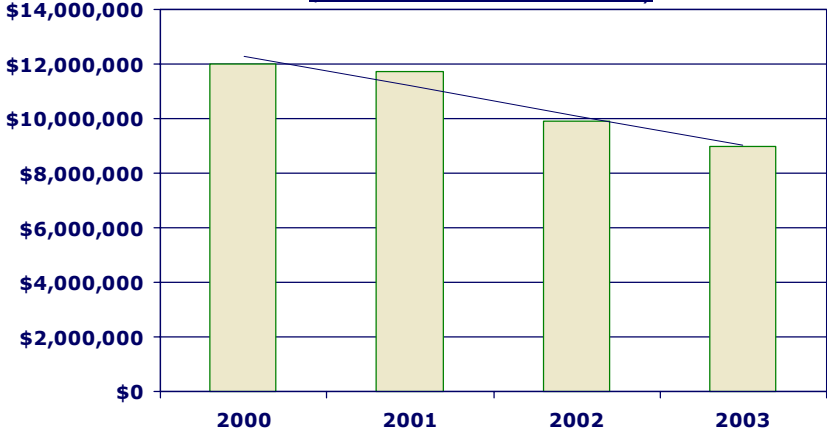
Vision

utilize the existing Fleet Anywhere fleet management system to track all state vehicles leading to lower operating costs, increased utilization, lower procurement costs, and improved fuel and maintenance contracts

Discussion/Rationale

- FA provides reports, keeps maintenance histories, tracks usage, and captures all associated costs
- Utah's FA reduced cost by 26% over 4 years
- Georgia owns 25,000 FA licenses
 - DOT holds 13,000
 - Remaining 12,000 not utilized
- Partial FA functionality used by GBI, Dept. of Public Safety, and Corrections

Potential Maintenance Cost Reductions for GA Fleet
(based on Utah Fleet results)



Fleet Management II Recommendation #2

Evaluate total cost of vehicle ownership past economic life

Current Problem

- Average age of GA fleet is 8.5 years vs. Utah's 3.6 years
- Costs for additional 2.5 years: ~\$1,200 per vehicle
- 60% of Georgia fleet > 6 years (12,712)
- Excess cost is potentially \$15M annually

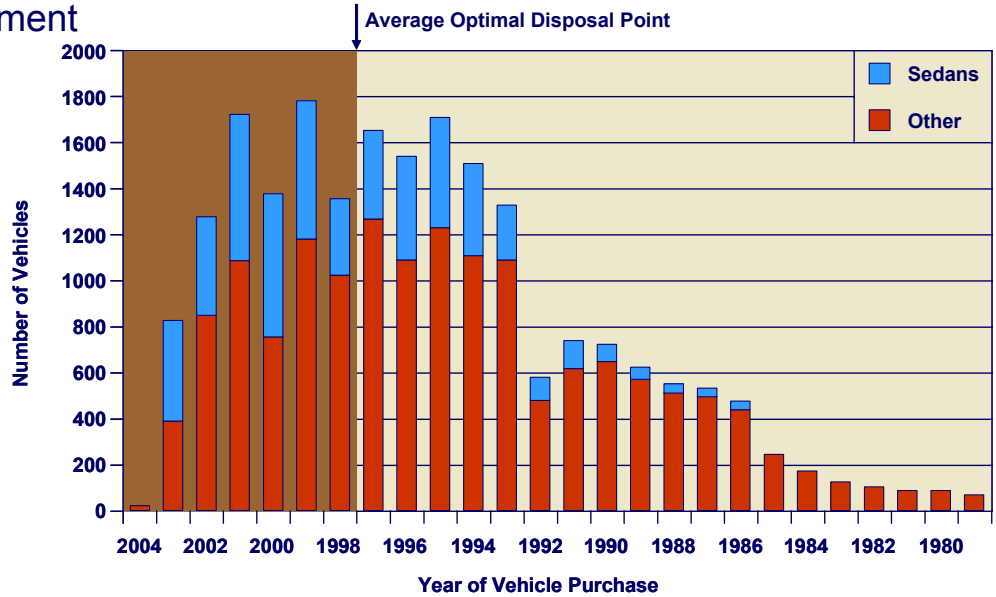
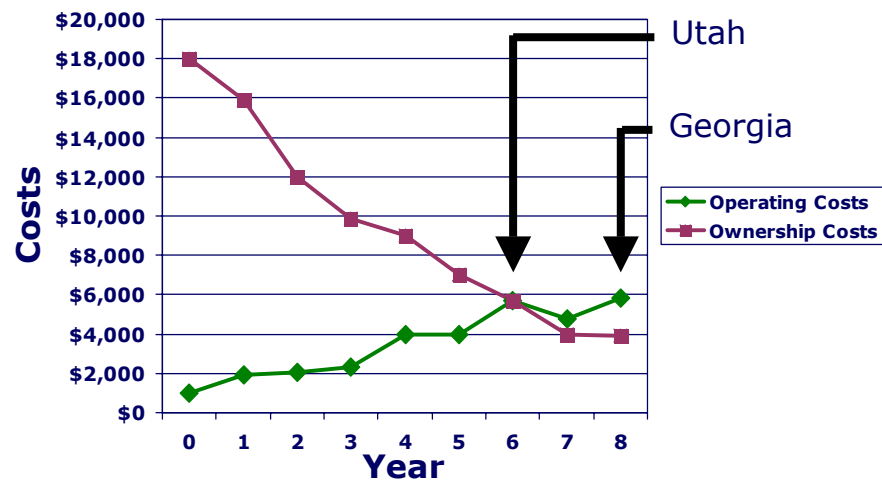
Vision

change budget process to support vehicle replacement policy based on operating cost

Discussion/Rationale

fleet Anywhere provides vehicle specific data for analysis of when to surplus a vehicle

- Evaluate vehicle lifecycle analysis on individual basis
- Consider criteria beyond age or mileage



Fleet Management II

Follow Up Items

- Need to leverage the size of the fleet to optimize contracts with vehicle manufacturers and vehicle maintenance providers.
- Centralize control of the licensing and registration of all state agency vehicles within the Office of Fleet Management.
- Centralize control of the vehicle disposal process within the Office of Fleet Management so the funds would go back into a general purchasing fund.
- Use the data generated from the Fleet Management system to develop a tool that would evaluate the cost to lease vs. cost to purchase vs. cost to maintain an existing vehicle.
- Use the data generated from the Fleet Management system to develop a tool that would evaluate whether an approved trip by a state employee should be taken using a state pool vehicle, an outside rental vehicle or their personal vehicle for travel.



Fleet Management II

Key Challenges to Implementation



Resistance to a centralized control of the vehicle fleet



Current State Budget process; ability to change.



Implementation timeline required



Lack of available information to perform accurate cost analysis of the current maintenance expenses.



Cultural change required both internal and external (local vendors)



Fleet Management II

Appendix A -

Work Plan/Schedule of Activity



Fleet Management II – Work Plan

Review of the Scheduled Activities:

- 1/09 - Initial meeting with Kris Nordholz and Brenda Purcell
- 1/16 - Interviews conducted with Bill Malcolm and Dana Russell
- 1/19 – Review of the DOAS RFP for a Fleet Management System completed by UPS Automotive Group.
- 1/27 – Meeting with Commission for a New Georgia and Fleet Management Task Force I
- 2/09 - Official Fleet Management II Kickoff Meeting
- 2/12 - Roundtable discussion held with the Fleet Managers of 9 departments who are responsible for approximately 80% of the State's vehicles.
- 2/24 - Interviews conducted with the Department heads of Natural Resources Transportation, and Corrections.
- 2/24 - Meeting with SERCO, a national fleet management company.
- 2/26 - Interview conducted with the Department of Public Safety
- 3/1 - Fleet Management II – 2nd Meeting



Fleet Management II – Work Plan (cont.)

Review of the Scheduled Activities:

- 3/5 - Met with Bill Malcolm to review Fleet Anywhere and RFP for Fleet Management System
- 3/8 - Evaluation of State of Utah – Division of Fleet Services
 - * Website Functionality and Information available on the website
- 3/11 - Second request for information from State departments for cost data.
 - UGA provided partial data (not in useable format)
 - GBI provided cost per mile data
 - DOAS provided cost per mile data
- 3/17 - Review of other State Fleet Management websites
 - Michigan, Minnesota, Ohio, South Carolina
- 3/22 - Fleet Management Task Force II – Meeting 3
- 4/1 - Final Review/Task Force I & II Merge
- 4/13 - Presentation to Governor Perdue and the Commission for a New Georgia



Fleet Management II

Appendix B -

Additional Documentation



Fleet Management II – Additional Data

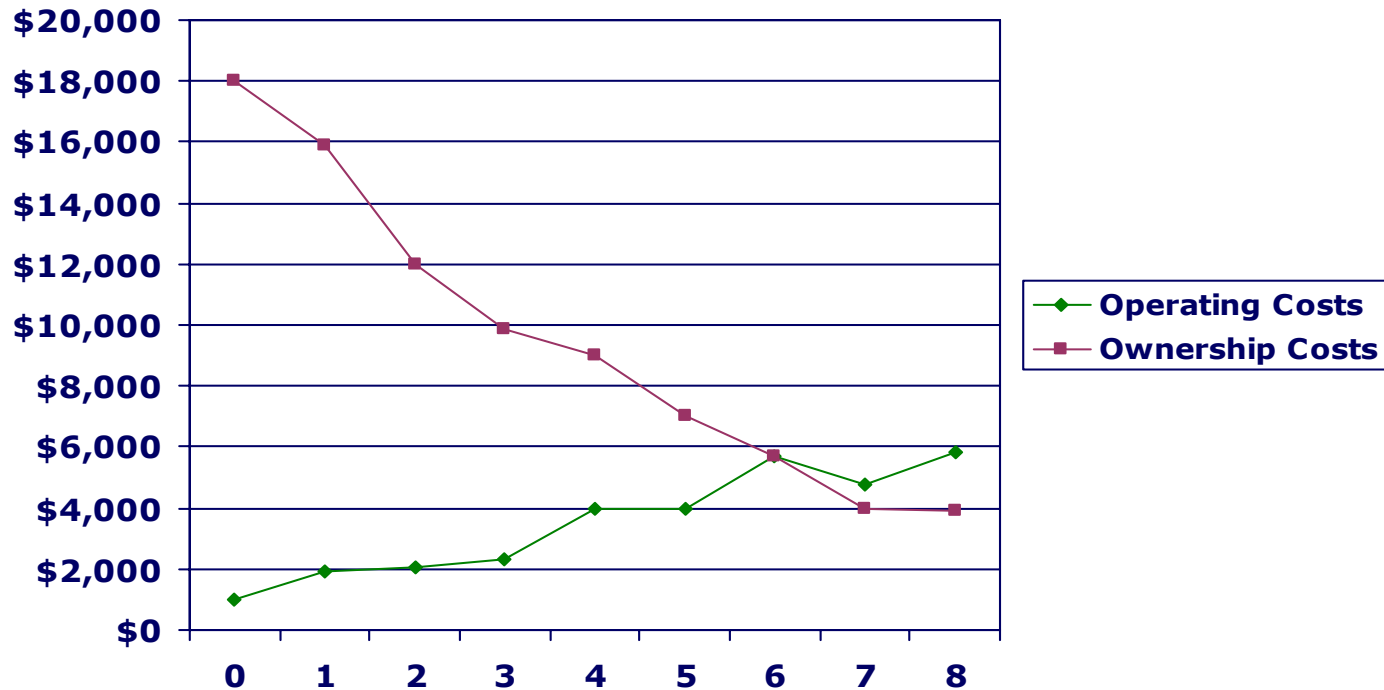
- Review of Utah Fleet Services
 - Reviewed a number of state fleet management websites, including Michigan, Minnesota, Ohio, South Carolina, and Utah, and found Utah to have the most extensive and relevant information available.
 - Bill Malcolm has been in contact with the Utah Fleet Services manager, and has been reviewing their FA system, and their management structure.
 - Utah has used the Fleet Anywhere system since 1997.
 - The system was initially implemented to enable the Fleet Operations office to better track the life-cycle of state owned vehicles.
 - The system is used to: provide reports, keep accurate vehicle maintenance histories, track vehicle usage, and capture all costs associated with the vehicle.
 - The Utah Fleet Services Department has been recognized by National Fleet Management organizations, trade magazines, and other states as a leader in the use of systems for vehicle management.
 - ARI is used for contract maintenance, and the state credits four consecutive years of lower maintenance costs to ARI's effective maintenance scheduling, monitoring, and warranty cost recovery.
 - The combination of the FA system and ARI Services has given the state the information required to complete lifecycle analysis by vehicle type.



Fleet Management II – Additional Data

Utah Fleet Services – Example Graph – Lifecycle Analysis

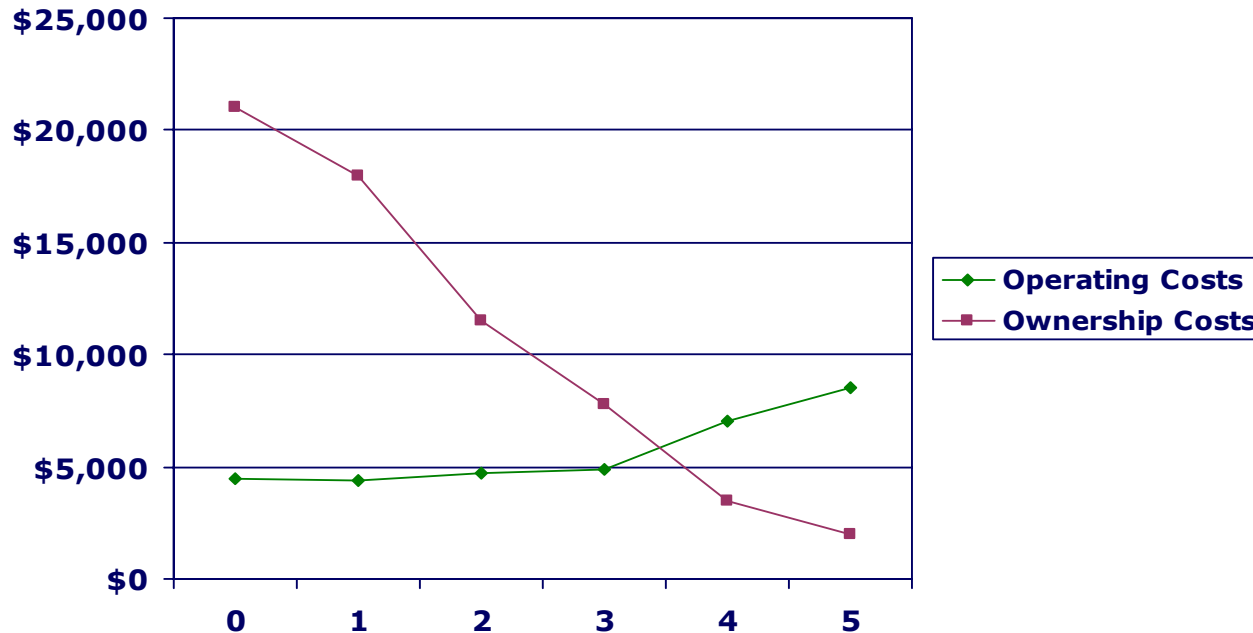
In 2003, Utah Fleet Services validated their established replacement cycle of 6 years, or an average of 90,000 miles.



Fleet Management II Additional Data

Utah Fleet Services – Example Graph – **DPS** Lifecycle Analysis

A replacement cycle for Law Enforcement Vehicles of 3.5 years was found to be the most cost effective plan for this type of vehicle.



Fleet Management II – Additional Data

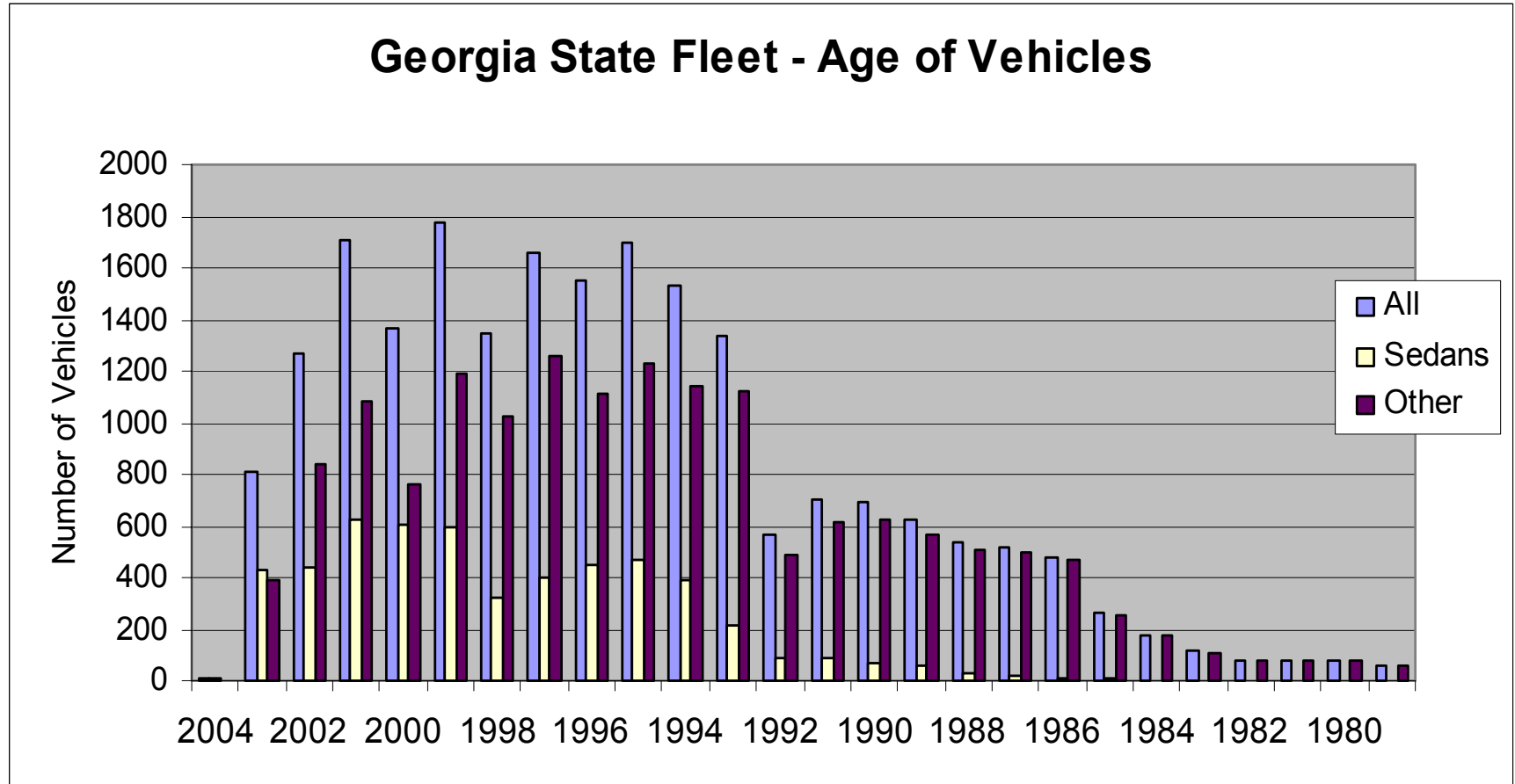
Fleet Anywhere (FA) / Fleet Management System Review: (w/Bill Malcolm)

- Fleet Anywhere was originally purchased by the DOT in 1998 from Prototype.
- Prototype was originally sold to Peregrine, then sold to Maximus in 2003.
- Fleet Anywhere system is currently used by the Department of Transportation for all of their equipment tracking.
- The State owns 25,000 licenses for the FA software, of which 13,000 are held by the DOT. The remaining 12,000 are held by the other state agencies.
- FA is used by on a limited basis by GBI, Dept. of Public Safety, and Corrections
- FA could be expanded to cover all departments, and with re-assignment of the existing licenses between departments, less than 1,000 would need to be purchased.
- A statewide Fleet Management System would need to be controlled and maintained by the Office of Fleet Management.
- The DOT would need to interface their existing FA system with the statewide system, even if FA is selected by the state.



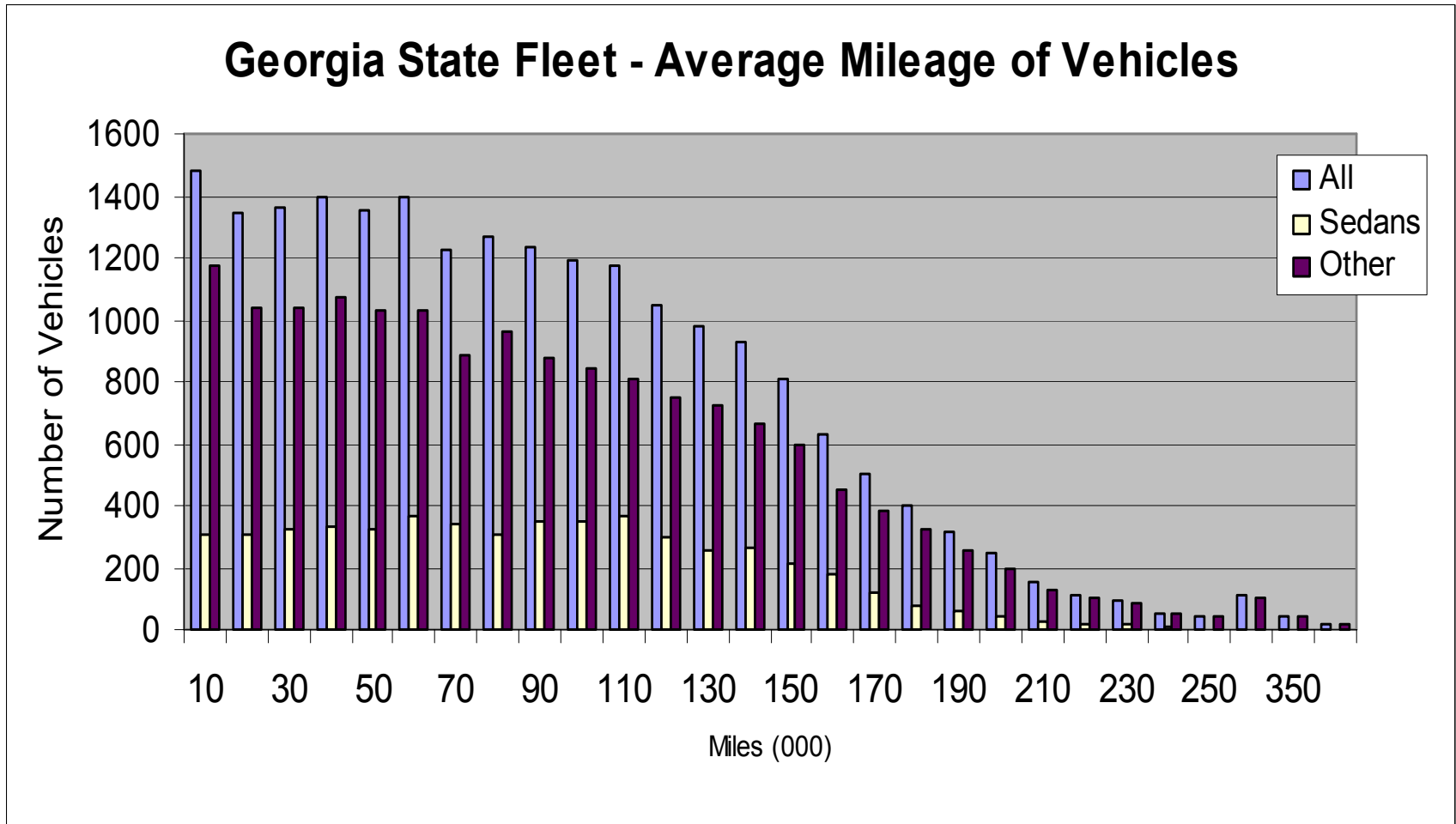
Fleet Management II Task Force

Additional Data



Fleet Management II Task Force

Additional Data



Fleet Management II – Additional Data

Cost per mile Summary - Sedans

Source:

	2003		2004	Includes:
<u>Georgia:</u>				
DOAS - Interagency Motor Pool	\$0.059	(FY)	\$0.079	(Fuel, Maintenance)
Bureau of Investigation (GBI)	\$0.110			(Fuel, Maintenance)
University of Georgia (UGA)	\$0.090			(Fuel, Maintenance)
University of Georgia (UGA)	\$0.343			(Fuel, Maint., Repairs)
DOT	\$0.210			(Fuel, Maint., Repairs)
<u>Utah:</u>				
Overall State Fleet (avg)	\$0.076			(Fuel, Maintenance)
Overall State Fleet (avg)	\$0.229			(Fuel, Maint., Depreciation)
Fieldale Farms	\$0.250			(Fuel, Maint., Depreciation)
UPS (Package Cars)	\$0.340			(Fuel, Maint., Depreciation)

