

Budget Brief – DAS Fleet Operations (ISF)

NUMBER CFAS-06-18

SUMMARY

The Division of Fleet Operations was established as a new division of Administrative Services in 1997. The division also includes the State and Federal Surplus Property programs, which were housed in the Division of Purchasing and General Services prior to 1997.

Division statutory duties include:

- All administrative duties related to managing the state’s vehicles
- Coordinating all purchases of state vehicles
- Establishing fleet information system(s)
- Administering a fuel dispensing service
- Administering a surplus property system

ISSUES AND RECOMMENDATIONS

Travel Related Reimbursements for State Employees

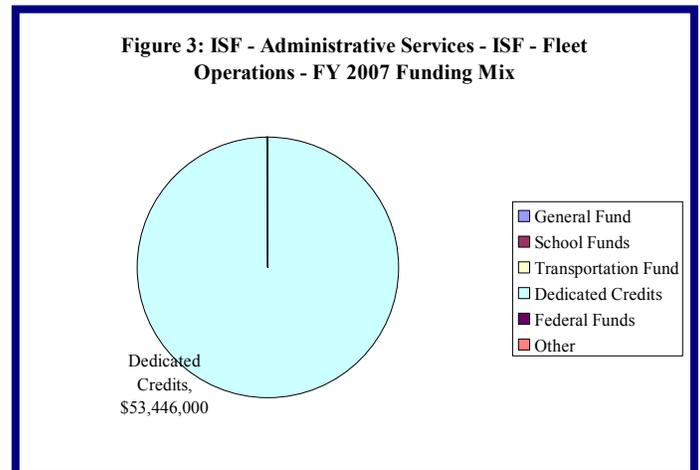
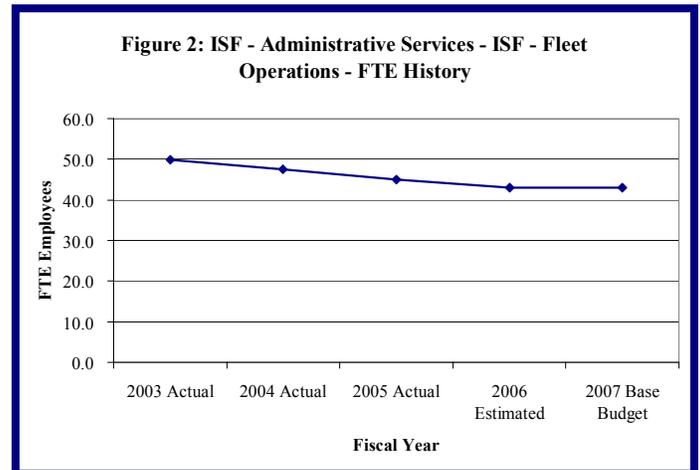
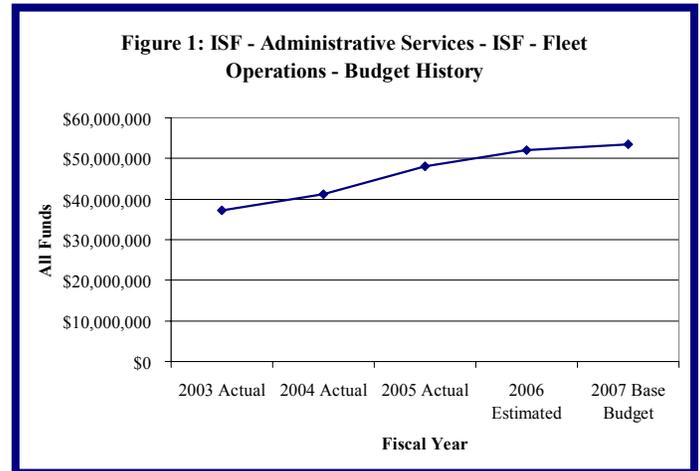
In past years the Legislature adopted intent language requiring the Division of Finance to reimburse state employees at the state fleet rate (rather than the private vehicle rate) if they use a private vehicle when a fleet vehicle was available. Division rules continue this practice although legislative intent language no longer requires it.

In January the IRS increased the reimbursement rate for private vehicle mileage to 40.5 cents per mile. The Division of Finance updated its rule on July 1 to reflect the change. However, since the Division of Fleet Operations determined that the cost of operating a fleet vehicle had not changed, Finance did not increase the rate (32 cents per mile) for an employee who chooses to drive a private vehicle when a state fleet vehicle is available.

The Analyst believes this is a sound fiscal policy in that it prevents the state from paying for a vehicle twice – once for the vehicle purchase and again for private reimbursement while the state vehicle sits unused.

Increased Availability of Video Conferencing

In recent years the Legislature has invested heavily in the state’s communication infrastructure to facilitate video conferencing. This video conferencing ability is open to all state agencies. The Analyst believes that with a little advanced planning some trips using state vehicles could be eliminated by using video conferencing instead.



While certain types of travel will always be necessary, others are well suited to video conferencing. The Analyst recommends the Legislature encourage the Division of Fleet Operations to make instructions readily available for using video teleconferencing – for example on its reservations web site and flyers at the front desk.

E-Waste Issues

The mounting problem of electronic waste is prompting federal action regulating its disposal. State agencies surplus a great deal of electronic equipment each year. However, discarding this equipment is becoming more difficult and more expensive. Statute encourages agencies to transfer their equipment directly to public schools, but schools are becoming more selective because they want a common platform and quality assurance. Otherwise their maintenance costs exceed the benefit. The Division of Surplus Property does not have the ability to do technical work or meet technical specifications from the schools. More importantly, discarding old electronic equipment now brings liability issues. To reduce the liability, electronic equipment sold or donated must be in working order and documented by serial number. Equipment that cannot be sold or donated must be disposed of properly, which means transporting to an authorized recycler and paying the recycler’s fees.

The Analyst recommends the Legislature consider legislation authorizing schools to re-donate surplus computer equipment to low-income families in their areas.

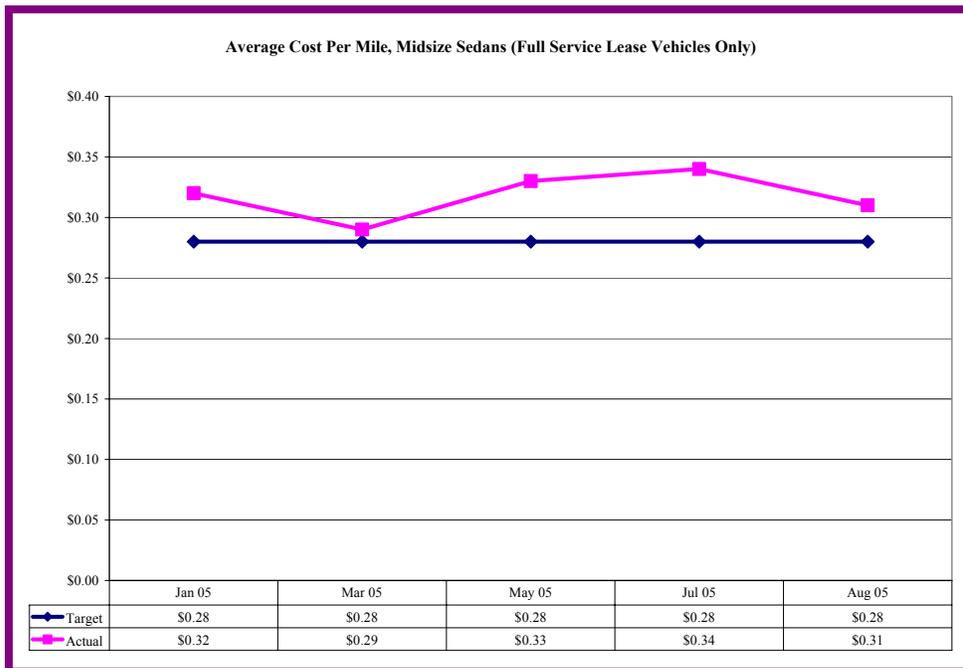
Other Issues

The Analyst will address other issues including fleet centralization, increased gasoline prices, replacement cycle, and take-home vehicles in an Issue Brief during the 2006 General Session.

ACCOUNTABILITY DETAIL

Average Cost Per Mile, Midsize Sedans

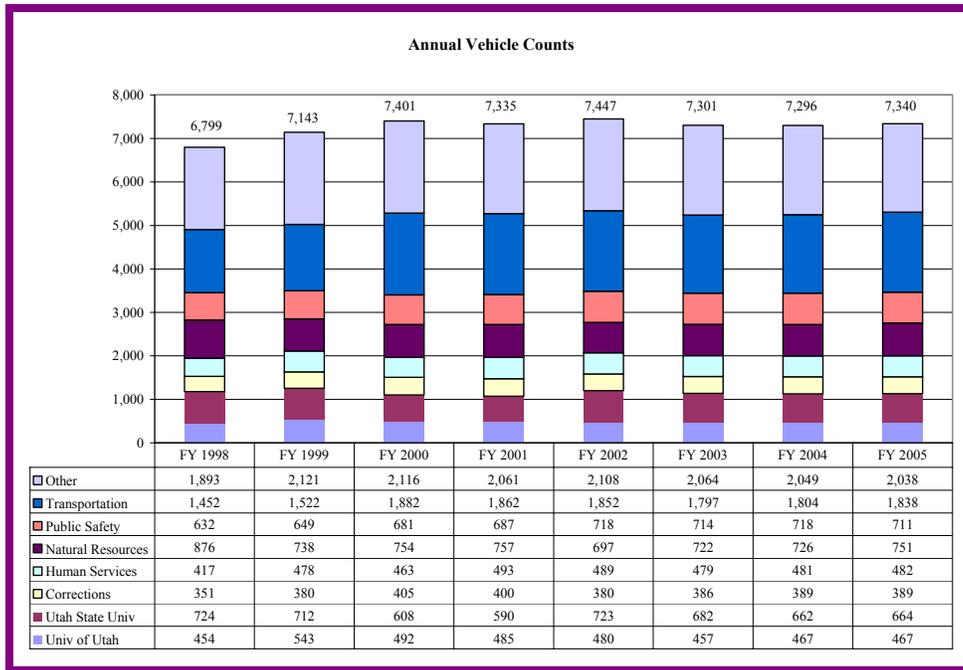
Measuring the cost per mile (CPM) for each vehicle class allows the division to track cost trends relative to increased vehicle costs and inflation factors. The “midsize sedan” is a good representative sample of the average fleet vehicle.



Actual average CPM is slightly higher than the target set at the beginning of the year by DFO. These increases are due primarily to fluctuations in fuel prices. Actual CPM for November was \$0.29, and for December was \$0.31.

Vehicle Count

As shown in the following chart, the total vehicle count was up by 44 vehicles in FY 2005 compared to FY 2004, but still down by 107 from its peak of 7,447 in FY 2002. The chart shows vehicle count by major agency (those having over 300 vehicles) per year.



BUDGET DETAIL

Because the Administration Program passes all of its expenditures through to the other four programs (Motor Pool, Fuel Network, State Surplus Property), its total budget is zero and it doesn't appear in the Budget Detail Table below. Estimated FY 2006 costs are \$736,000. The Federal Surplus Property program has been reduced to where it only acquires federal property at the request of state or local entities.

Budget Recommendation for FY 2007:

- Estimated revenues of \$53,446,000
- Rates as presented separately
- 43.0 FTE
- Authorized Capital Outlay of \$13,507,300 mostly for replacement vehicles, but also to be spent, if necessary, to replace card readers and tank monitors at state fueling sites (\$212,000).

LEGISLATIVE ACTION

This section is a summary of what actions might be taken if the Legislature wishes to adopt the recommendations of this brief. The Analyst recommends the Legislature consider adopting:

1. Estimated revenues of \$53,446,000 for the Division of Fleet Operations ISF
2. Rates as presented separately
3. 43.0 FTE
4. Authorized Capital Outlay of \$13,507,300.

BUDGET DETAIL TABLE

ISF - Administrative Services - ISF - Fleet Operations						
Sources of Finance	FY 2005 Actual	FY 2006 Appropriated	Changes	FY 2006 Revised	Changes	FY 2007* Base Budget
Dedicated Credits - Intragvt Rev	48,060,700	44,732,100	7,301,100	52,033,200	1,452,800	53,486,000
Sale of Fixed Assets	(39,300)	(600,000)	560,000	(40,000)	0	(40,000)
Total	\$48,021,400	\$44,132,100	\$7,861,100	\$51,993,200	\$1,452,800	\$53,446,000
Programs						
ISF - Motor Pool	23,616,200	24,351,200	301,700	24,652,900	1,452,800	26,105,700
ISF - Fuel Network	23,232,200	18,957,600	7,292,400	26,250,000	0	26,250,000
ISF - State Surplus Property	1,078,900	823,300	251,700	1,075,000	0	1,075,000
ISF - Federal Surplus Property	94,100	0	15,300	15,300	0	15,300
Total	\$48,021,400	\$44,132,100	\$7,861,100	\$51,993,200	\$1,452,800	\$53,446,000
Categories of Expenditure						
Personal Services	2,572,100	2,592,300	633,800	3,226,100	(8,200)	3,217,900
In-State Travel	5,200	12,500	300	12,800	600	13,400
Out of State Travel	9,000	7,400	(600)	6,800	2,100	8,900
Current Expense	31,559,800	26,628,700	9,240,800	35,869,500	1,000	35,870,500
DP Current Expense	143,300	190,900	(27,100)	163,800	(11,500)	152,300
Other Charges/Pass Thru	103,500	100,500	84,800	185,300	(64,700)	120,600
Depreciation	13,203,300	11,570,900	1,646,600	13,217,500	100	13,217,600
Total	\$47,596,200	\$41,103,200	\$11,578,600	\$52,681,800	(\$80,600)	\$52,601,200
Other Data						
Budgeted FTE	45.0	43.0	0.0	43.0	0.0	43.0
Actual FTE	41	0	0	0	0	0
Authorized Capital Outlay	12,752,500.0	14,310,600.0	432,700.0	14,743,300.0	(1,236,000.0)	13,507,300.0
Retained Earnings	2,412,300.0	5,441,200.0	(3,717,500.0)	1,723,700.0	844,800.0	2,568,500.0
Vehicles	147	166	(19)	147	3	150

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.