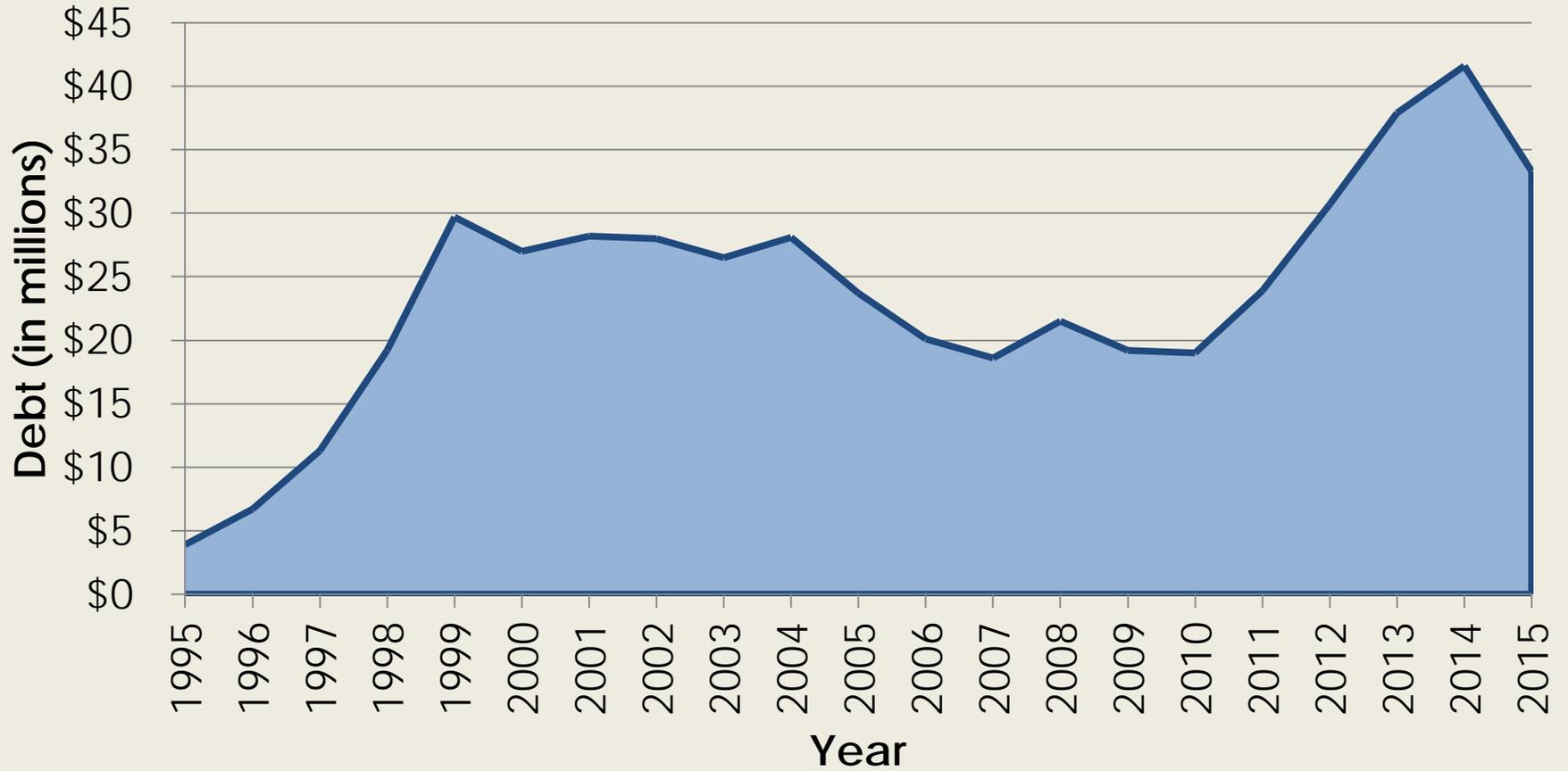


DIVISION OF FLEET  
OPERATIONS:  
GENERAL FUND  
BORROWING

January 29,  
2016

# DEBT TO GENERAL FUND



# MAIN CONTRIBUTORS TO THE DEBT



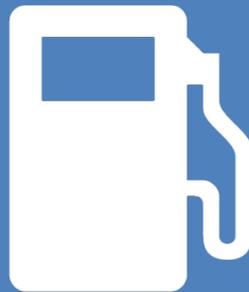
## Vehicle Acquisitions Model

- Vehicle price inflation
- Outdated recovery rates



## Fuel

- Volatility of fuel prices and static recovery rates

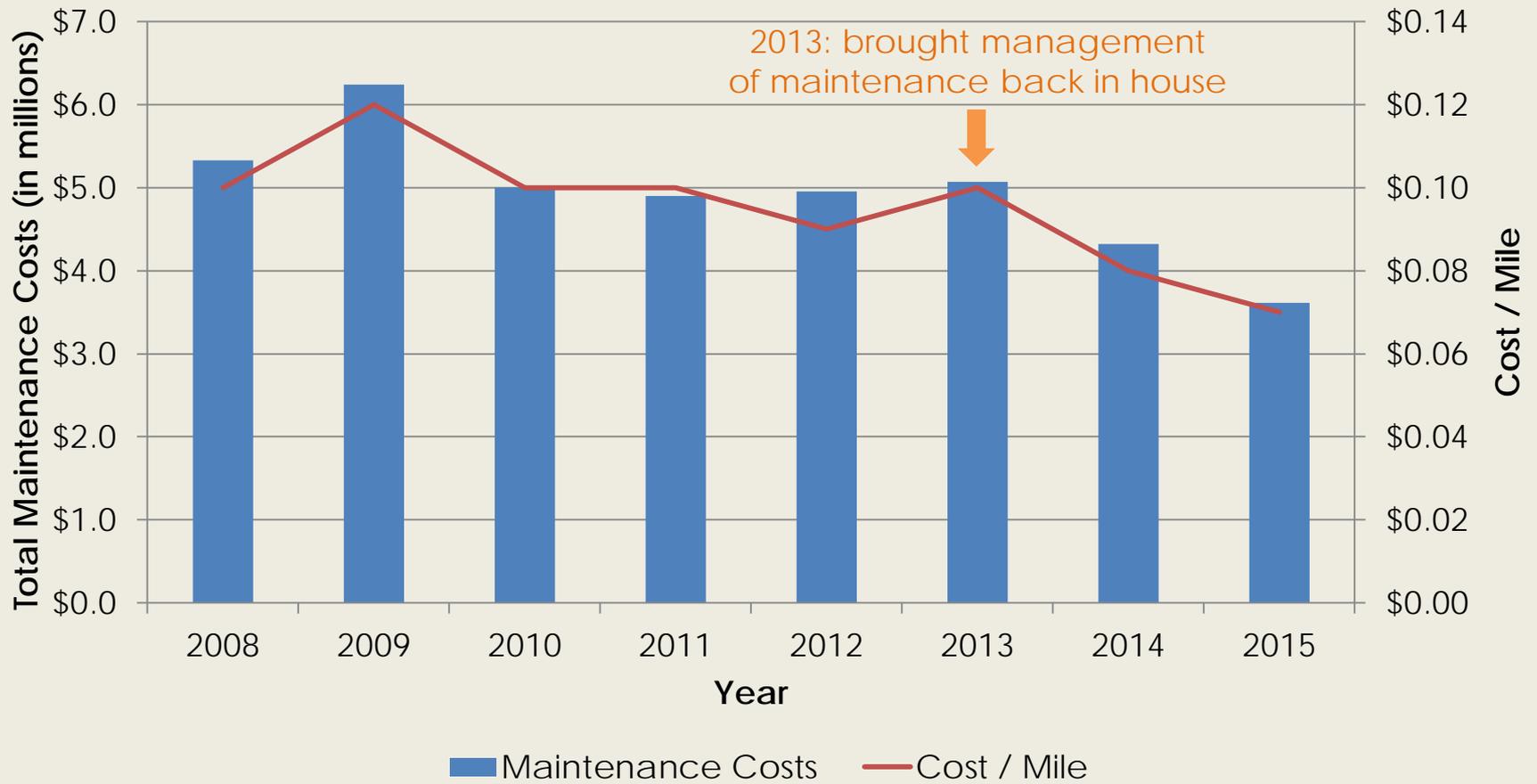


## Maintenance

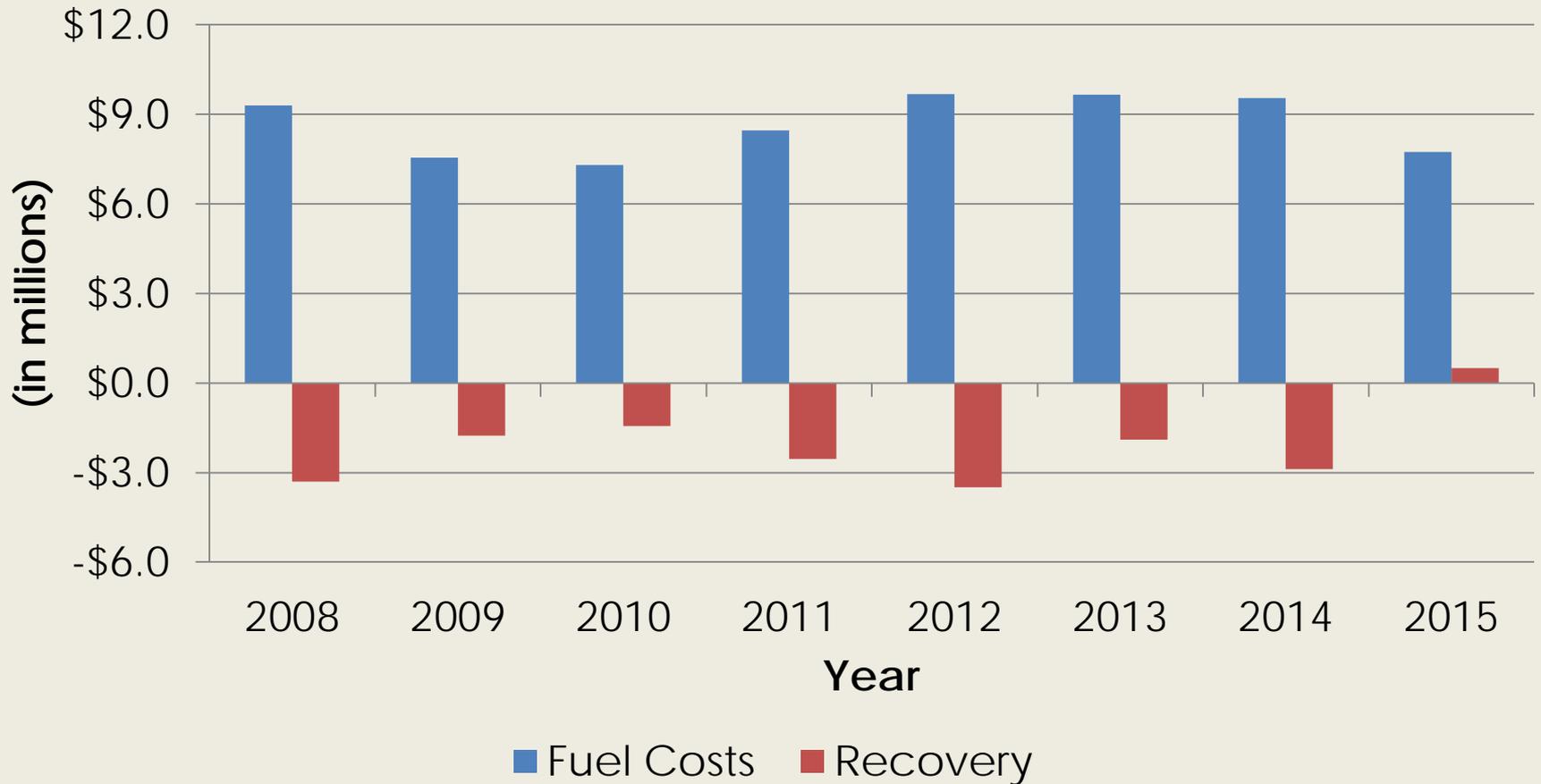
- Outsourced management of private maintenance vendor network
- Inflated labor and parts rates



# DEBT CONTRIBUTOR: MAINTENANCE



# DEBT CONTRIBUTOR: FUEL



# DEBT CONTRIBUTOR: VEHICLE ACQUISITION

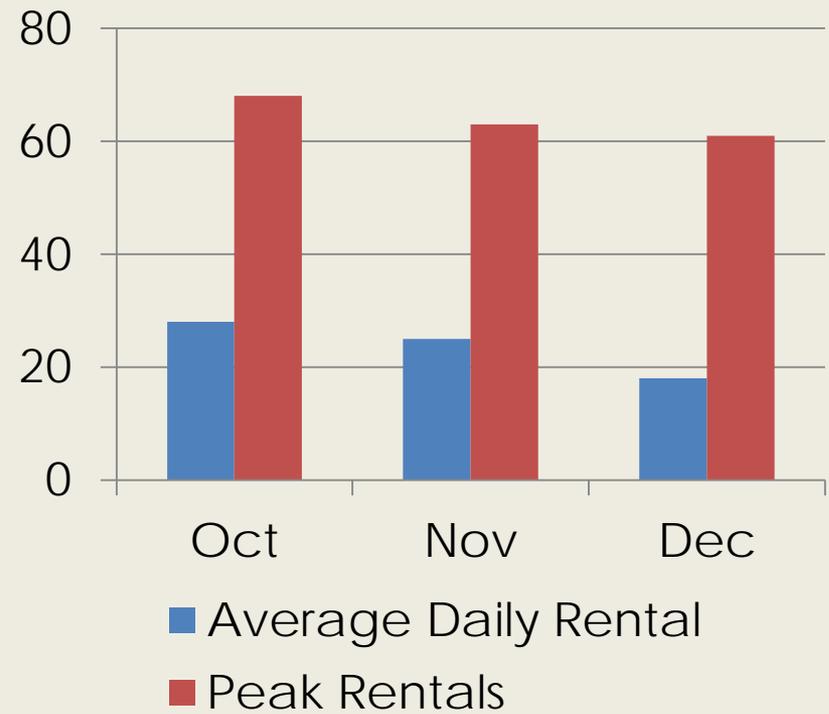
# DEBT CONTRIBUTOR: VEHICLE ACQUISITION

- Enterprise Rental Pilot
- Request for Proposal (RFP)
- Internal process changes to reduce the vehicle acquisition need (i.e. better utilization)

# ENTERPRISE PILOT

- Financial model based on a “pay per use”
- 63 vehicles removed from 6 agencies on a single campus (3 buildings)
- \$1.4M decrease in future capital outlay

Enterprise MASOB  
Rentals for 2015 Q4



# ENTERPRISE PILOT

- Overall Enterprise cost/mile = \$0.38/mile
- Overall Fleet Ops cost/mile = \$0.36/mile
- Enterprise more cost effective for 3 agencies
- Overall customer feedback = Positive
  - New, clean, fueled vehicles
  - Reserve the needed type of vehicle
  - No time used to handle maintenance

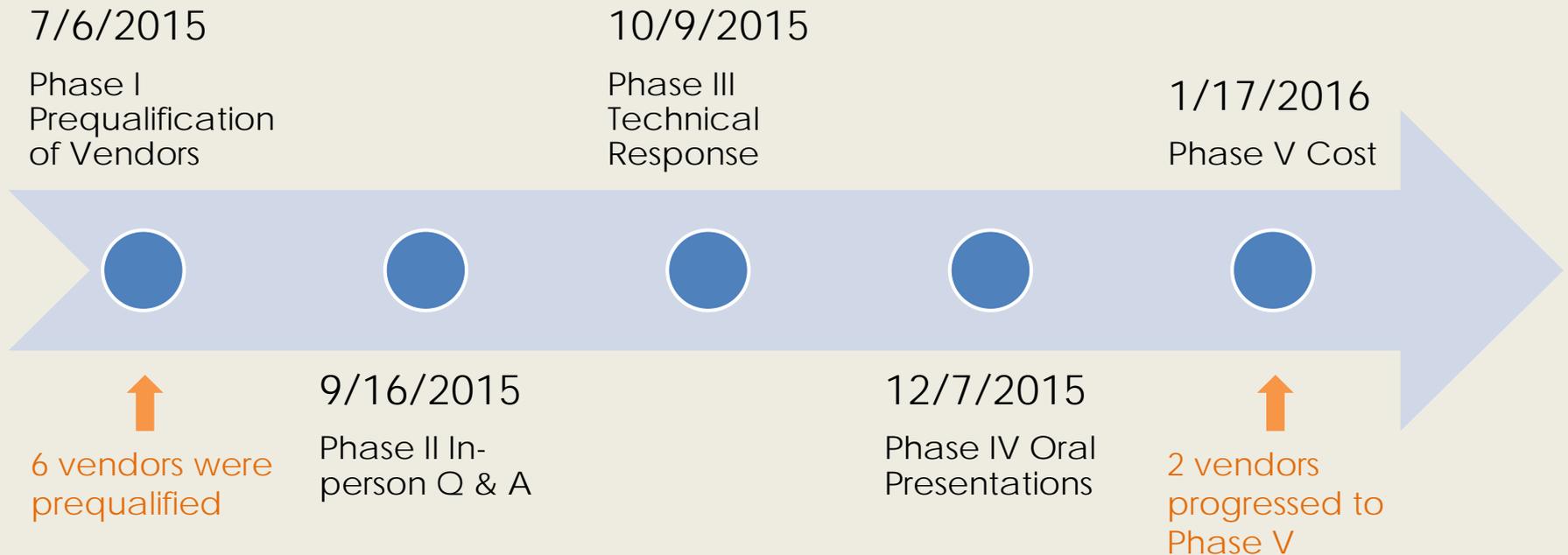
# ENTERPRISE PILOT

- Expanding to another location with 4 agencies and 2 buildings, a slightly smaller motor pool and a downtown location
- Expecting to have similar results
- May gain better service for other downtown agencies, who currently use Enterprise

# REQUEST FOR PROPOSAL

- Categories
  - I. Vehicle Selection and Acquisition
  - II. Vehicle Financing
  - III. Vehicle Remarketing (Surplus)
  - IV. Maintenance
  - V. Data Management
- Categories I and II apply directly to the Vehicle purchasing issue.

# REQUEST FOR PROPOSAL



# CAPITAL OUTLAY AUTHORITY

## FY 2016

- Additional \$2M requested to the already approved \$16M for vehicle purchases
- Capital Outlay Authority for vehicle purchases up to \$18M
- Capital Outlay Authority total for Fleet Operations up to \$23.49M

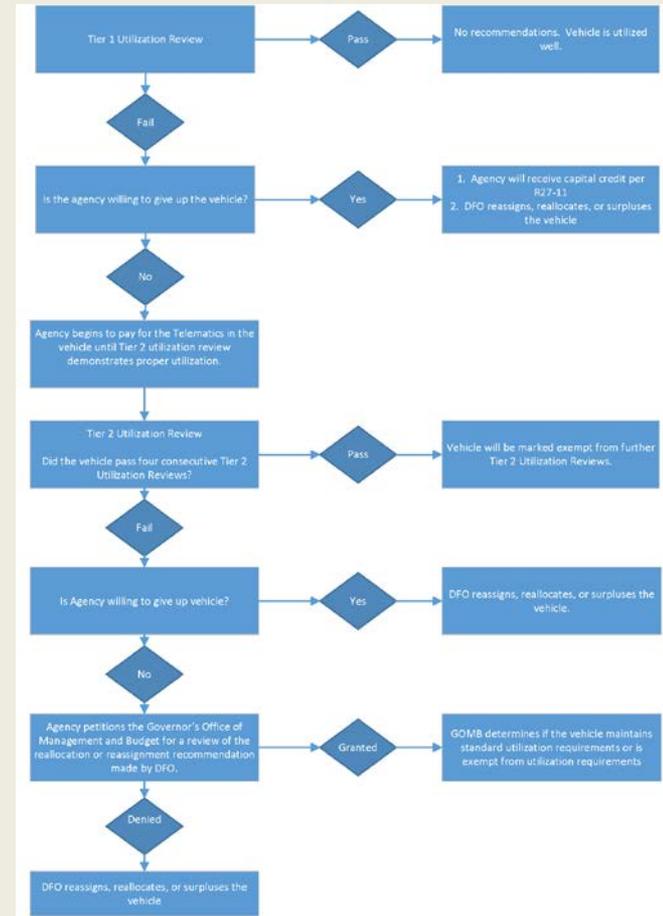
## FY 2017

- Capital Outlay Authority for vehicle purchases is requested at \$27.85M
- Capital Outlay Authority total for Fleet Operations would then be \$29.20M
- Note – This provides options for Fleet Operations to be able to implement solutions gained from the RFP to catch up the vehicles not replaced in 2015

# INTERNAL PROCESS CHANGES

# UNDERUTILIZATION PROCESS CHART

- New 2 tiered approach
- Tier 1 “miles” analysis is based on a mileage standard per vehicle class
- Failure in Tier 1 results in a Tier 2 analysis
- Tier 2 “time” analysis requires a cost / benefit analysis on time/days used
- Failure of Tier 2 analysis results in a removal recommendation
- Appeal of a removal recommendation goes to the Governor’s Office of Management and Budget



# TAKE HOME / COMMUTE VEHICLES

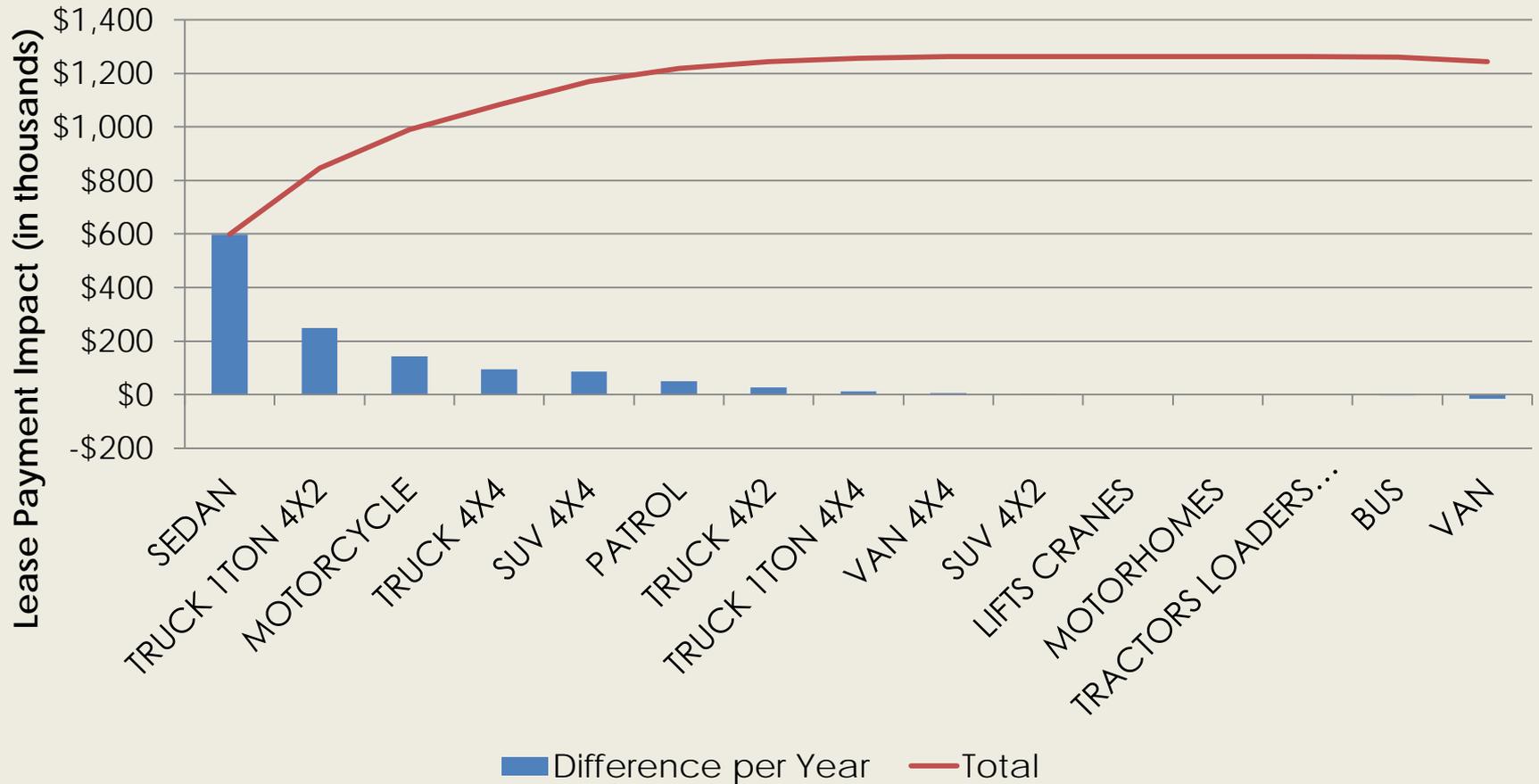
- For 2016 the approval for all operators required them to sign the new Take Home / Commute Packet
- Take Home / Commute Packet explains all the statutes, rules, risk and tax implications
- 2015 had 1,482 approved Take Home / Commute operators
- 2016 response (87% responded as of 1/11/16) has a reduction of 12.9% (192) authorized Take Home / Commute operators

# CURRENT RATE MODEL

$$\frac{(\text{2013 contract vehicle price} - 17, 18, \text{ or } 21\% \text{ salvage value})}{\text{Number of months of the lease (2 - 15 years)}} + \text{Fees}$$

- Until FY 2015 “contract vehicle price” was the 2004 contract price
- Average vehicle price in 2015 was \$22,275 and the rate was based on \$17,969
- The lease payment for each class is based on the lowest vehicle cost in that class.

# BILLING IMPACT ON LOWEST COST OPTION PER VEHICLE CLASS



# DELIBERATE TRANSITION

As Fleet Operations works to improve its processes a deliberate decision was made to pass any burden onto the agencies in steps.

- Step 1 was reduce maintenance costs and better understand the debt contributors. This was done by unbundling costs.
- Step 2 was the fuel pass through which went into effect July 1, 2015.
- Step 3 will be based on the results of the Enterprise Pilot, the RFP, and the internal process changes.

# REPORTING

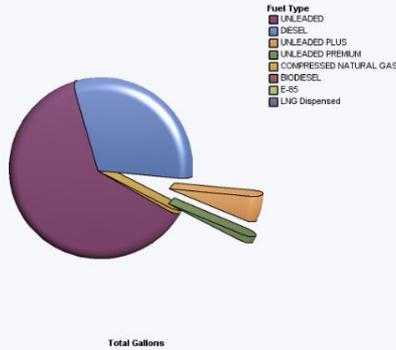
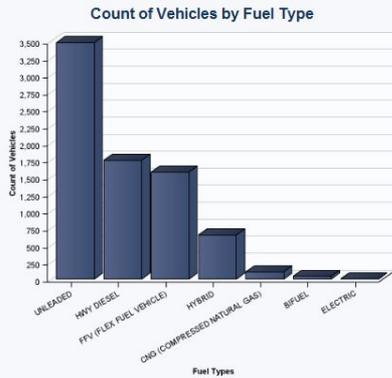
## Fleet Operations Dashboard

Choose an Agency

Total Vehicle Count: 7602

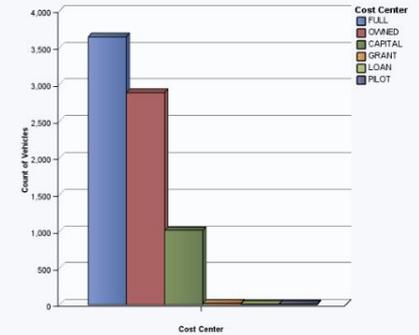
Gallons Purchased are **Up 4%** from last Fiscal Year  
**Fiscal Year 2015 Fuel Usage**

[Click here for Agency Comparison](#)

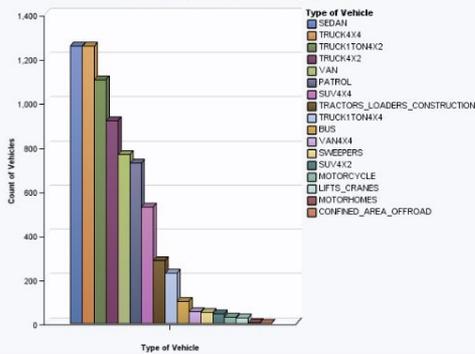


### Vehicles by Cost Center

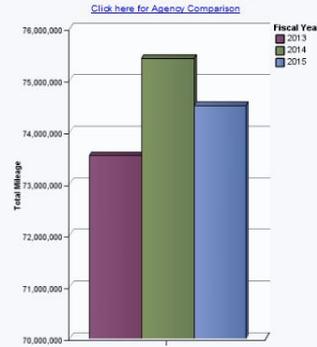
[Click here for Agency Comparison](#)



### Fiscal Year 2015 Vehicles by Type

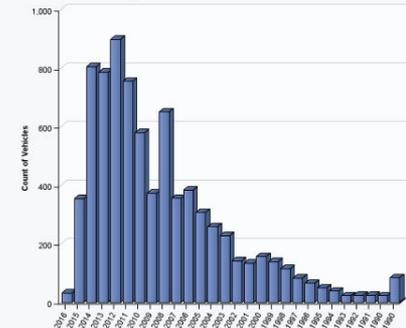


### Total Mileage by Fiscal Year



### Vehicles by Model Year

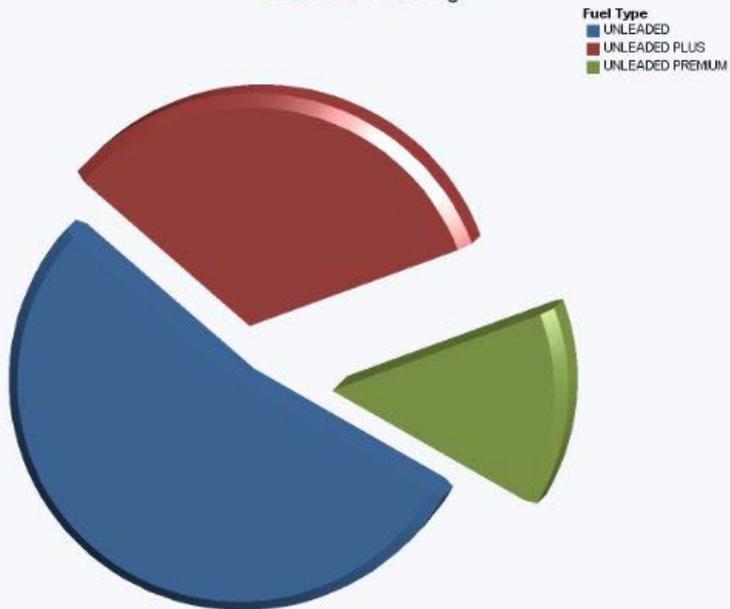
Average Model Year in the Fleet is 2009



# REPORTING

## Agency X Fuel Usage

2015 Total Fuel Usage



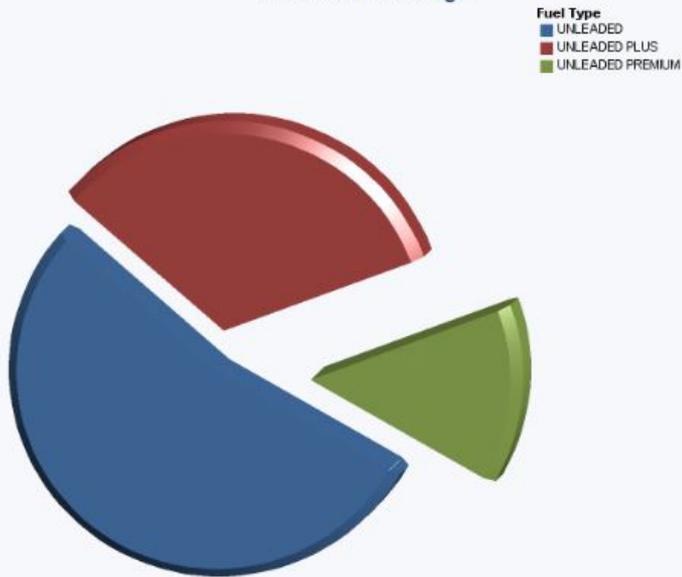
This FY's Gallons Purchased to Date	Last FY's Gallons Purchased to Date	% Difference
3,342,633	3,211,388	4.09%

Total Gallons

# REPORTING: AGENCY X FUEL USAGE

## Agency X Unleaded Plus and Premium Fuel Usage Detail by Operator

2015 Total Fuel Usage

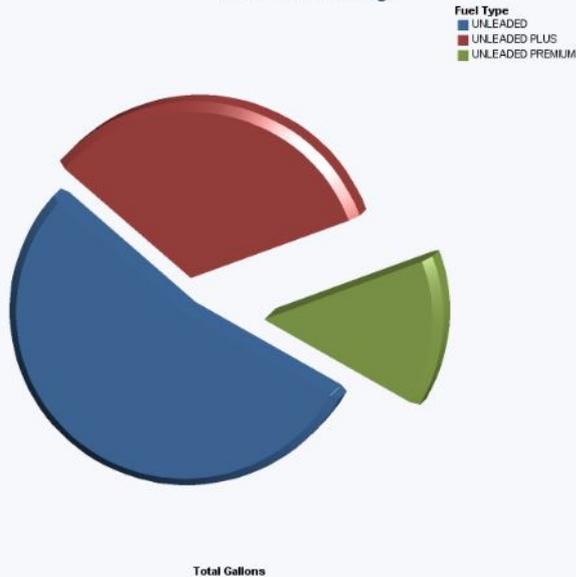


Operator	Total Gallons	Total Cost
<b>UNLEADED PREMIUM</b>		
<a href="#">Albert Doe</a>	219	\$507.82
<a href="#">Howard Doe</a>	20	\$56.55
<a href="#">Jane Doe</a>	5	\$14.61
<a href="#">John Doe</a>	144	\$318.75
<b>UNLEADED PLUS</b>		
<a href="#">Jane Doe</a>	565	\$1358.52
<a href="#">John Doe</a>	348	\$783.60

# REPORTING: AGENCY X FUEL USAGE DETAIL

## Agency X Unleaded Plus and Premium Fuel Usage Detail by Operator

2015 Total Fuel Usage



Operator	Total Gallons	Total Cost
<b>UNLEADED PREMIUM</b>		
Albert Doe	219	\$507.82
Howard Doe	20	\$56.55
Jane Doe	5	\$14.61
John Doe	144	\$318.75
<b>UNLEADED PLUS</b>		
Jane Doe	965	\$1358.52
John Doe	348	\$783.60

# REPORTING: JOHN DOE (AGENCY X) FUEL USAGE DETAIL

Agency X  
John Doe

## Unleaded Plus and Premium Fuel Transaction Detail

Gas Card Number	Transaction Date	Total Gallons	Total Cost
<b>UNLEADED PREMIUM</b>			
000100	1/24/15	18	\$28.10
	3/4/15	17	\$35.24
	7/2/15	18	\$53.29
	8/5/15	18	\$48.89
	8/18/15	19	\$49.68
	12/7/15	17	\$32.31
	12/20/15	18	\$34.86
	12/28/15	19	\$36.38
	<b>UNLEADED PLUS</b>		
000100	1/9/15	18	\$31.14
	2/3/15	18	\$28.00
	2/17/15	17	\$27.38
	3/15/15	12	\$23.49
	3/25/15	16	\$35.45
	4/5/15	16	\$37.68
	4/12/15	12	\$27.92
	4/22/15	18	\$45.33
	5/4/15	12	\$30.31
	5/14/15	15	\$42.97
	5/31/15	17	\$47.53
	6/14/15	18	\$51.05
	7/15/15	16	\$42.11
	9/3/15	19	\$48.21
	9/20/15	17	\$43.01
	10/4/15	18	\$41.58
	10/19/15	17	\$37.90
	10/30/15	18	\$38.09
	11/13/15	18	\$37.34
	11/25/15	18	\$33.37
12/12/15	18	\$32.74	