

**Fleet Issues in the
Department of Public Safety
and
Utah Department of Corrections**

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**A Report to the Executive Appropriations Committee
Of the Utah State Legislature**

**Prepared by
The Office of the Legislative Fiscal Analyst**

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Executive Summary

Core missions within the Utah Department of Corrections (UDC) and the Department of Public Safety (DPS) rely heavily on vehicles. However, agencies that make extensive use of a capital asset are not always in the best position to manage the asset in the most effective manner for the State. Many assets – vehicles, buildings, copiers, mailing equipment – are managed by internal service funds that specialize in performing a specific function. Consolidation saves the state money, increases efficiency and ensures that assets are managed as long term investments. When assets are managed by individual agencies, maintenance and repair are often the first item cut when budgets get tight. To prevent this from continuing in the state fleet, the Legislature strengthened the role of the Division of Fleet Operations (DFO) and moved toward a statewide, consolidated and centralized fleet.

State Fleet consolidation was designed to improve vehicle tracking, increase accountability and lower costs across the state. It is possible that individual agencies could operate their fleets for less than it costs them to lease from the DFO. However, experience both in Utah and in other states indicates that agencies will cut corners in the short term to save money, thus increasing costs in the long run. Additionally, any decentralization of fleet management reduces efficiency at DFO and increases costs for agencies that remain in the centralized fleet. The Analyst believes that DFO should continue as the centralized manager for DPS and UDC fleets and that tracking should be enhanced to include enhanced reporting of commute authorizations.

- Recommendation #1** *Given the fact that DFO provides efficiencies that Department of Public Safety and Utah Department of Corrections have not shown they can duplicate, and given that removal of nearly 1,100 vehicles from the central fleet would decrease economies of scale and raise costs for other agencies, the Analyst does not believe that decentralizing the fleet for Utah Department of Corrections and Department of Public Safety provides a benefit to the state.*
- Recommendation #2** *DFO should set rates to more accurately reflect the full cost of operating a Highway Patrol vehicle.*
- Recommendation #3** *In setting rates for law enforcement vehicles, DFO should separate charges for vehicles and equipment.*
- Recommendation #4** *The Analyst recommends adding to Administrative Rule a provision requiring any sworn officer with commute privileges to file a DF-61 form (or similar form created by DFO). The rule should exempt UHP officers in marked patrol cars.*
- Recommendation #5** *The Analyst recommends that the Legislature require the Utah Department of Corrections and Department of Public Safety to report all commute authorizations to DFO and provide updated commute vehicle counts (by division and by vehicle type) to the Executive Offices and Criminal Justice Appropriation Subcommittee and the Capital Facilities and Administrative Services Subcommittee each year.*

Introduction

Item 102 of Senate Joint Resolution 15 (2002 General Session) requested a study to determine if it would be beneficial “to remove the Department of Public Safety and the Department of Corrections from the state fleet and create their own motor pool.” Current statute requires the Division of Fleet Operations to coordinate purchases, establish automated tracking systems and establish vehicle care rules (UCA 63A-9-401). Statute does not require consolidation of the fleet into one agency, but the Executive Branch, in working with the Legislature, entered into official inter-agency agreements between the Department of Administrative Services and other agencies to accomplish centralization.

In reviewing the relationship between the Division of Fleet Operations and the Departments of Corrections and Public Safety, the Analyst sought the answer to three questions:

1. Can the Department of Public Safety and Utah Department of Corrections manage their fleets more efficiently than the Division of Fleet Operations?
2. Are vehicle use patterns (vehicle types and assignment) in the Department of Public Safety and Utah Department of Corrections efficiently managed?
3. Does current commute policy meet legislative intent?

Can DPS and UDC manage their fleets more efficiently than DFO?

Efficiency must mean more than pure costs for fleet management. In addressing fleet concerns in 1996, the Legislature hired DMG Consulting to provide an analysis of fleet issues. DMG found:

One area in which Utah trails many other states is the organization of fleet management responsibilities. The largely decentralized approach to fleet management within many individual higher education institutions and across other major fleet user departments has resulted in several deficiencies:

- *a lack of standardization of fleet-related policies and procedures and, consequently, inadequate management and control of fleet resources and expenditures in some areas and uneven levels of service to fleet users;*
- *duplication of effort and costs in such areas as policy and procedure development, automation of management information, and establishment of fleet funding and financial management processes;*
- *barriers to the shared use of some service-delivery – notably fleet maintenance – resources; and*
- *a lack of top management focus on, and advocacy for, fleet-related needs in some organizations and across the State as a whole.¹*

Centralization brought better accountability

In short, the State had no centralized means by which to track and report costs incurred through fleet management. In response to this finding, the Legislature moved to centralize fleet operations in 1996. Although consolidation was originally required, later action removed that condition and tasked the newly created Division of Fleet Operations with creating a system that would provide centralized and standard reporting guidelines. After thousands of hours of development and considerable capital outlay, the Division of Fleet Operations now has a real time vehicle tracking system that provides accurate data regarding many aspects of fleet management. Even vehicles not controlled by DFO (those owned by Natural Resources and Higher Education) are tracked by the system.

¹ David M. Griffith and Associates, Ltd. (January, 1997). Final Report on Fleet Management and Operations. Pages vii-ix.

DFO holds statutory responsibility for fleet tracking

The DMG study found that UDOT, USHE and the Department of Public Safety had no means of replacing vehicles in a timely fashion. With no central oversight many vehicles were kept long past their useful life and only replaced as funds became available in operating budgets. In some instances, the costs to operate these vehicles exceed the cost to replace them. With the creation of DFO came an additional mandate to manage all vehicle purchases and sales. DFO now charges lease rates designed to recover the costs of operating the vehicle and provide some capital for replacement. If the Department of Public Safety or the Utah Department of Corrections move to decentralize their fleets it is critical that DFO continue to track vehicles in the central database.

Costs likely to increase with decentralization

Prior to consolidation, the Utah Department of Corrections contracted with DFO for its fleet needs. Beginning in FY 2000, DPS consolidated its fleet and transferred its staff to DFO. By consolidating, the Department of Public Safety began paying DFO for service rather than managing fleet needs in-house.

DFO Rates Paid by DPS and UDC					
FY 2001	<i>Depreciation</i>	<i>Mileage</i>	<i>Daily Rentals</i>	<i>Overhead</i>	<i>Total</i>
Corrections	861,222	744,277	19,044	603,367	2,227,910
Public Safety	\$1,838,998	\$1,901,639	\$5,161	\$927,808	\$4,673,605
Total	\$2,700,220	\$2,645,916	\$24,205	\$1,531,175	\$6,901,515

Source: Department of Administrative Services

Economies of scale would be lost with decentralization

Rates paid to DFO do not include salaries of DPS and UDC employees who oversee fleet management within the agency. The Department of Public Safety has one FTE dedicated to managing fleet issues for the agency and at least two other employees spend some time working on fleet issues. UDC estimates that they have 5.5 FTE managing their fleet, although this number includes four FTE who are mechanics and serve as an ARI vendor² for UDC fleet vehicles. DFO provides support for 6,900 vehicles with 19 FTE – an apparent economy of scale that would be lost if one agency after another pulled its vehicles out of the central fleet.

Capital costs would place a strain on agency budgets and mission with decentralization

Combined, the two agencies control just over \$14 million worth of vehicles. Rates must reflect the cost of acquiring vehicles and be spread over the expected life of the vehicle. With a 60 month life cycle for vehicles, UDC would need to fund \$400,000 per year just to fund current capital costs. DPS would need to provide \$3 million annually to manage the 48 month life cycle currently assumed in its cruiser rate. However, this amortization schedule does not reflect reality, as discussed in further detail below.

² ARI is a private contract provider for DFO. Private sector companies agree to serve as ARI vendors with an understanding that the state will be charged a uniform amount for services. UDC and Utah State University are two state entities that also serve as ARI vendors, although at this point UDC only does work on its own vehicles.

	DPS/UDC Fleet Value		
	Corrections	Public Safety	Total
Vehicle Book Value	\$1,958,476	\$10,361,817	\$12,320,293
Cost of Equipment	-	\$1,056,663	\$1,056,623
Loss on Sale	\$131,392	\$548,307	\$679,699
Total	\$2,089,868	\$11,966,787	\$14,056,615

Source: Department of Administrative Services, March 27, 2002

Access to General Fund borrowing is critical to fleet capitalization

Capital is only a portion of the annual cost of operating a fleet. Without access to General Fund Borrowing, each agency would need to fund the increased cost of replacement vehicles. This would need to be paid up front, reducing funds available for core missions. Additionally, vehicles used by AP&P and UHP routinely exceed mileage standards for standard fleet vehicles. This not only reduces salvage value (reflected as “Loss on Sale” above), but it also means that extra costs must be paid for fuel and maintenance. These factors often lead agencies to keep vehicles beyond their useful life and were a key factor in the original decision to consolidate the fleet.

In 1997, DMG reported that funding levels for replacement of decentralized fleets was under funded “in almost every fleet operation.”³ Over the years the Legislature consolidated not only fleet operations, but also building management, printing services and other equipment intensive functions to ensure that proper care and maintenance was given to assets to prevent long term cost increases caused by short term budget decisions.

Recommendation #1

Given the fact that DFO provides efficiencies that the Department of Public Safety and Utah Department of Corrections have not shown they can duplicate, and given that removal of nearly 1,100 vehicles from the central fleet would decrease economies of scale and raise costs for other agencies, the Analyst does not believe that decentralizing the fleet for Utah Department of Corrections and Department of Public Safety provides a benefit to the state.

Other issues: utilization and equipment

Two key issues arise in discussions regarding fleet management for public safety: mileage and equipment. Utilization for Highway Patrol cars exceeds that which would be considered “normal utilization” for other state vehicles. Even though one would expect patrol cars to have high mileage and be turned over more often, fleet rates are currently set to recover costs as if patrol cars were on a standard depreciation schedule.

UHP cruiser rate does not reflect cost

Current rates assume that highway patrol vehicles will be used over a 48 month lifespan, similar to the lifespan of other state sedans. The longer lifespan results in artificially low rates that do not recover the full cost of the vehicle, leading to an increase in General Fund borrowing when the vehicle is replaced. Although shortening the expected lifespan of patrol vehicles will increase costs to UHP in the short term, in the long run it will provide a benefit to the state as vehicles are replaced.

³ David M. Griffith and Associates, Ltd. January, 1997. Final Report on Fleet Management and Operations. Page 60.

Recommendation #2 *DFO should set rates to more accurately reflect the cost of operating a Highway Patrol vehicle.*

Charges for equipment exceed costs

When DPS consolidated its fleet with the DFO central fleet, it transferred \$380,000 for equipment costs. Initially, DFO equipped every new patrol vehicle with new equipment – light bars, gun racks, radios, etc. DFO and DPS focused on getting equipment installed more quickly, which put cars on the street sooner and increased productivity. The new plan estimated costs, leading to deficit recovery levels for DFO. Soon it became clear that equipment life cycles were double (or longer) that of the vehicle and DFO began to transfer equipment from surplus vehicles to the new patrol cruisers. This provided a greater level of efficiency for the state, but the savings was not passed on to Department of Public Safety because the “patrol car” rate includes equipment and DFO statute requires it to recover all costs. DFO is currently working on providing separate rates for equipment and vehicles, or turning over equipment purchases to Department of Public Safety. The Analyst believes that the best option is for DFO to continue to maintain oversight over vehicles and equipment to ensure that the best value for the state is realized.

Recommendation #3 *In setting rates for law enforcement vehicles, DFO should separate charges for vehicles and equipment.*

Are vehicle use patterns in DPS and UDC efficiently managed?

Combined, the Department of Corrections and the Department of Public Safety utilize some 1,100 vehicles. The table below identifies vehicles by type.

Vehicle Type	Corrections	Public Safety	Total
Sedans	153	97	250
Patrol	84	427	511
Motorcycle	0	14	14
Total this type	237	538	775
Truck 4x2	5	24	29
Truck 1 ton 4x2	27	4	31
SUV 4x2	0	0	0
Van	81	38	119
Total 4x2 Utility	113	66	179
Van 4x4	0	0	0
Truck 4x4	19	63	82
Truck 1 ton 4x4	5	2	7
SUV 4x4	25	19	44
Total 4x4	49	84	133
Bus	0	1	1
Motor homes	0	2	2
Aviation	0	2	2
Confined Area O/Road	0	5	5
Total Specialty	0	10	10
Grand Totals	399	698	1097

Source: Department of Administrative Services, March 27, 2002

Agencies may not be scrutinizing leases

The Analyst continues to be concerned that few, if any, agencies are closely scrutinizing fleet composition. In conducting a study of 4x4 vehicles last year, no agency was able to quickly identify the number of 4x4s or SUVs in their possession. Given that budgets are as tight as they have been in 15 years, it seems that a primary place to find cost savings would be in vehicle leases. **A reduction of just ten percent in Department of Public Safety and Utah Department of Corrections fleet costs would save a combined \$700,000 – and could be accomplished without taking vehicles away from Highway Patrol or Parole Officers.**

Law enforcement vehicles comprise the bulk of each agency’s fleet. It should be noted that not all “law enforcement” requires a fully equipped police package vehicle. The Utah Department of Corrections employs field agents in Adult Parole and Probation who have regularly assigned vehicles. However, most AP&P officers drive standard sedans. DPS employs enforcement agents that include liquor control officers, POST trainers and officers with the State Bureau of Investigation.

DPS Commute Vehicles by Type w/ Pool Vehicle Count			
Camaro	1	Crown Victoria	13
Impala	15	Crown Victoria - PP	59
Lumina	16	LTD Crown Vic L	6
S10 Blazer	3	LTD Crown Vic PP	278
Silverado 1500	1	Expedition	1
Suburban	4	Explorer	1
D 150 Pickup	1	F150 Pickup	1
D 250 Pickup	2	F250 Pickup	26
Dakota	2	F550 Pickup	1
Intrepid	6	Taurus	41
Ram	15	Windstar	1
Ram 2500	8	Sierra 2500 Pickup	4
Ram 3500	1	Motorecycle	8
Ram Charger	1	Cherokee	1
Stratus	2	Undercover Vehicle	1
Alero	3	General Pool Cars	175
Total Commute	523	Total Vehicles	698

Source: Department of Public Safety

UDC Commute Vehicles by Type w/ Pool Vehicle Count			
Vehicle Type	Count	Vehicle Type	Count
Chev Blazer/ GMC Jimmy	4	Dodge Van ADA	1
Chev Impala	17	Ford Crown Victoria	11
Chev Lumina	26	Ford Escape	1
Chev Monte Carlo	1	Ford Taurus	92
Chev Pickup	1	General Pool Cars	245
Total Commute	171	Total Vehicles	399

Source: Department of Corrections

Does current commute policy meet Legislative intent?

As noted in a 2001 Interim report on statewide vehicle use, statute authorizes certain officials to drive state vehicles as a part of their compensation plan. Among these individuals are elected officials within the executive branch, college presidents, and some cabinet level officers. The table below identifies 27 state employees who receive a vehicle as part of their compensation package. The Commissioner of Public Safety and Executive Director of the Department of Corrections are noted in italics.

State Officials with Statutory Vehicle Authorization	
Governor	
Lieutenant Governor	
State Treasurer	
State Auditor	
Attorney General	
<i>Public Safety - Commissioner</i>	
State Tax Commission - Executive Director	
Department of Transportation - Executive Director	
Department of Natural Resources - Executive Director	
<i>Department of Corrections - Executive Director</i>	
National Guard - Adjutant General	
Board of Pardons and Parole - Each of the five members	
USHE - Commissioner and Ten Presidents	

Law enforcement is not required to report commute authorizations

Beyond these 27 individuals, other employees may use a state car as their commute vehicle if department heads believe such an authorization provides a benefit to the state. In 1999 the Legislature expanded commute privileges for highway patrol troopers to include all “personal use” as a way of increasing visibility and improving public safety. The Department of Public Safety currently authorizes personal or exclusive use for 523 vehicles within the Department and uses a designation of “Law Enforcement” for 515 of those. Administrative Rules require reporting of commute or exclusive use privileges for state employees, but exempt those vehicles dedicated to law enforcement officers.

DPS Commute Vehicles	
Administration	3
Aero Bureau	3
Criminal Investigations and Technical Services	4
DPS Internal Affairs	4
Driver License	2
Emergency Services and Homeland Security	5
PIO Admin	1
Police Corp	2
POST	11
POST Investigations	2
SBI	28
State Fire Marshall	4
UHP	448
UHP Administration	2
UHP Internal Affairs	1
UHP HAZ/MAT	1
UOPSC	2
Total Commute Vehicles	523

Source: Department of Public Safety

The “Law Enforcement” designation indicates that a sworn officer drives the vehicle and is on duty whenever the vehicle is in use. As previously noted, the original intent of the Legislature in 1999 was for Highway Patrol officers to be able to use their marked vehicles for personal use as a way of raising visibility. House Bill 1 of the 1999 General Session included the following intent language:

It is the intent of the Legislature that the Division of Fleet Operations in consultation with the Department of Public Safety develop policies and procedures related to personal use of Highway Patrol vehicles by troopers. These policies and procedures should include provisions that allow for commute and other personal use of the vehicles. These policies and procedures should be administered within the funds that are available for this purpose. (Item 47)

In approving the motion to include this language in the appropriation act, the Executive Appropriation Committee discussed the increased visibility of marked vehicles as a means of enhancing public safety.

*Law Enforcement
commute rules differ
from other agencies*

While personal use is to be reserved for Highway Patrol officers, commute privilege extends to sworn officers, regardless of their position in the organization. It is likely that sworn officers perform some law enforcement between home and their office, but little or no record is maintained regarding this. Even though law enforcement officers are exempted from commute rules, those given commute privileges for “emergency response” are addressed in Administrative Rule:

R27-3-8 Commute Approval Criteria.

(1) Commute privileges are approved by the employee's Agency Head, and the Division of Fleet Operations Director if employment description includes one of the following criteria:

(a) Subject to 24-hour "On-Call": where it can be clearly demonstrated that the nature of a potential emergency is such that an increase in response time, if a commute privilege is not authorized, could endanger a human life or cause significant property damage. If emergency response is the sole purpose of the commute privilege, each driver is required to submit a complete list of all call-outs on the monthly DF-61 form and to send copies to the Department of Administrative Services, Division of Finance.

Bulk of Utah Department of Corrections commute is for AP&P officers

Among its 171 vehicles designated for commuters, Utah Department of Corrections maintains 133 vehicles that are shared among 208 Parole Officers. Like Highway Patrol officers, AP&P officers must have dedicated vehicles to properly perform their duties.

UDC Commute Vehicles	
Executive Office	7
Law Enforcement Bureau	17
Adult Probation and Parole	133
Division of Institutional Operations/CUCF	13
Utah Correctional Industries	1
Total Commute Vehicles	171

Source: Department of Corrections

Several administrative officials within Utah Department of Corrections have commute privileges to ensure a quick response to emergencies within the prison. Like the sworn officers in Department of Public Safety, these individuals are exempted from reporting criteria in Administrative Rules.

More accountability needed for Department of Public Safety and Utah Department of Corrections commute vehicles

While commute privilege is a long standing tradition for public safety officers, it seems that it is most appropriate for sworn officers whose primary job is law enforcement. Combined, the Department of Public Safety and Utah Department of Corrections operate 231 vehicles that are assigned as commute vehicles beyond those assigned to Highway Patrol and Adult Probation and Parole. Unlike other agencies that are required to document “emergency use” through the DF-61 Form, there is no requirement for UDC or DPS to document emergency calls or law enforcement activities to either DFO or to the Legislature. This lack of reporting makes it difficult to determine if some of these commute authorizations exceed reasonable expectations. Furthermore, it could put each agency in a defensive position when issues involving their fleets arise.

The Analyst is concerned that blanket commute authorizations may lead to expenditures that are unnecessary and contrary to Legislative intent. To improve communication and increase accountability, the Analyst offers two recommendations to address the issue:

Recommendation #4

The Analyst recommends adding to Administrative Rule a provision requiring any sworn officer with commute privileges to file a DF-61 form (or similar form created by DFO). The rule should exempt UHP officers in marked patrol cars.

Recommendation #5

The Analyst recommends that the Legislature require the Utah Department of Corrections and the Department of Public Safety to report all commute authorizations to DFO and provide updated commute vehicle counts (by division and by vehicle type) to the Executive Offices and Criminal Justice Appropriation Subcommittee and the Capital Facilities and Administrative Services Subcommittee each year.

Conclusion

State Fleet consolidation was designed to improve vehicle tracking, increase accountability and lower costs across the state. It is possible that individual agencies could operate their fleets for less than it costs them to lease from DFO. However, experience both in Utah and in other states indicates that agencies will cut corners in the short term to save money, thus increasing costs in the long run. Additionally, any decentralization of fleet management reduces efficiency at DFO and increases costs for agencies that remain in the centralized fleet.