

DEPARTMENT OF MANAGEMENT AND BUDGET

FLEET SERVICES REPORT

PREPARED FOR
SENATE APPROPRIATIONS SUBCOMMITTEE ON
GENERAL GOVERNMENT
HOUSE APPROPRIATIONS SUBCOMMITTEE ON
GENERAL GOVERNMENT
SENATE FISCAL AGENCY
HOUSE FISCAL AGENCY

AS REQUIRED UNDER
PUBLIC ACT 161 OF 2003, SECTION 719

Agency Services
Vehicle and Travel Services
November 22, 2004

ACTIONS TO REDUCE THE STATE'S FLEET EXPENDITURES AND NUMBER OF VEHICLES

As required under Public Act 161 of 2003, section 719, this report details the status of actions taken to reduce statewide motor vehicle expenditures and the size of the statewide motor vehicle fleet. The Department of Management and Budget will continue to work with the legislature to meet the mutual goal of reducing the statewide fleet size and statewide fleet expenditures. The statistics related to the actions taken are included in the attached table.

Description of actions taken

Establishment of vehicle type to match job requirement – A key to reducing costs is the alignment of the need for a vehicle with the actual job performed. An in-depth comparison of job specifications and vehicle type was completed, resulting in a reduction of models presented for ordering.

Reduction in the number of models/types of vehicles offered – Based on the comparison of job specification and vehicle type, models were identified according to the job required. Similar types of models were condensed into one model available for ordering, reducing the selection. The overall goal is to reduce the number of available models by 20%. In FY2004, 21 model selectors were created. No further models will be selected for FY2004 ordering. Last model year there were 104 selections offered.

Elimination of unnecessary vehicle options – In conjunction with reducing the number of models offered, a review was conducted of the options required for the driver to perform job-related duties. It was determined that options, including window tinting, all wheel drive, bucket seats and some security screen configurations, were unnecessary and were eliminated.

Elimination of vehicles from the State's fleet – To reduce the overall fleet size and reduce costs, 1,200 vehicles were targeted for elimination from the fleet. DMB exceeded this goal and 1,234 vehicles have been removed from the fleet to date. This includes 50 from the Lansing motor pool.

Reduction in the number of vehicles in the Lansing Capitol Complex and Secondary Complex Motor Pools – DMB maintains central pools to meet the needs of state employees requiring short-term vehicle rentals of 10 days or less. To reduce costs associated with motor pool maintenance and to change travel behavior, motor pool inventories were targeted for a reduction of 46 vehicles. To date, 50 vehicles have been reduced from the Lansing motor pool.

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Consolidation of state agency pools – Agencies maintain inventories of pool vehicles available for their use. DMB continues to review vehicle location, proximity to other departments and usage. To date, one such pool has been established in Escanaba. This pool has eliminated six vehicles and downsized another vehicle. The Traverse City Cherry Pit motor pool was established on September 15, 2004. Two vehicles have been redeployed to other areas of the fleet with another three vehicles removed as the pool operations were normalized. The Detroit Classic Caddy motor pool (serving Cadillac Place) will be implemented in the month of December.

Personal vehicle usage – Personal use of an employee's vehicle is offered as one alternative to state agencies maintaining vehicles in their fleets that do not meet the mileage criteria. When vehicles are identified with low usage, DMB asks agencies to eliminate them from their fleet and request drivers to utilize personal vehicles.

Specialty vehicle assignments – When in the best economic interest of the state, DMB now assigns a standard fleet vehicle to department directors, rather than a specialty model that is more costly to purchase and maintain.

Assessment of early termination fees – To encourage accountability, DMB will require agencies that turn in a vehicle early to be assessed lost resale dollars. This assessment is included in the agreement between DMB and departments that drive state vehicles. Departments have either signed this agreement or are in the process of reviewing and signing it.

Feasibility analysis of providing insurance premium reductions – As an incentive to drive safely, DMB will analyze the feasibility of discounting insurance premiums to state agencies that incur lower accident expenses per employee.

Gas discount pricing – DMB will explore negotiating with gas stations for discounts for the state, directing employees to refuel at these locations. Speedway is the only discounted vendor at this time. Initiatives will be implemented with fuel card companies to reduce fuel costs.

Feasibility of eliminating in-house maintenance facility – DMB maintains a garage facility that performs repair, warranty and new vehicle prep work for vehicles in the greater Lansing area. The feasibility of eliminating the garage facility is currently under review.

Department and driver agreements – To encourage accountability, DMB has required each department and driver to sign an agreement detailing responsibility for vehicle care and use. Departments have either signed a department agreement or are in the process of reviewing and signing it. Each Department's Human Resources Office has either received a signed State Motor Vehicle Driver Agreement from every employee or documented that employees have been informed of their responsibilities within the agreement. The agreement will become part of each department's new employee hiring package.

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Elimination of vehicle loaner program – DMB maintained an inventory of vehicles available to state agencies when their assigned cars were out of service. To reduce the overall fleet size and reduce costs, this program has been eliminated.

Minimize out of network expenses – DMB will minimize the use of maintenance facilities that are not in a contracted network of vendors that service state vehicles. Repairs performed by out of network facilities result in increased costs charged to the state.

Consolidation of fleet management functions into one department – Currently each department assigns a vehicle coordinator to work with DMB. The viability of developing administrative partnerships by consolidating the management function into one department will be reviewed.

Evaluation of past approach to bidding the lease management contract – DMB will review the options available for the state's lease management contract. This review will encompass the costs associated with state vehicle purchasing, leasing through a vendor, or a combination of alternatives.

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From Oct 1 2002 through September 30, 2004

Actions to reduce fleet expenditures	Savings Target	Savings to Date
Eliminate 1,293 vehicles from the state's fleet STATUS: Eliminated 1,293 vehicles from 10/1/02 thru 5/30/03	4,500,000	4,500,000
Reduce maintenance costs for 1,293 vehicles STATUS: Maintenance cost savings realized from 10/1/02 thru 5/30/03	1,800,000	1,800,000
Negotiate reduction in fleet management contract costs STATUS: Fleet contract savings from 6/1/03 thru 9/30/04	1,500,000	1,225,000
Reduce number of vehicles in DMB Lansing motor pools and implement state agency pools STATUS: Eliminated 50 vehicles from 6/1/03 thru 9/30/04 from Lansing motor pool	400,000	257,000
Eliminate vehicles from the State's fleet STATUS: Eliminated 1,234 vehicles from 6/1/03 thru 9/30/04¹	3,500,000	2,445,000
Reduce maintenance costs STATUS: Maintenance savings from 6/1/03 thru 9/30/04 Additional savings on operating costs	1,400,000	1,300,000 511,515
Additional savings from resale of vehicles		1,042,449
Total	13,100,000	13,080,964

¹ Savings does not include 50 motor pool vehicles reflected above