



2020 STATE OF MICHIGAN FLEET PLAN

Required by Section 813(3) of Act 207 of 2018

Prepared for:
Senate Appropriations Subcommittee on General
Government
House Appropriations Subcommittee on
General Government
Senate Fiscal Agency
House Fiscal Agency

Department of Technology, Management & Budget
Office of Support Services, Vehicle and Travel Services
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EXECUTIVE SUMMARY

Section 813(3) of Public Act 207 of 2018 requires the Department of Technology, Management & Budget (DTMB) to submit a fleet plan to the legislature within 60 days of the end of the fiscal year.

This report summarizes information at the statewide level, including a fleet inventory as of September 30, 2019, and actions taken to maximize the value of state fleet operations. The Department of Technology, Management & Budget will continue to work with the legislature to meet the mutual goals of efficiently managing the statewide fleet and controlling expenditures.

Additional information regarding fleet operations is available from the Department. Please contact Sherri Irwin, Director, Fleet Operations with specific information requests.

OVERVIEW

Section 813(3) of Public Act 207 of 2018 requires the Department of Technology, Management & Budget (DTMB) to submit a fleet plan to the legislature:

(3) Pursuant to the department's authority under sections 213 and 215 of the management and budget act, 1984 PA 431, MCL 18.1213 and 18.1215, the department shall maintain a plan regarding the operation of the motor vehicle fleet. The plan shall include the number of vehicles assigned to, or authorized for use by, state departments and agencies, efforts to reduce travel expenditures, the number of cars in the motor vehicle fleet, the number of miles driven by fleet vehicles, and the number of gallons of fuel consumed by fleet vehicles. The plan shall include a calculation of the amount of state motor vehicle fuel taxes that would have been incurred by fleet vehicles if fleet vehicles were required by law to pay motor fuel taxes. The plan shall include a description of fleet garage operations, the goods sold and services provided by the fleet garage, the cost to operate the fleet garage, the number of fleet garage locations, and the number of employees assigned to each fleet garage. The plan may be adjusted during the fiscal year based on needs and cost savings to achieve the maximum value and efficiency from the state motor fleet. Within 60 days after the close of the fiscal year, the department shall provide a report to the senate and house of representatives standing committees on appropriations, the chairpersons of the relevant appropriations subcommittees, the senate and house fiscal agencies, and the state budget director detailing the current plan and changes made to the plan during the fiscal year. The plan shall also be posted on the department website.

Under sections 213 and 215 of the Management and Budget Act (P.A. 431 of 1984 as amended), DTMB is authorized to issue directives relative to all motor vehicles except for those motor vehicles under the jurisdiction of the Michigan Department of Transportation (MDOT). DTMB provides these centralized services to state agencies through its organizational unit, Vehicle and Travel Services (VTS). MDOT leases some passenger vehicles and work trucks through VTS; however, maintains its own agency-owned fleet and garage operations. Information on MDOT's garage operations is not included due to MDOT's separate legislative authorization for these services.

This report summarizes information at the statewide level. The Department of Technology, Management & Budget will continue to work with the legislature to meet the mutual goals of efficiently managing the statewide fleet and controlling expenditures.

FLEET INVENTORY

FLEET DEFINITIONS

P.A. 431 of 1984 defines the fleet in Section 213(1)(b): "motor vehicle" means a passenger vehicle, van, minibus, truck, tractor, or other motorized vehicle.

Appendix A provides a summary of the leased and agency-owned vehicles and equipment reported as of September 30, 2019. Vehicles are leased through the State's leasing vendor or purchased with state funds. Vehicles are also leased to colleges and universities at their request. Two hundred twenty-two (222) vehicles leased by five universities are included in the total fleet inventory.

Data has been organized by national fleet classifications defined by the National Association of Fleet Administrators (NAFA). These classifications include on-road and off-road vehicles, non-self-propelled equipment, and heavy equipment. Using the broadest definition of “motorized vehicles,” the total state fleet includes 13,637 vehicles and units of equipment broken down to 9,081 leased vehicles (managed by VTS) and 4,556 agency-owned vehicles and heavy equipment.

Vehicles are classified as follows:

On road vehicles	8,760
Off road vehicles	279
Non-self-propelled equipment	<u>42</u>
Leased Total	9,081
Agency-Owned Total	<u>4,556</u>
Grand Total	13,637

FLEET MANAGEMENT

Between September 30, 2018, and September 30, 2019, the leased fleet size increased by 229 vehicles.

Growth has continued as the result of specific departmental needs. Four departments account for 82% of the increase. MDOT added 91 vehicles as it continued to replace agency owned vehicles with leased fleet vehicles; this strategy allows them to stabilize cash flow requirements more easily. The Department of Health and Human Services (DHHS) added 50 vehicles due to expansion of programs. The Departments of Licensing and Regulatory Affairs (LARA) and Labor and Economic Opportunity (LEO) each added 24 vehicles due to program expansions.

INFORMATION SHARING WITH DEPARTMENTS

To assist departments in managing their fleet needs, DTMB-VTS meets quarterly with each department’s fleet coordinator and provides a detailed report which includes high and low mileage vehicles, vehicle order status, motor pool usage, accidents, personal mileage reimbursement, and maintenance reports. Using this data, VTS and the department’s fleet coordinator can identify mileage patterns and vehicle usage to help determine if vehicles are fully utilized. The review also focuses on excessive maintenance costs and personal mileage reimbursement that could be reduced by use of a fleet vehicle.

MOTOR POOL OPERATIONS

DTMB-VTS maintains central motor pools to meet the needs of state employees requiring vehicles for short-term trips of 14 days or less. These are in Detroit, Escanaba, Flint, Grand Rapids, Lansing, the State Secondary Complex and Traverse City. DTMB-VTS motor pool size and usage is monitored monthly to ensure efficient utilization.

Three hundred twenty (320) vehicles are maintained in the VTS motor pools. Data on motor pool usage is provided below:

Motor Pool Location	Number of Trips (FY2019)	Miles Driven (FY2019)
Detroit	7,672	863,594
Downtown Lansing	9,002	2,215,344
Escanaba	1,804	175,812
Flint	16,997	1,579,152
Grand Rapids	2,718	366,674
State Secondary Complex	2,353	673,609
Traverse City	3,743	292,833

Departments are encouraged to establish motor pools to facilitate sharing of assigned vehicles within their own departments.

PERSONAL VEHICLE USAGE

When in the best interest of the state, an employee may use a personal vehicle as an alternative to a state-owned vehicle. The employee reimbursement for premium mileage is the IRS standard mileage rate in effect during the fiscal year. In FY19, the rate was \$0.580 per mile. The average per mile cost of a midsize state vehicle is used to set the standard mileage reimbursement rate. The FY2019 standard mileage reimbursement rate was \$0.34 per mile.

The FY2019 cost of personal mileage reimbursement for executive branch agencies was \$6,366,835, representing 15,693,921 miles traveled and a \$247,803 increase from FY2018. Premium mileage reimbursements increased 10.2% while Standard mileage reimbursements increased by 0.4%. Vehicle consultants regularly provide data to the departments identifying when it may be more economical to assign a state vehicle to an employee than to pay reimbursement.

ESTABLISHMENT OF VEHICLE TYPE TO MATCH JOB REQUIREMENT

A key to reducing costs is the alignment of the type of vehicle needed with the actual job performed. Departments are asked not to identify specific desired makes and models but to define the functional need to be met by an assigned vehicle. An in-depth analysis of job specifications is completed which allows vehicle assignment based on these defined functional needs rather than vehicle models. DTMB-VTS and the agency identify the most cost-effective solution.

TOTAL COST OF VEHICLE OWNERSHIP

Vehicle selections are made based on manufacturers' ordering cycles, availability of appropriate models from manufacturers, and total cost of ownership. The total cost of ownership over the life of the vehicle is calculated based on the vehicle acquisition cost, maintenance costs, expected mileage and fuel costs, and projected resale value.

DRIVER ACCOUNTABILITY

DTMB-VTS conveys its expectations related to vehicle use through driver agreements, email communications, and the department vehicle coordinators. Driver agreements outline the responsibilities of drivers who use state vehicles and equipment and are required to be signed by each driver and maintained in their personnel file.

ALTERNATIVES TO TRAVEL

DTMB-VTS continues to work with departments to identify and encourage alternatives to travel for meetings and training. DTMB conferencing and collaboration tools allow employees to work together in real time without face-to-face interactions, reducing travel costs. Current statewide conferencing and collaboration tools include audio conferencing, web conferencing, video conferencing, and streaming media.

FUEL

ALTERNATIVE FUEL

The State currently has 6,148 flex fuel vehicles, capable of operating on either unleaded gasoline or E85 (85% ethanol, 15% gasoline). This is a decrease of 117 E85 vehicles from 2018. In FY2019, the State purchased 28,061 gallons of E85 for the leased fleet as compared to 26,811 gallons in FY2018. Total usage may be understated because of inaccurate reporting by retail fuel sites and limited product availability statewide. Efforts to promote awareness of E85 continue, although pricing has not been competitive. According to the U.S. Department of Energy, 248 commercial fueling sites in Michigan currently sell E85.

In FY2019, approximately 16,197 gallons of B20 (20% biodiesel, 80% diesel) fuel were purchased for use in the state fleet from the bulk fueling location at VTS's State Secondary Complex location compared to 12,653 gallons in FY2018. Data is unavailable for purchases at retail outlets due to merchant reporting inconsistencies.

Federal Energy Policy Act legislation requires that 75% of the State's non-law enforcement, light duty vehicle fleet is comprised of flex fuel vehicles and that alternative fuels are utilized when they are reasonably available and reasonably priced. Credits for use of biodiesel may be combined with vehicle purchases to meet federal requirements. The State has complied with federal requirements in FY2019 and anticipates it will meet these targets again in FY2020.

FUEL CONSUMPTION

In FY2019, the State's leased fleet utilized 7,237,319 gallons of fuel, traveling 128,389,574 miles.

FUEL TAXES

By utilizing a fuel card provider, the State is able to purchase fuel exempt from federal excise taxes and state taxes. In FY2019, the State saved a total of \$3,192,323 on its

purchases: \$1,371,660 in federal taxes, \$419,895 in state sales taxes, and \$1,400,768 in state excise taxes.

FLEET GARAGE OPERATIONS

DTMB-VTS maintains one fleet garage at the State’s Secondary Complex in Dimondale. The garage is staffed by 24 full-time employees and is supplemented, when needed, by temporary employees. This report does not include information related to the MDOT garages as that information is maintained by MDOT.

GARAGE SERVICES

The VTS garage is authorized by the Detroit automotive manufacturers as a new car prep center. In addition, the garage provides full maintenance and repair services except for engine and transmission overhauls and body repairs. VTS mechanics are ASE (Automotive Service Excellence) or state certified. The garage maintains a parts department, including tires, push bars, lights and other specialized equipment needed by the Michigan State Police (MSP) and Department of Natural Resources (DNR) law enforcement vehicles. Many of these parts are not readily available at retail service centers, and the state is able to purchase parts at a sizeable discount from retail. Additional services provided by the VTS garage include new car vehicle prep, maintenance of MSP precision driving unit vehicles, and management of vehicle resale and disposal functions.

In FY2019, the garage provided the following services:

Type of Service	Count of Jobs
Preventive Maintenance	2,271
Tires	4,006
Brakes	1,970
Body and Glass	2,065
Miscellaneous Repairs	4,939
Assignments/Terminations/Disposals	13,901
Parts Repair/Parts Distribution	25
Towing Service and Transport	266
TOTAL	29,443

GARAGE EXPENDITURES

In FY2019, VTS garage expenditures were \$4.2 million.

ADDITIONAL INFORMATION

Additional information is available by contacting:

Sherri Irwin
 Director, Fleet Operations
 Office of Support Services
 517-636-5600

APPENDIX A

LEASED AND AGENCY – OWNED COMBINED INVENTORY SUMMARY SEPTEMBER 30, 2019

Vehicle Class	Group	Total
On Road	Automobile	3,834
	Bus	18
	Cycles	18
	Light Vehicles	7
	Pickups	1,771
	Sport Utility	1,510
	Straight Trucks	285
	Truck Tractors	26
	Van	1,291
On Road Total		8,760
Off Road	Grounds	18
	Light Vehicles	203
	Material Handling	28
	Public Works	9
	Tracked	7
	Wheeled	14
Off Road Total		279
Non-Self Propelled	Semi-Trailer	2
	Trailer	40
Non-Self-Propelled Total		42
Leased Total		9,081
Agency-Owned Total		4,556
Grand Total		13,637

**STATE LEASED FLEET BY DEPARTMENT
SEPTEMBER 30, 2019**

STATE LEASED FLEET BY DEPARTMENT

Agency	Group	Total
Agriculture	Automobile - Coupes, Sedans	166
	Pickup - Compact - 1 Ton	47
	Straight Trucks - Service, Delivery, Tow Trucks	3
	SUV - Compact - 1 Ton	19
	Trailer	1
	Van Compact - 1 Ton	21
Agriculture Total		257
Attorney General	Automobile - Coupes, Sedans	23
	SUV - Compact - 1 Ton	18
	Van Compact - 1 Ton	2
Attorney General Total		43
Auditor General	Automobile - Coupes, Sedans	2
Auditor General Total		2
Civil Rights	Automobile - Coupes, Sedans	5
Civil Rights Total		5
Civil Service	Automobile - Coupes, Sedans	1
Civil Service Total		1
Corrections	ATVs, Elec Carts, Snowmobile	185
	Automobile - Coupes, Sedans	165
	Bus	11
	Forklifts, Man Lifts	11
	GEM Electric Vehicle	5
	Heavy Duty Trucks, Semi Tractors	13
	Loaders\Graders\Backhoes	5
	Pickup - Compact - 1 Ton	165
	Straight Trucks - Service, Delivery, Tow Trucks	82
	SUV - Compact - 1 Ton	41
	Tractors - Utility & Riding Mowers	3
	Trailer	18
	Van Compact - 1 Ton	299
Corrections Total		1,003
Eastern Michigan University	Pickup - Compact - 1 Ton	13
	Straight Trucks - Service, Delivery, Tow Trucks	6
	SUV - Compact - 1 Ton	1
	Van Compact - 1 Ton	27
Eastern Michigan University Total		47
Education	Automobile - Coupes, Sedans	30
	Van Compact - 1 Ton	5
Education Total		35

STATE LEASED FLEET BY DEPARTMENT
SEPTEMBER 30, 2019

Agency	Group	Total
Environment, Great Lakes, And Energy	ATVs, Elec Carts, Snowmobile	1
	Automobile - Coupes, Sedans	44
	Dozers, Excavators	2
	Loaders\Graders\Backhoes	1
	Pickup - Compact - 1 Ton	58
	Straight Trucks - Service, Delivery, Tow Trucks	9
	SUV - Compact - 1 Ton	32
	Trailer	3
	Van Compact - 1 Ton	27
Environment, Great Lakes, And Energy Total		177
Executive Office	Automobile - Coupes, Sedans	1
	SUV - Compact - 1 Ton	1
Executive Office Total		2
Health & Human Services	ATVs, Elec Carts, Snowmobile	4
	Automobile - Coupes, Sedans	1,346
	Bus	2
	Forklifts, Man Lifts	3
	Loaders\Graders\Backhoes	1
	Pickup - Compact - 1 Ton	32
	Straight Trucks - Service, Delivery, Tow Trucks	11
	SUV - Compact - 1 Ton	61
	Tractors - Utility & Riding Mowers	9
Van Compact - 1 Ton	200	
Health & Human Services Total		1,669
House of Representatives	Van Compact - 1 Ton	1
House of Representatives Total		1
Insurance & Financial Services	Automobile - Coupes, Sedans	44
Insurance & Financial Services Total		44
Labor and Economic Opportunity	Automobile - Coupes, Sedans	48
	Pickup - Compact - 1 Ton	1
	SUV - Compact - 1 Ton	11
	Van Compact - 1 Ton	4
Labor and Economic Opportunity Total		64
Lake Superior State University	Automobile - Coupes, Sedans	8
	Van Compact - 1 Ton	4
Lake Superior State University Total		12
Legislative Service Bureau	Pickup - Compact - 1 Ton	1
	Straight Trucks - Service, Delivery, Tow Trucks	1
	Van Compact - 1 Ton	1
Legislative Service Bureau Total		3
Licensing & Regulatory Affairs	Automobile - Coupes, Sedans	420
	Pickup - Compact - 1 Ton	38
	Straight Trucks - Service, Delivery, Tow Trucks	1
	SUV - Compact - 1 Ton	54
	Van Compact - 1 Ton	75
Licensing & Regulatory Affairs Total		588

**STATE LEASED FLEET BY DEPARTMENT
SEPTEMBER 30, 2019**

Agency	Group	Total
Lottery	Automobile - Coupes, Sedans	23
	SUV - Compact - 1 Ton	9
	Van Compact - 1 Ton	64
Lottery Total		96
MI Economic Development Corp	Automobile - Coupes, Sedans	11
	SUV - Compact - 1 Ton	2
	Van Compact - 1 Ton	1
Mi Econ Development Corp Total		14
MI Gaming Control Board	Automobile - Coupes, Sedans	18
	SUV - Compact - 1 Ton	5
	Van Compact - 1 Ton	2
Mi Gaming Control Board Total		25
Michigan Land Bank	SUV - Compact - 1 Ton	1
Michigan Land Bank Total		1
Michigan State Housing Development Authority	Automobile - Coupes, Sedans	5
	Pickup - Compact - 1 Ton	4
	Van Compact - 1 Ton	1
Michigan State Housing Development Authority Total		10
Military & Veteran Affairs	ATVs, Elec Carts, Snowmobile	1
	Automobile - Coupes, Sedans	6
	Bus	3
	Dozers, Excavators	1
	Loaders\Graders\Backhoes	2
	Pickup - Compact - 1 Ton	84
	Straight Trucks - Service, Delivery, Tow Trucks	5
	SUV - Compact - 1 Ton	3
	Van Compact - 1 Ton	36
Military & Veteran Affairs Total		141
Natural Resources	ATVs, Elec Carts, Snowmobile	8
	Augers, Trenchers	9
	Automobile - Coupes, Sedans	30
	GEM Electric Vehicle	1
	Heavy Duty Trucks, Semi Tractors	8
	Loaders\Graders\Backhoes	1
	Pickup - Compact - 1 Ton	846
	Straight Trucks - Service, Delivery, Tow Trucks	104
	SUV - Compact - 1 Ton	92
	Tractors - Utility & Riding Mowers	5
	Trailer	9
	Van Compact - 1 Ton	32
Natural Resources Total		1,145
Northern Michigan University	Automobile - Coupes, Sedans	12
Northern Michigan University Total		12

STATE LEASED FLEET BY DEPARTMENT
SEPTEMBER 30, 2019

Agency	Group	Total
Saginaw Valley State University	Automobile - Coupes, Sedans	7
	Pickup - Compact - 1 Ton	11
	Straight Trucks - Service, Delivery, Tow Trucks	2
	Van Compact - 1 Ton	41
Saginaw Valley State University Total		61
Senate	Van Compact - 1 Ton	2
Senate Total		2
Secretary of State	Automobile - Coupes, Sedans	47
	Pickup - Compact - 1 Ton	2
	Straight Trucks - Service, Delivery, Tow Trucks	4
	SUV - Compact - 1 Ton	3
	Trailer	1
	Van Compact - 1 Ton	18
Secretary of State Total		75
State Police	ATVs, Elec Carts, Snowmobile	1
	Automobile - Coupes, Sedans	898
	Bus	2
	Motorcycles	18
	Pickup - Compact - 1 Ton	95
	Straight Trucks - Service, Delivery, Tow Trucks	31
	SUV - Compact - 1 Ton	1,088
	Trailer	1
	Van Compact - 1 Ton	157
State Police Total		2,291
Technology, Management & Budget	ATVs, Elec Carts, Snowmobile	3
	Automobile - Coupes, Sedans	321
	Dozers, Excavators	4
	Fork Lifts, Man Lifts	13
	GEM Electric Vehicle	1
	Heavy Duty Trucks, Semi Tractors	5
	Loaders\Graders\Backhoes	4
	Pickup - Compact - 1 Ton	66
	Semi-Trailer	2
	Straight Trucks - Service, Delivery, Tow Trucks	16
	SUV - Compact - 1 Ton	51
	Tractors - Utility & Riding Mowers	1
	Trailer	7
	Van Compact - 1 Ton	126
Technology, Management & Budget Total		620
Transportation	Automobile - Coupes, Sedans	141
	Forklifts, Man Lifts	1
	Pickup - Compact - 1 Ton	288
	Straight Trucks - Service, Delivery, Tow Trucks	1
	Van Compact - 1 Ton	80
Transportation Total		511

STATE LEASED FLEET BY DEPARTMENT
SEPTEMBER 30, 2019

Agency	Group	Total
Treasury	Automobile - Coupes, Sedans	8
	SUV - Compact - 1 Ton	13
	Van Compact - 1 Ton	13
Treasury Total		34
Wayne State University	Automobile - Coupes, Sedans	4
	Pickup - Compact - 1 Ton	20
	Straight Trucks - Service, Delivery, Tow Trucks	9
	SUV - Compact - 1 Ton	5
	Van Compact - 1 Ton	52
Wayne State University Total		90
Grand Total		9,081