

2018

SEPTEMBER 24-26

NEW ORLEANS



NCSFA

STATE FLEET
MANAGERS
WORKSHOP

2018 Benchmarking Survey Report

Astor Ballroom I & II

10:30 AM - 12:00 PM

NCSFA Survey Objectives

- Inform and educate NCSFA members and other fleet professionals about industry conditions, practices, and trends so that they can improve their fleet management programs
- Identify and establish consensus on standards of measurement that are relevant to government fleets
- Establish a reference document that will give members the necessary information to leverage with their leadership to improve fleet management programs
- Continue to build on NCSFA's position as a respected source of information on government fleet management practices and performance measurement



Approach

- Web-based questionnaire developed by NCSFA and Mercury Associates, Inc.
- Account for differences among fleet management organization types (FMOs)
- Focus more on industry *practices* than industry measures
- 44 FMOs provided complete questionnaire responses



Survey covered 10 topics:

1. Fleet Management Organization Information
2. Asset Allocation and Utilization Management
3. Asset Acquisition and Disposal
4. Fleet Safety Management
5. Fleet Maintenance and Repair
6. Fleet Fueling
7. Fleet Replacement
8. Fleet Management Information Technology
9. Fleet Cost Charge-back
10. Fleet Industry Trends, Challenges and Opportunities



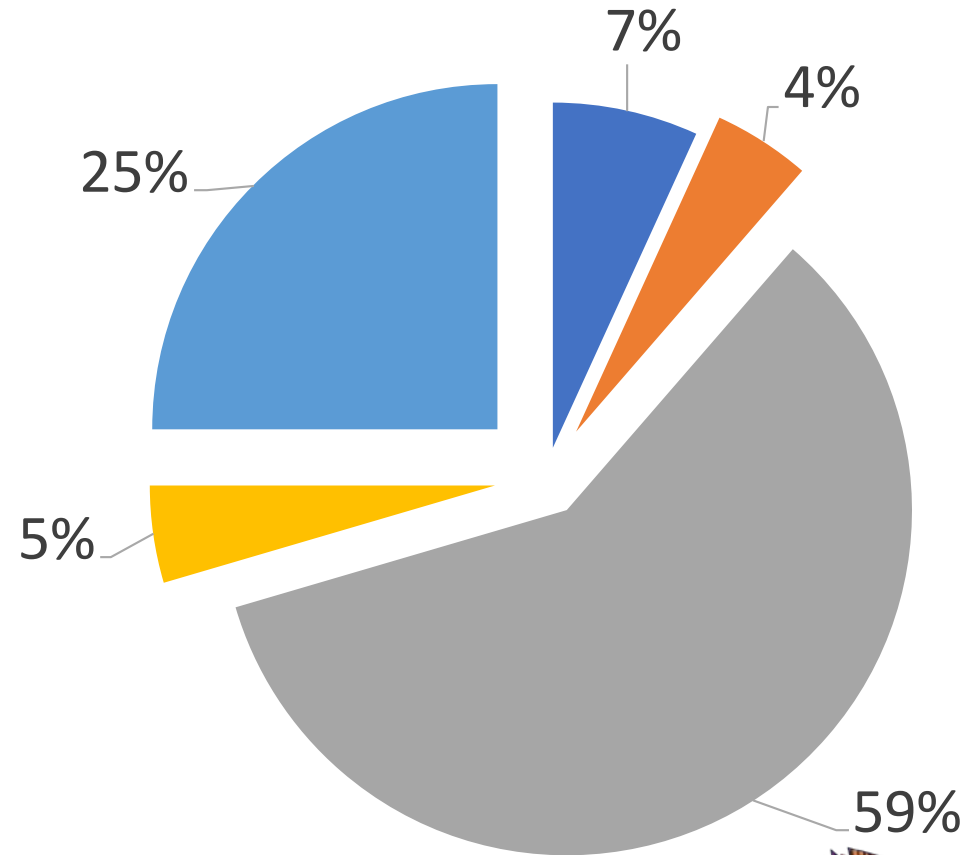
Fleet Management Organization Information

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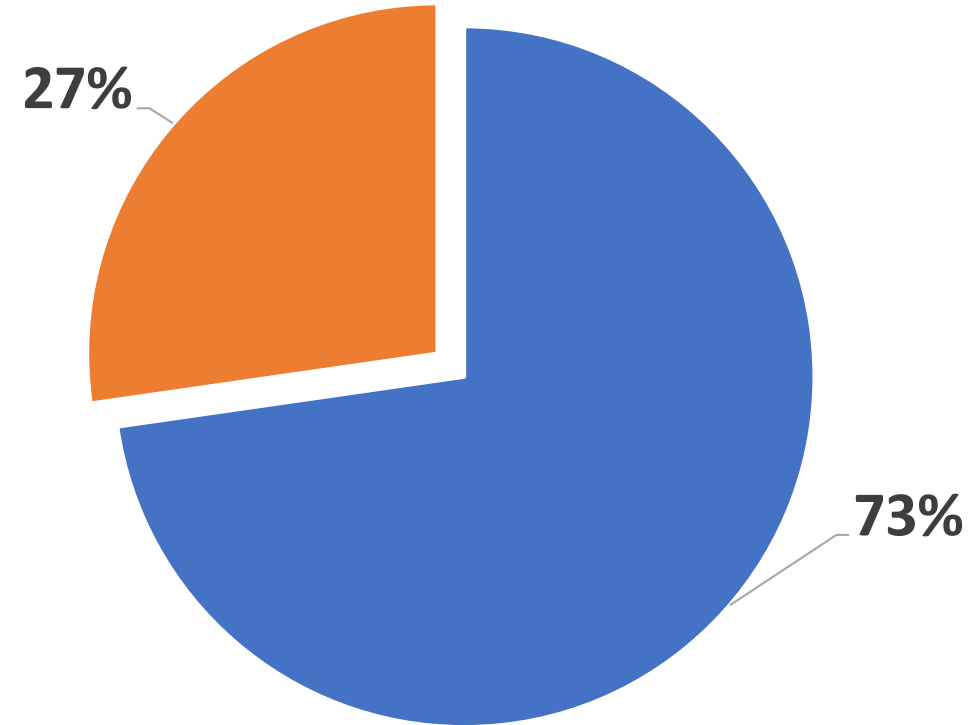
NCSFA Membership Status of Respondents

- Associate – Primary
- Associate – Secondary
- Government – Primary
- Government – Secondary
- Non-member

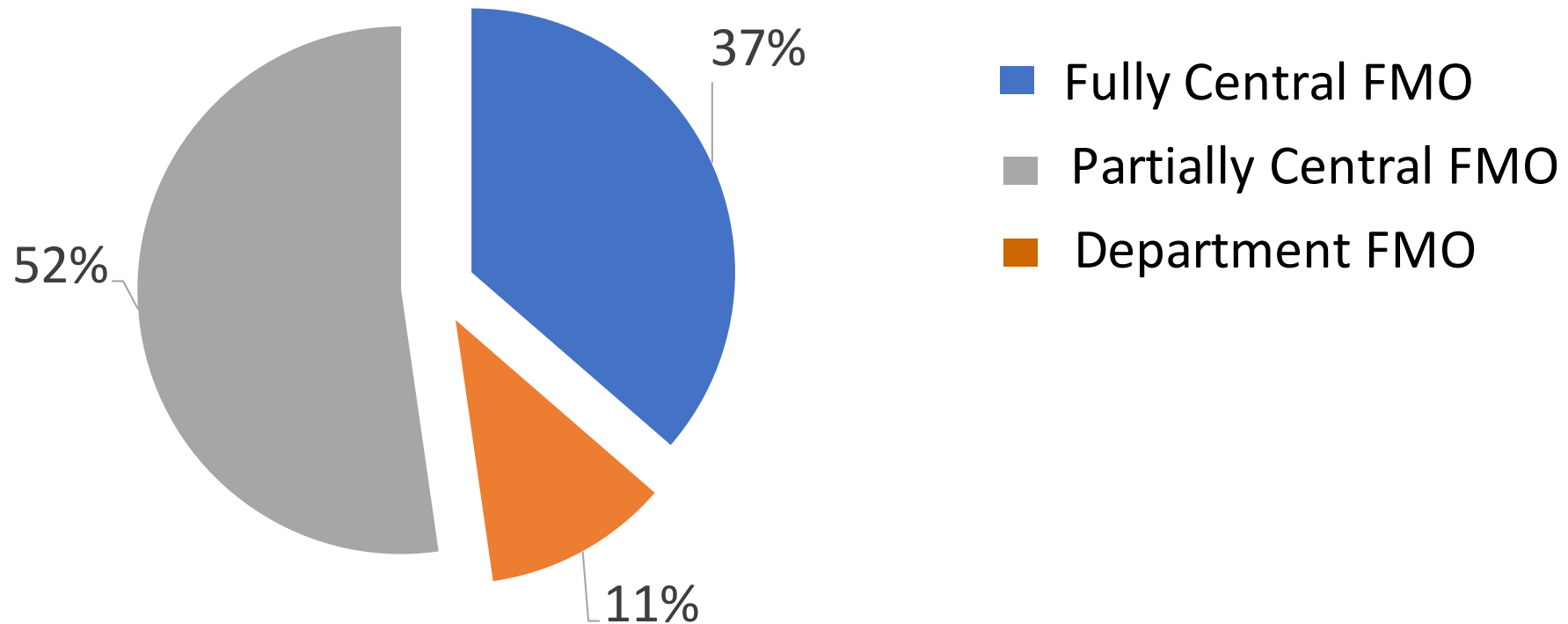


Fleet Management Organization Type

- State Government Agency
- College/University



FMO Scope of Responsibility



Size of FMO Directly Managed Fleets

Category	Mean	Min	Max
Number of Assets Managed	4,413	15	25,000
Number of User Orgs Served	82	1	697
Number of In-house Fueling Facilities	21	0	434
Number of In-house Repair Shops	11	0	153



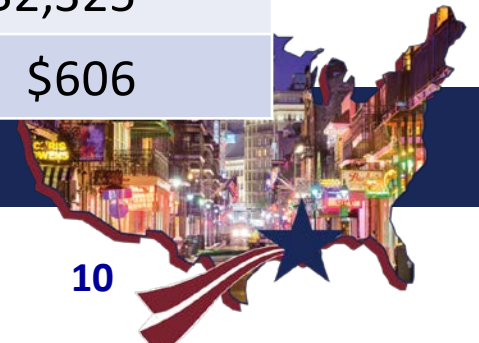
Size and Composition of Fleets Managed

Asset Type	Mean	Median	Min	Max
Law Enf Sedans	431	29	0	2,820
Non-Law Sedans	1,090	772	2	5,000
Law Enf SUVs	268	38	0	1,594
Non-Law SUVs	380	197	0	1,965
Class 1-3 LD Trucks	846	343	0	6,195
Class 4-6 MD Trucks	182	36	0	1,400
Class 7-8 HD Trucks	356	15	0	2,508
Small Vans	277	166	0	1,404
Large Vans	185	69	0	954
Off-Road (Cons/Ag)	437	4	0	4,762
Carts/Attachments	506	8	0	8,652



Vehicle Age and Cost by Type

Asset Type	Mean Age	Avg Meter	Avg Purchase Price	Avg Ann M&R Costs
Law Enf Sedans	4.3	58,727	\$24,026	\$1,255
Non-Law Sedans	5.2	54,468	\$19,036	\$1,011
Law Enf SUVs	2.9	43,713	\$31,498	\$1,237
Non-Law SUVs	5.1	56,271	\$26,215	\$1,383
Class 1-3 LD Trucks	6.2	79,527	\$26,609	\$967
Class 4-6 MD Trucks	7.7	45,552	\$41,593	\$2,570
Class 7-8 HD Trucks	9.3	61,752	\$93,406	\$4,017
Small Vans	5.4	54,405	\$22,249	\$886
Large Vans	6.0	55,186	\$27,602	\$911
Off-Road (Cons/Ag)	8.0	8,165	\$43,801	\$2,325
Carts/Attachments	5.8	2,225	\$11,201	\$606



Asset Allocation and Utilization Management Practices

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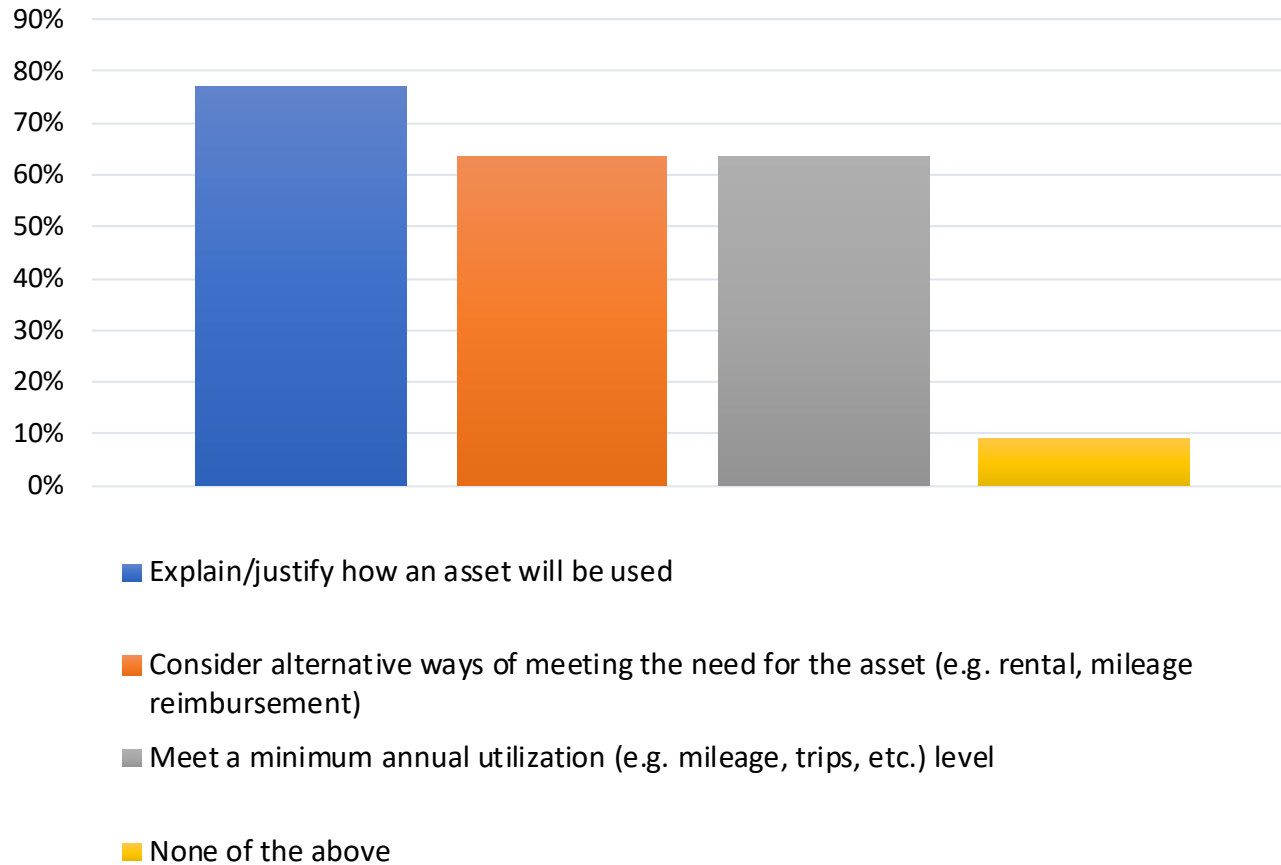
KEY OBSERVATIONS

- Multiple techniques used to guide asset allocation decisions
 - Over one-third do not consider alternatives for meeting user needs (rent v. own)
- Most minimum utilization standards rely on mileage-based thresholds
 - Vehicle can be used heavily without accumulating a lot of miles
- Fewer than half audit take-home use compliance
- 75% of FMOs operate one or more motor pools
- 50% of participants rate their asset allocation and utilization performance as 3 or less on a 5-point scale, suggesting substantial room for improvement

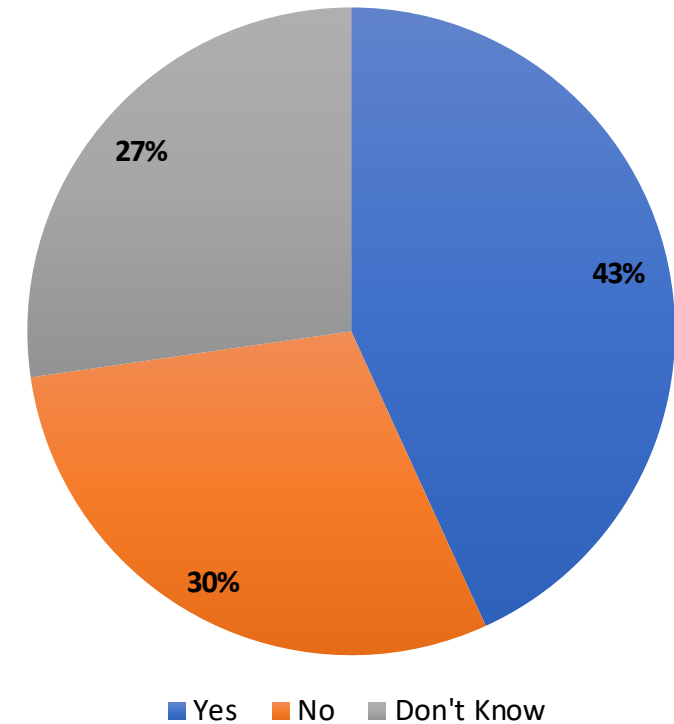


KEY OBSERVATIONS

Asset Allocation Methods Used



Audit Take-Home Use for Compliance



Asset Acquisition and Disposal Practices

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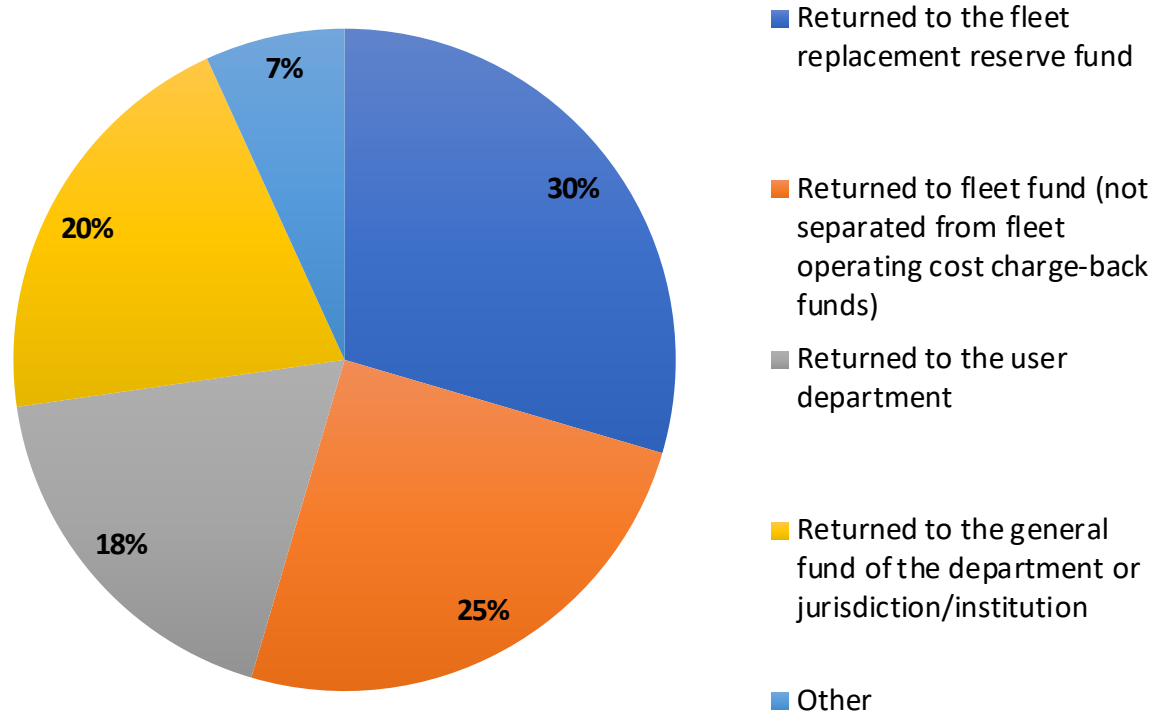
Key Observations

- Only centralized FMOs consistently prepare asset specifications for users
- $\approx 50\%$ of FMOs do not use cooperative purchasing agreement
- More than 50% perform upfitting in-house
- $\approx 75\%$ do not measure the performance of surplus property agencies/third-party auction companies
- 70% fail to return sale proceeds to the *replacement reserve* fund

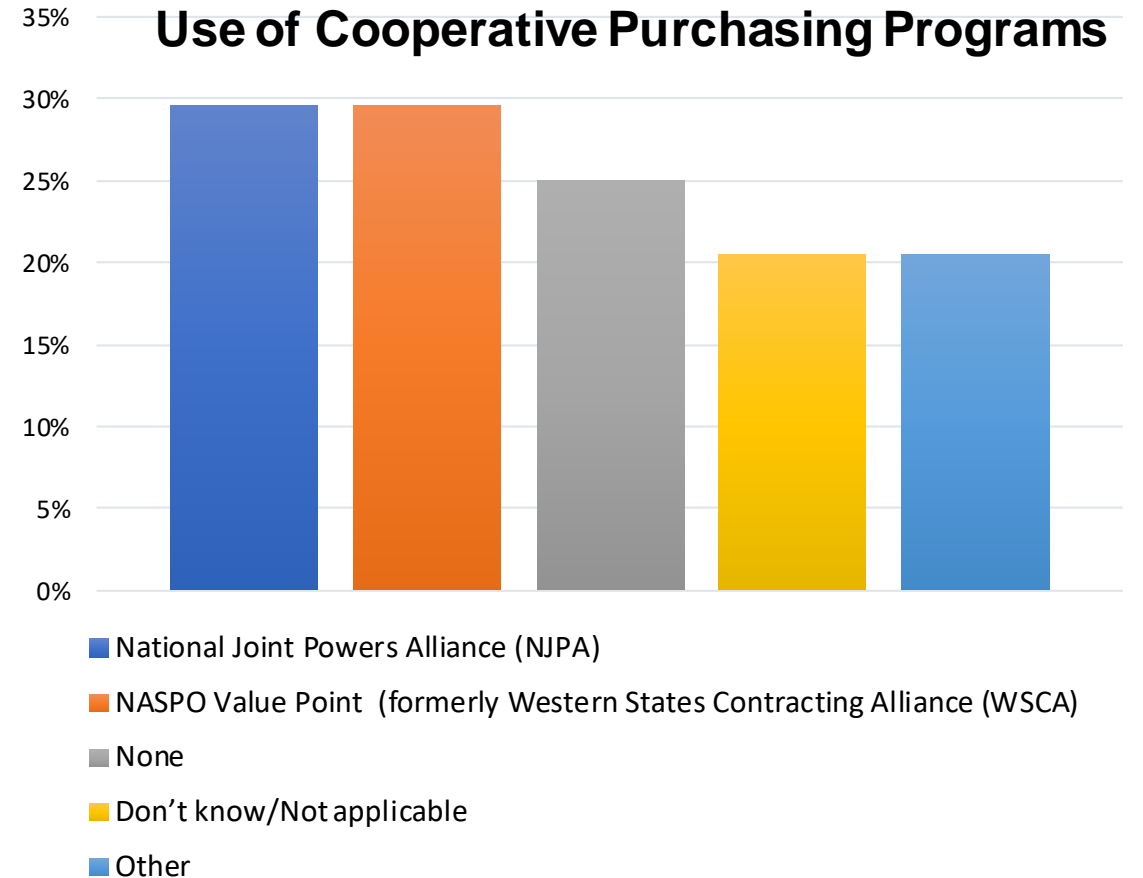


Key Observations

Disposition Used Asset Sale Proceeds



Use of Cooperative Purchasing Programs



Fleet Safety Management Practices

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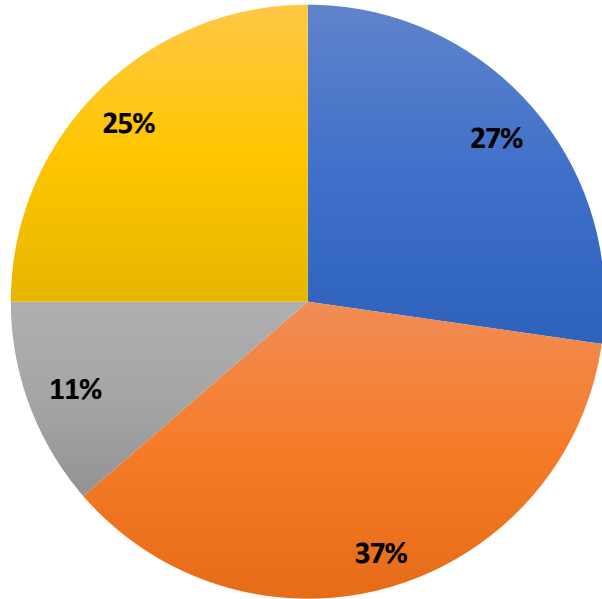
Key Observations

- Majority report having formal policies for safe operation of assets
 - Only 25% require defensive driving for non-CDL drivers
 - Less than 50% utilize generally recognized safe vehicle practices other than driver license/certifications
 - Less than 50% perform regular MVR checks
- Over 75% do not measure fleet safety program effectiveness
- Majority cannot report on their accident rate, as their organizations do not formally define an “accident” or “crash”



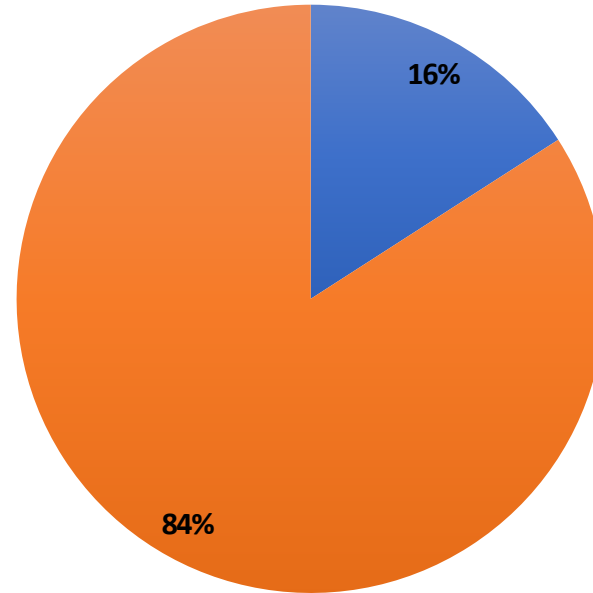
Key Observations

Defensive Driver Training Required for Non-CDL-Assets



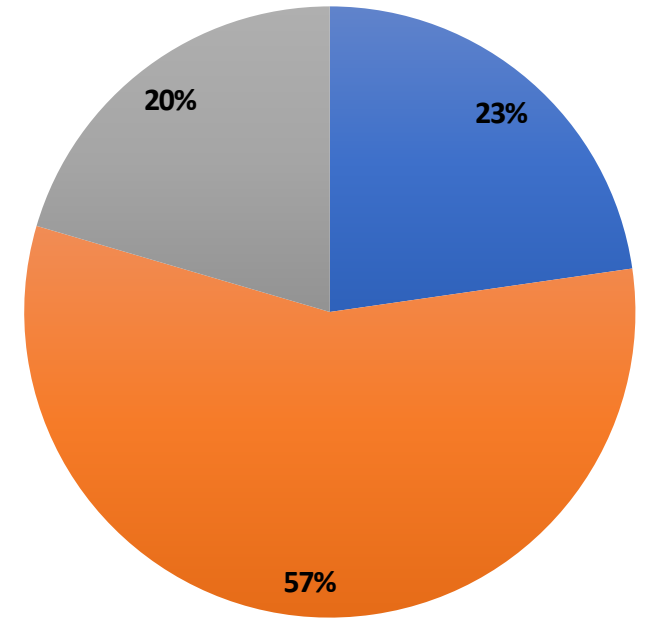
■ All employees ■ No employees ■ Don't Know ■ Other

Formal Crash Definition



■ Yes ■ No

Measure Safety Effectiveness



■ Yes ■ No ■ Don't Know



Fleet Maintenance and Repair Practices

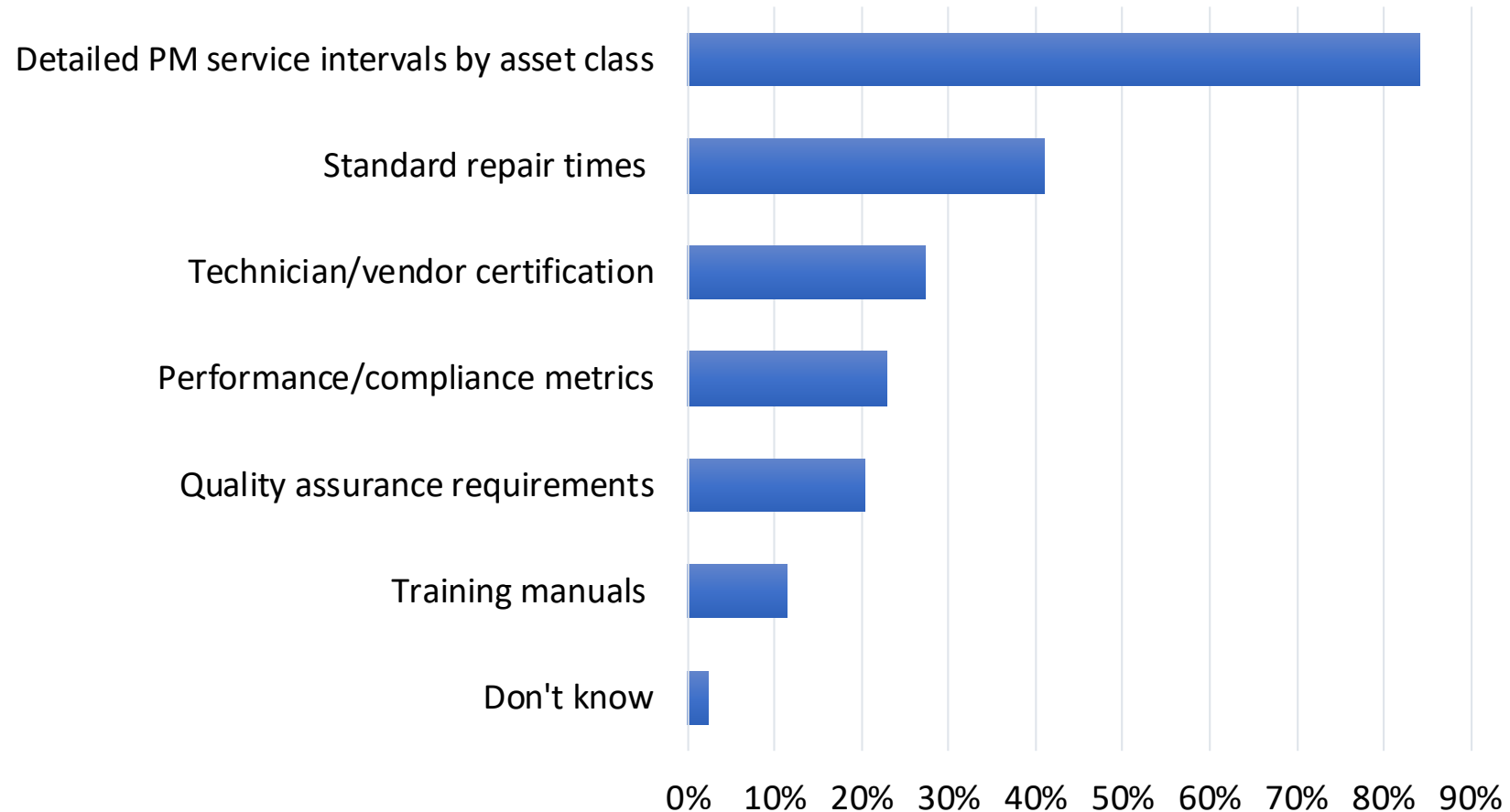
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Key Observations

- Virtually all have a formal preventive maintenance (PM) program
- Required service intervals is only element of M&R program documented by more than 50% of FMOs

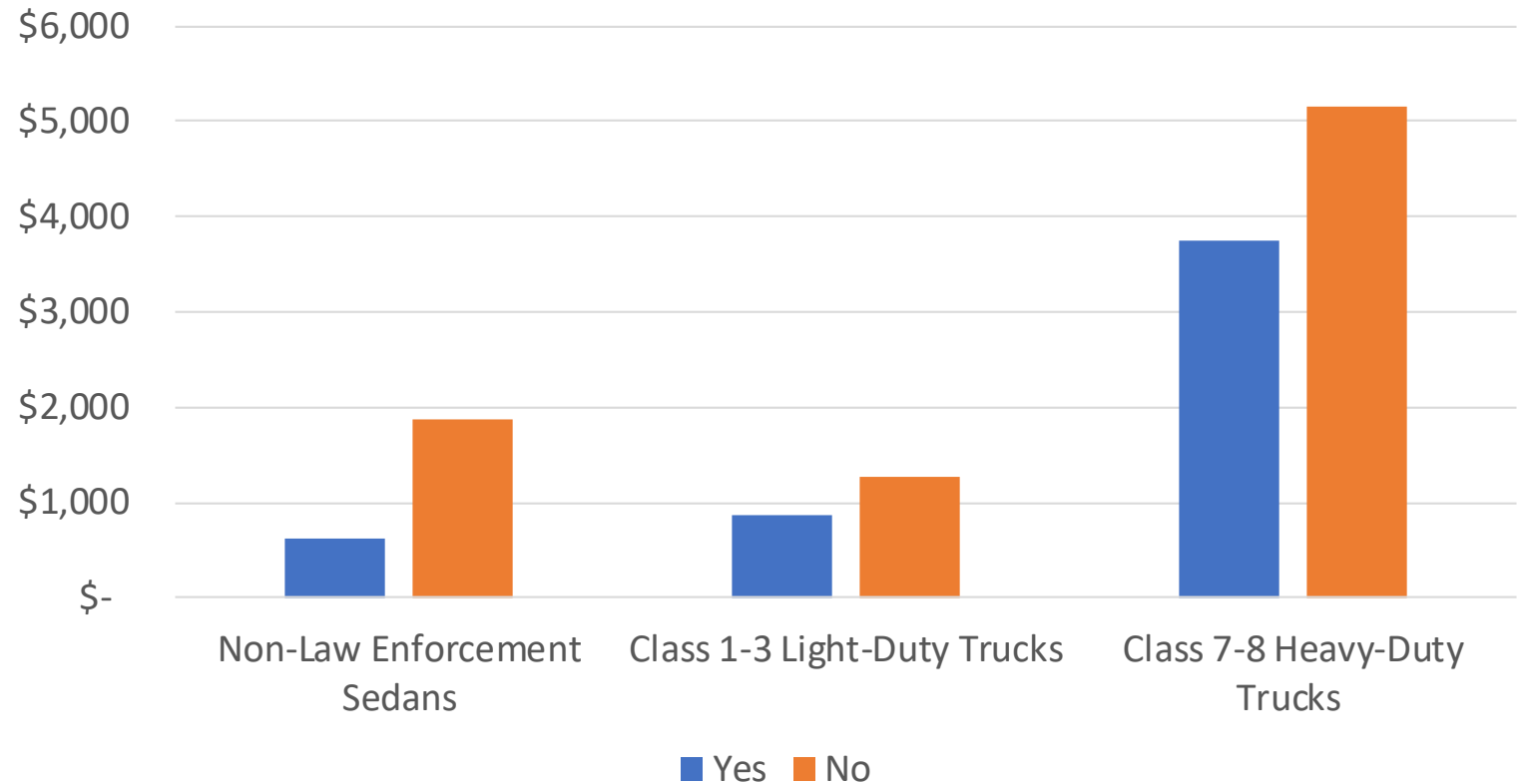
Aspects of Formally Document Fleet M&R Program



Key Observations

- Majority indicated PM schedule adherence (compliance) is measured
- Data shows correlation between enforcement of PM service intervals and average annual M&R cost

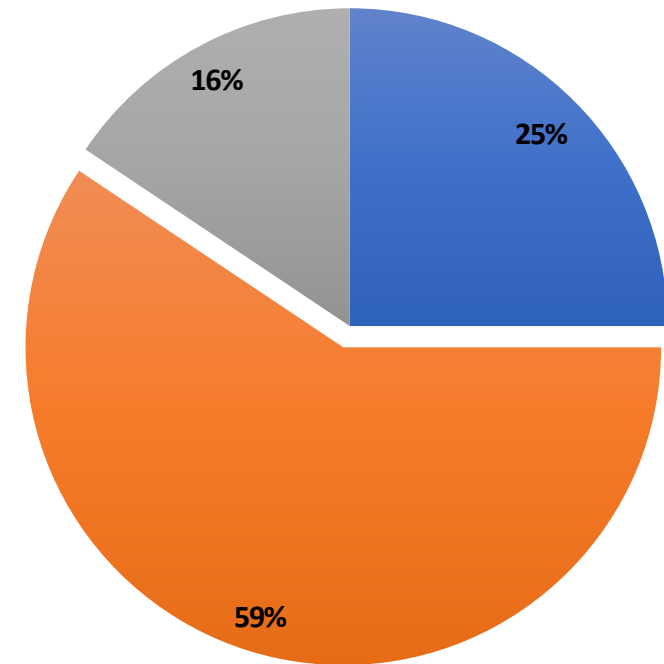
Average Annual M&R Cost per Asset by Asset Class and PM Compliance Measurement



Key Observations

- Over 75% of FMOs indicate they have an in-house M&R program
- 75% of in-house M&R programs use in-house parts management programs, but only 25% measure performance
- Similarly, less than 40% measure vendor performance despite the majority employing formal supplier contracts for outsourced M&R services

Measure Efficiency and Effectiveness of Parts Management



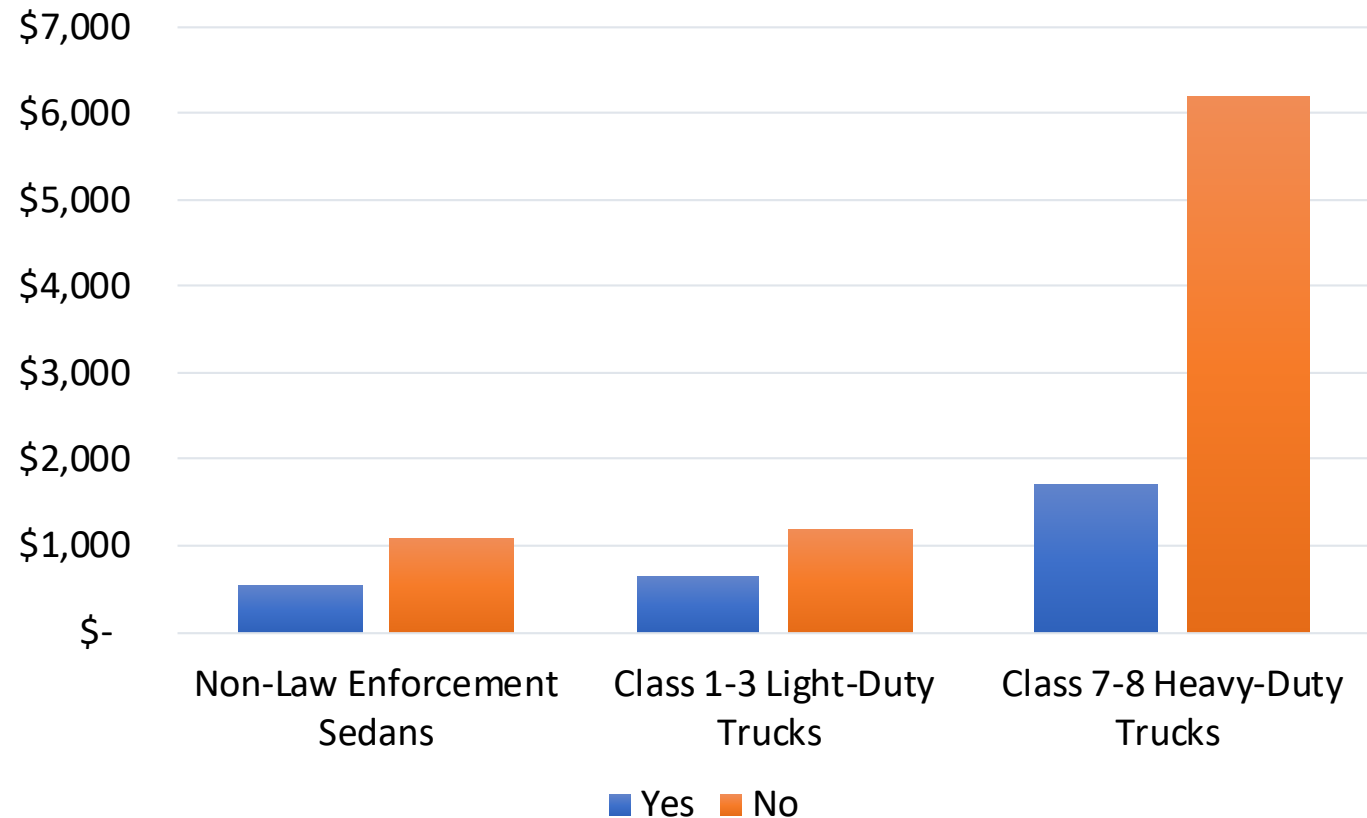
■ Yes ■ No ■ Don't Know



Key Observations

- Most in-house M&R programs measure technician productivity but have no productivity goals
- Technician efficiency and effectiveness generally not measured

Average Annual M&R Cost per Asset by FMOs with and without Tech Effectiveness Measurement



Key Observations

- ≈60% of in-house M&R programs budget for training and over 50% have employee professional development plans
- Despite the majority of FMOs indicating the use of formal customer satisfaction assessments, such as surveys, fewer than one quarter utilize a fleet advisory committee, which is a key component of customer collaboration efforts



Fleet Fueling and Sustainability Management Practices

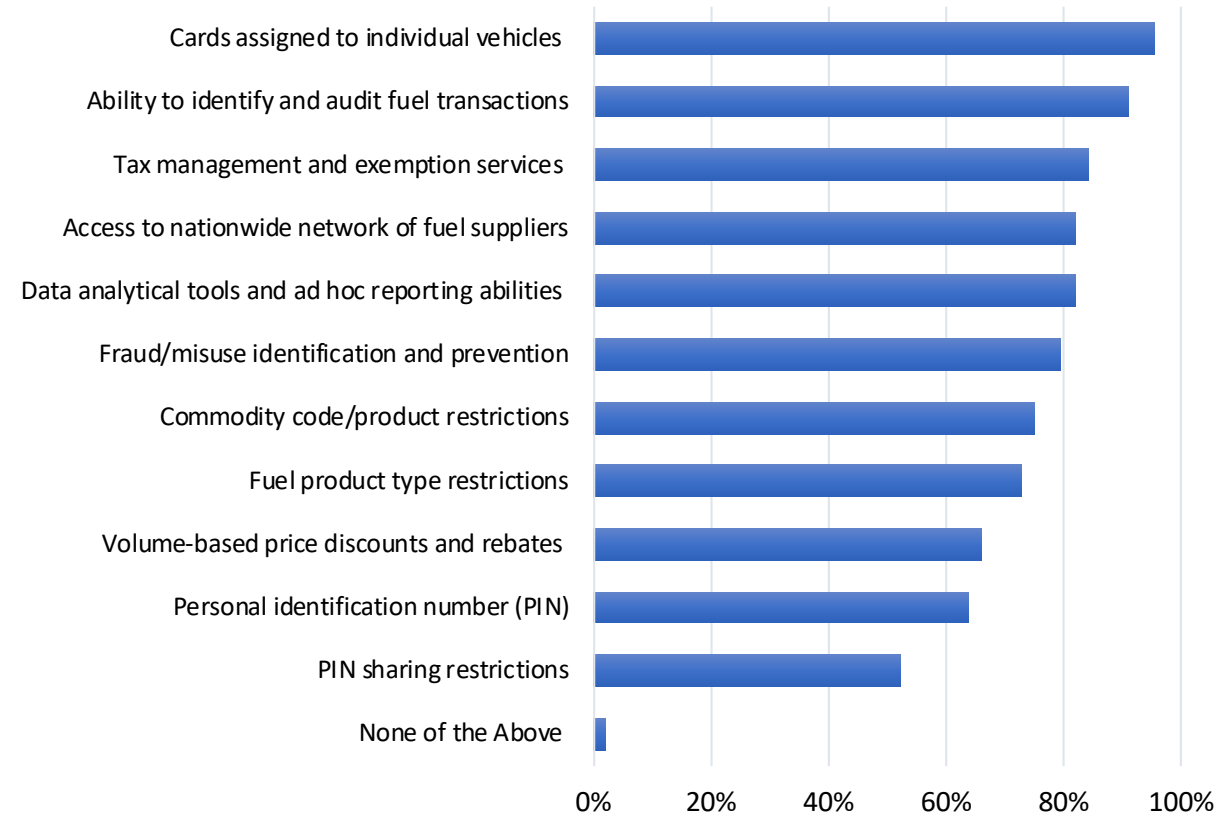
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Key Observations

- 70% of FMOs operate in-house fueling facilities; most do *not* measure cost-effectiveness; a quarter do *not* have formal policies for management/operation
- *All* use commercial fuel card programs; less than 25% measure cost-effectiveness; only 5 of 11 key fuel management practices are utilized consistently

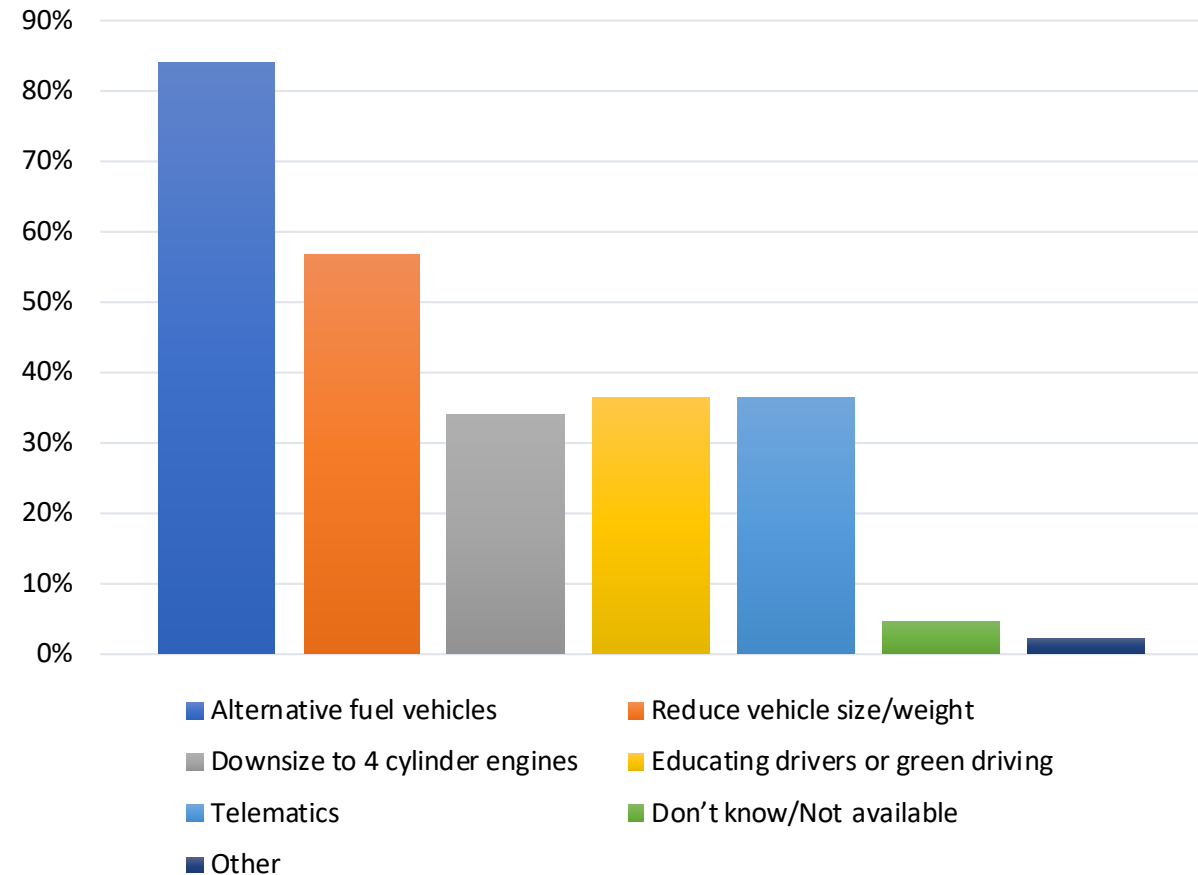
Utilization of Commercial Fuel Card Program Elements



Key Observations

- Most FMOs have minimum purchase requirements for alternative fuel vehicles (AFVs)
- Most comply with EPA Act
- E85 and hybrids most widely used (require no change to fuel infrastructure)

Fleet Fuel Consumption Reduction Strategies Used



Fleet Replacement Practices

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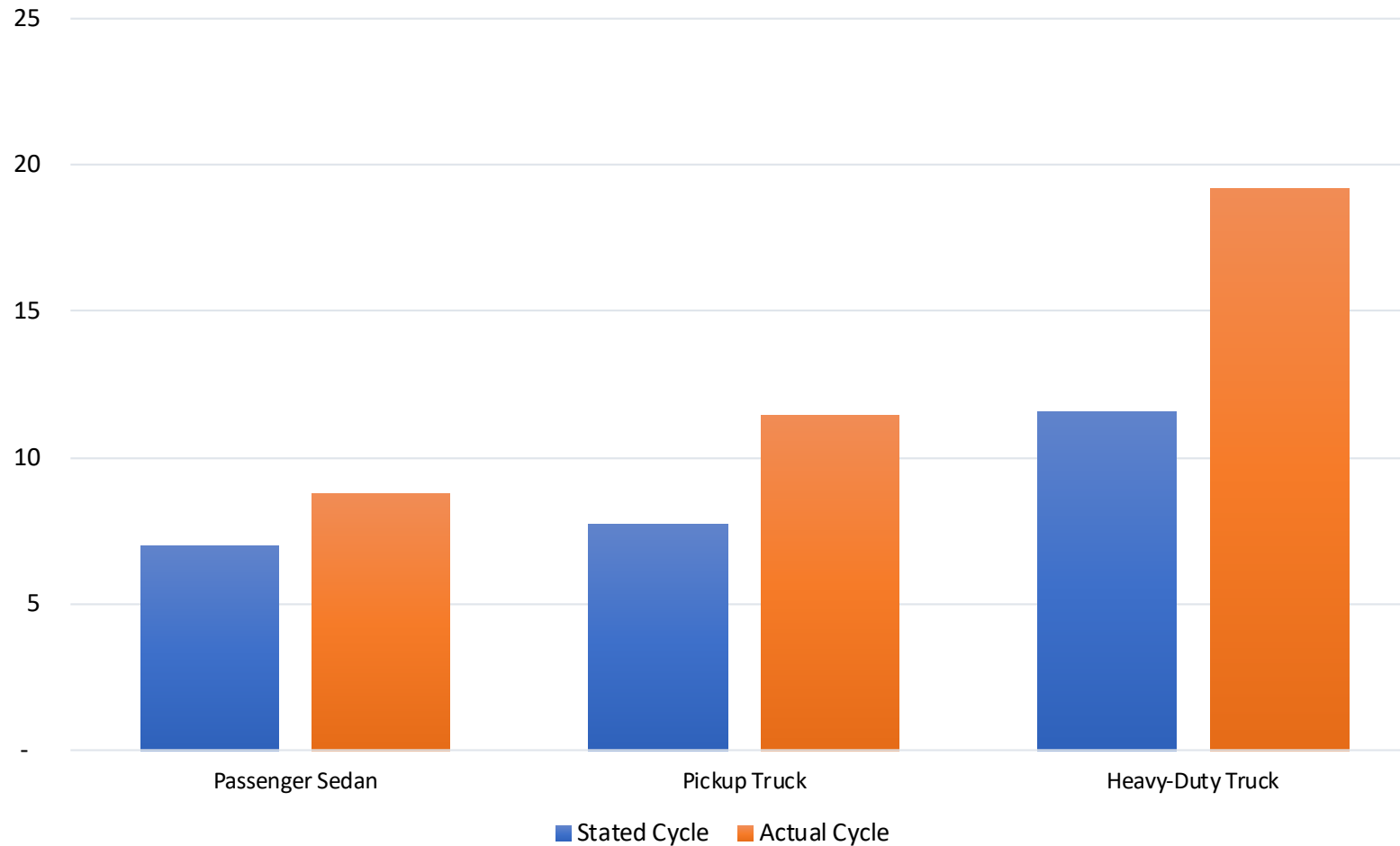


Key Observations

- One-third of FMOs are not replacing their fleet assets in accordance with established guidelines (which may or may not reflect optimal replacement cycles)
- Heavy reliance on accumulated mileage as a criterion for replacement may be misplaced
- Average asset ages suggest that many assets are not being replaced in accordance with their stated replacement cycles
- Almost 40 percent of respondents do not have a formal process in place for prioritizing assets for replacement each year so as to make the best and most equitable use of available funds



Key Observations



Fleet Management Information Technology

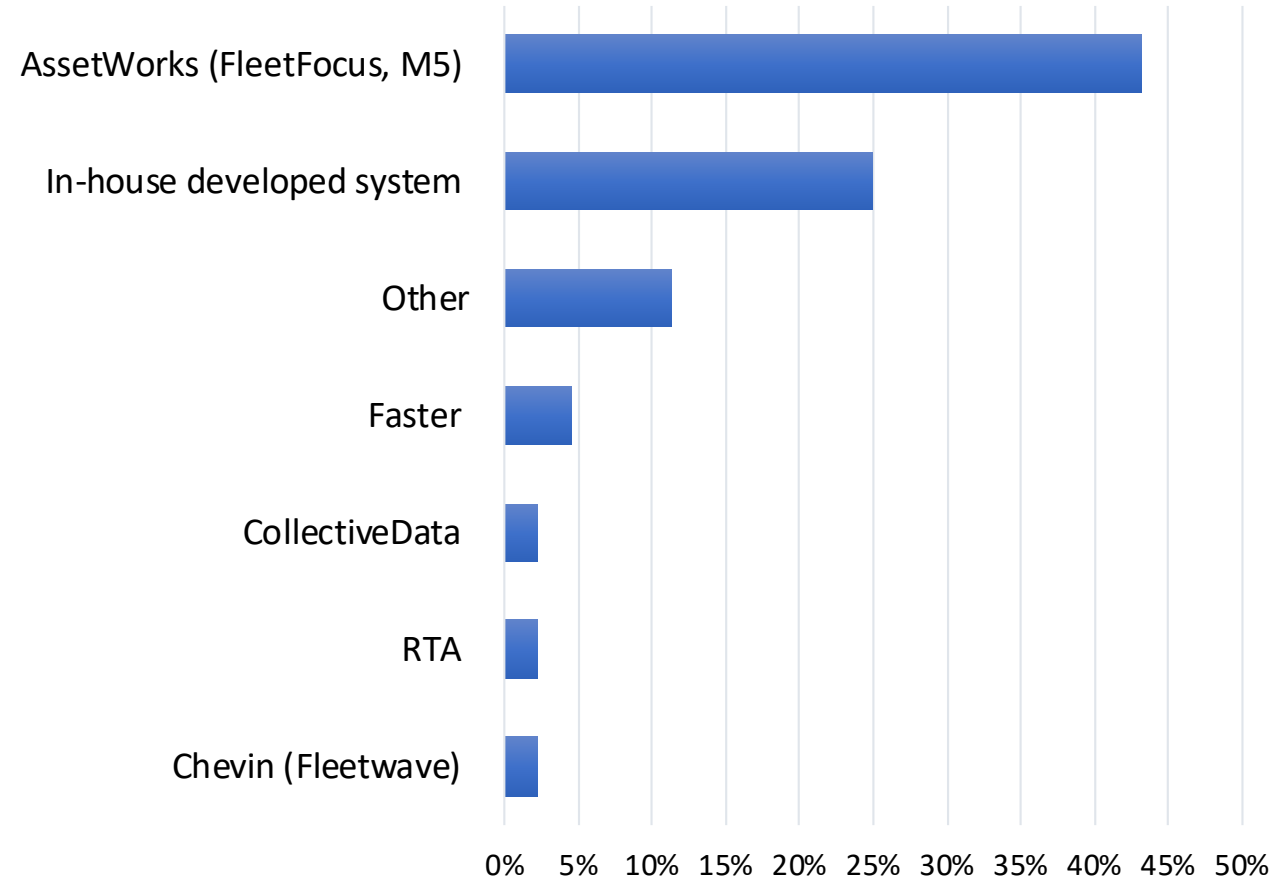
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Key Observations

- Almost all FMOs utilize an FMIS hosted on agency-owned servers (v. cloud-based); higher cost and risk of data and record loss
- Most FMOs rate functionality and vendor support of FMIS application 3 or lower on scale
- Other survey findings suggest FMOs use FMIS primarily for compliance purposes

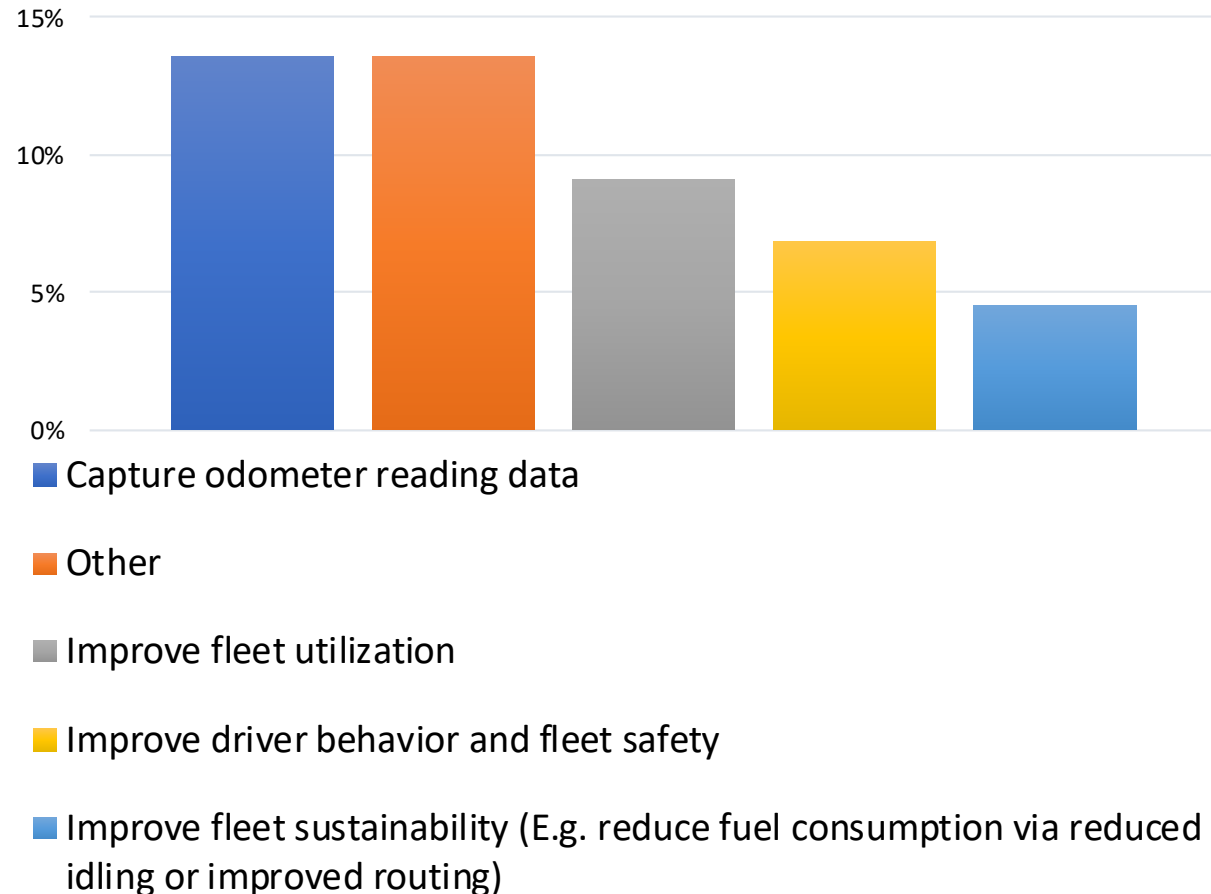
Fleet Management Information System Used



Key Observations

- Less than 50% have implemented telematics despite growing pressure on FMOs to justify their actions and decisions empirically
- Inconsistency among FMOs' use of telematics; utilization management is the most common use cited by respondents

Primary Reason for Acquiring a Telematics System



Fleet Cost Charge-Back Practices

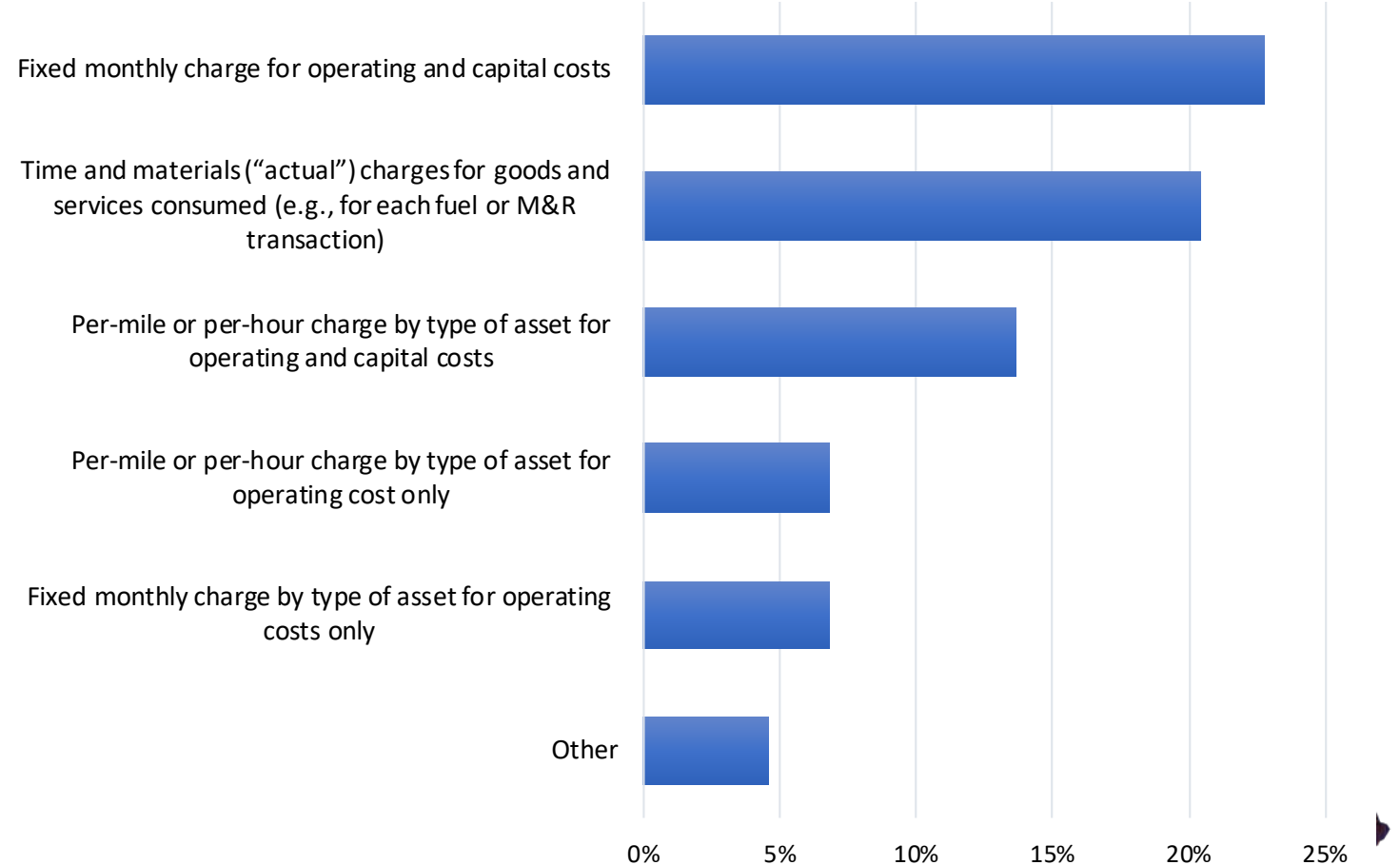
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Key Observations

Cost Charge-back Rate Structure for Operating Costs

- More than half of the FMOs participating in the survey are classified as internal service fund (ISF) entities, meaning that they distribute some or all of the costs of the fleets they manage to the fleet user organizations they serve.



Key Observations

- Fixed monthly, per-mile, and per-hour rates make it easy to budget for and pay FMO charges, but have several drawbacks:
 - Don't enable fleet users to weigh trade-offs between capital and operating costs;
 - Don't enable fleet users to assess the reasonableness of an FMO's service delivery costs and to hold it accountable for those costs; and
 - Don't treat fleet users equitably since the rates typically are based on the average costs of all the assets.



Fleet Industry Trends, Challenges and Opportunities

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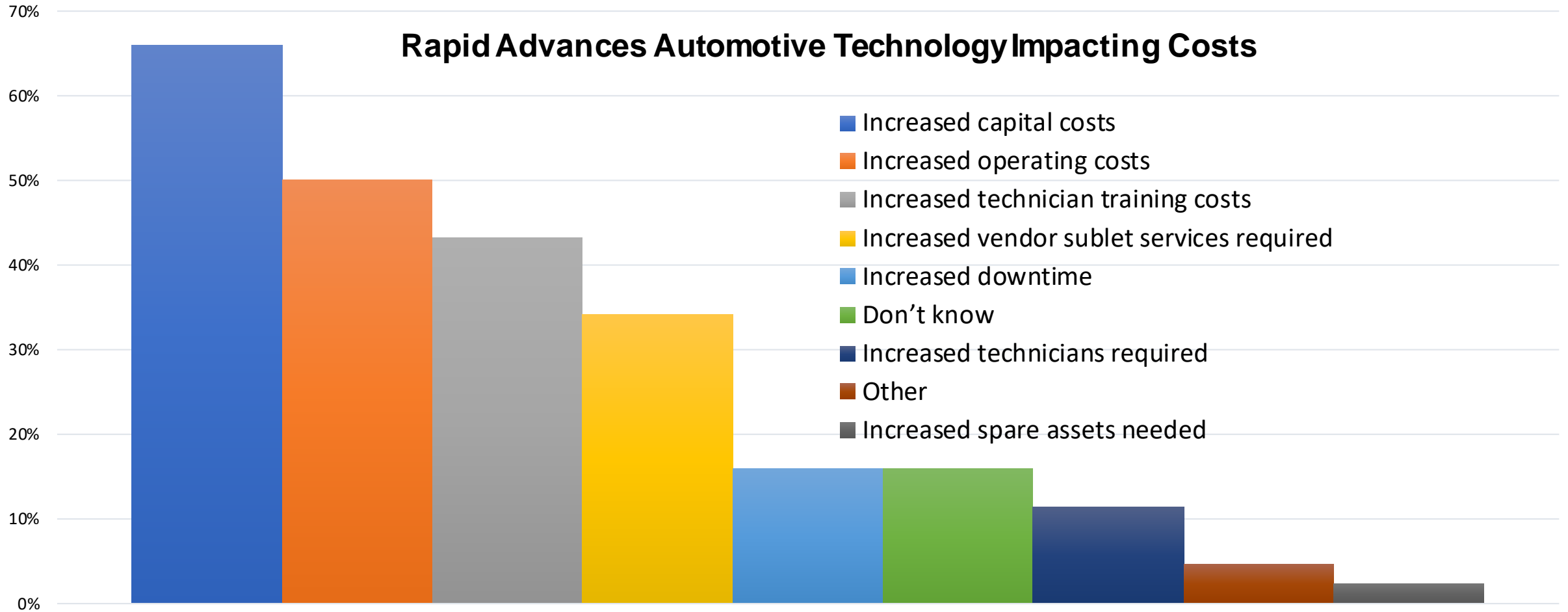
Key Observations

- Technological advances and alternative fuel vehicles have lead to increased capital costs, operating costs, and technician training cost
- As AFVs consolidate in type and design, and use of electric vehicles increases, operating costs should decline
- Retirement of Baby Boomers and shortage of new workers entering fleet industry is creating a “brain drain” (loss of institutional knowledge)
- Despite positive economy and loss of qualified technicians, FMOs have mostly not invested in employee succession management



Key Observations

Rapid Advances Automotive Technology Impacting Costs



Conclusions

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Conclusions

- Fleet management business practices are not sufficiently institutionalized
 - There is a lack of formalized policies and procedures compounding the impact of the brain drain
- Data suggests fleet replacement practices are not optimized
 - FMOs are failing to capitalize on the strong economy to modernize fleets
- Cost transparency and accountability can be improved
 - You can't manage costs you can't see
- Technology “enablement” of fleet management practices must accelerate
 - Data driven decision making is not optional



Questions

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