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
NCSFA Membership Status of Respondents

- Associate – Primary: 25%
- Associate – Secondary: 4%
- Government – Primary: 59%
- Government – Secondary: 7%
- Non-member: 5%
Fleet Management Organization Type

- State Government Agency: 73%
- College/University: 27%
FMO Scope of Responsibility

- Fully Central FMO: 37%
- Partially Central FMO: 52%
- Department FMO: 11%
### Size of FMO Directly Managed Fleets

<table>
<thead>
<tr>
<th>Category</th>
<th>Mean</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Assets Managed</td>
<td>4,413</td>
<td>15</td>
<td>25,000</td>
</tr>
<tr>
<td>Number of User Orgs Served</td>
<td>82</td>
<td>1</td>
<td>697</td>
</tr>
<tr>
<td>Number of In-house Fueling Facilities</td>
<td>21</td>
<td>0</td>
<td>434</td>
</tr>
<tr>
<td>Number of In-house Repair Shops</td>
<td>11</td>
<td>0</td>
<td>153</td>
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## Size and Composition of Fleets Managed

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

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

- Explain/justify how an asset will be used
- Consider alternative ways of meeting the need for the asset (e.g., rental, mileage reimbursement)
- Meet a minimum annual utilization (e.g., mileage, trips, etc.) level
- None of the above

Audit Take-Home Use for Compliance

- Yes: 43%
- No: 30%
- Don't Know: 27%

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Asset Acquisition and Disposal Practices
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
- Returned to the fleet replacement reserve fund (30%)
- Returned to fleet fund (not separated from fleet operating cost charge-back funds) (7%)
- Returned to the user department (20%)
- Returned to the general fund of the department or jurisdiction/institution (18%)
- Other (25%)

Use of Cooperative Purchasing Programs
- National Joint Powers Alliance (NJPA) (30%)
- NASPO Value Point (formerly Western States Contracting Alliance (WSCA)) (25%)
- None (0%)
- Don’t know/Not applicable (5%)
- Other (15%)
Fleet Safety Management Practices
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: 27%
- No employees: 37%
- Don't Know: 25%
- Other: 11%

Formal Crash Definition
- 84% Yes

Measure Safety Effectiveness
- 57% Yes

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Fleet Maintenance and Repair Practices
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

- Detailed PM service intervals by asset class
- Standard repair times
- Technician/vendor certification
- Performance/compliance metrics
- Quality assurance requirements
- Training manuals
- Don't know
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
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
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

- Non-Law Enforcement Sedans
- Class 1-3 Light-Duty Trucks
- Class 7-8 Heavy-Duty Trucks

Yes vs No
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
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
Key Observations

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

- Passenger Sedan
- Pickup Truck
- Heavy-Duty Truck

Stated Cycle vs Actual Cycle
Fleet Management Information Technology
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
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

- Capture odometer reading data
- Other
- Improve fleet utilization
- Improve driver behavior and fleet safety
- Improve fleet sustainability (E.g. reduce fuel consumption via reduced idling or improved routing)
Fleet Cost Charge-Back Practices
Key Observations

• 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
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

- Increased capital costs
- Increased operating costs
- Increased technician training costs
- Increased vendor sublet services required
- Increased downtime
- Don’t know
- Increased technicians required
- Other
- Increased spare assets needed
Conclusions
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