



COMMONWEALTH of VIRGINIA

Department of General Services

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October 9, 2009

MEMORANDUM

To: The Honorable Timothy M. Kaine, Governor
Members, General Assembly,
c/o: Division of Legislative Automated Systems

Through: The Honorable Viola O. Baskerville,
Secretary of Administration

From: Richard F. Sliwoski, P.E., Director

A handwritten signature in blue ink that reads 'Richard F. Sliwoski'.

Re: Report of Statewide Fleet Management Program

Executive Order 89, Purchase, Assignment and Use of State-owned Vehicles; directs the Department of General Services (DGS) to prepare an annual report on the performance of the statewide fleet management program. Please find attached the DGS State of the Fleet Report, 2009 Fiscal Year.

Should you have any questions regarding the information in this report please do not hesitate to contact me at 804-786-3311 or by e-mail at Richard.sliwoski@dgs.virginia.gov.

Attachment



DEPARTMENT OF
GENERAL SERVICES

OFFICE OF FLEET MANAGEMENT SERVICES

Serving Government. Serving Virginians.



State of the Fleet Report

Fiscal Year 2009

Executive Summary

Pursuant to Executive Order Number 89 (2005) “Purchase, Assignment and Use of State-owned Vehicles”, the Virginia Department of General Services (DGS) is to report annually on the performance of the statewide fleet management program. This report documents performance data and information on initiatives taken by DGS to continue movement towards an enterprise approach to managing the Commonwealth’s passenger-type vehicle assets.

To compile data necessary to complete this report, the DGS, Office of Fleet Management Services (OFMS) needed specific passenger vehicle performance data from state agencies that own, operate, and maintain their own fleet of passenger-type state vehicles. OFMS requested the needed data from state agencies through their designated Agency Transportation Officer (ATO). The data received from those agencies responding to OFMS’ request is used in this report.

OFMS also used data collected in its fleet management software system for this report. With over three years worth of reliable data collected, OFMS has been able to make educated decisions and comparisons. These decisions have given OFMS the ability to make long term plans to improve the efficiency and cost effectiveness of the fleet.

The following represent “best practice” vehicle management performance indicators. These indicators are used in this report to document and compare OFMS performance to other state agencies and institutions that reported data:

- Maintenance Cost per Mile
- Direct Operating Cost per Mile
- Maintenance Cost per Vehicle

Passenger-type vehicles are defined as:

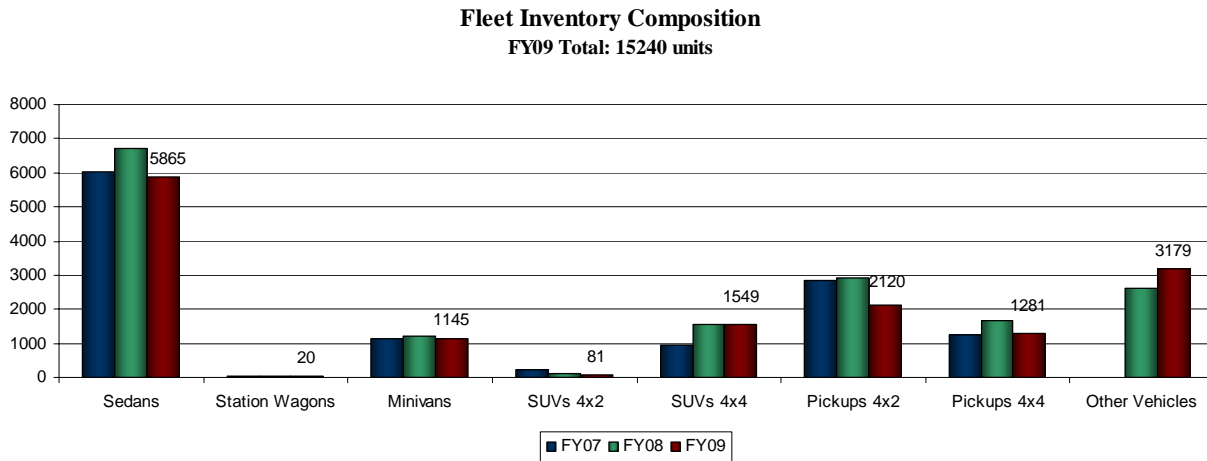
- Sedans
- Station Wagons
- Minivans
- Sport Utility Vehicles (4x2 and 4x4 models)
- Pickup Trucks (4x2 and 4x4 models)

Fiscal Year 2009 Review

This report provides a comparison of the state agency and institution performance data collected in FY07, FY08 and FY09. In addition, the report includes FY09 performance data from OFMS that can be compared against other agency and institution data.

In FY05, OFMS began re-engineering its fleet management processes towards an enterprise approach to managing the Commonwealth's passenger-type vehicles. Status towards achieving these goals and objectives is included in this report.

State Fleet Composition Data:

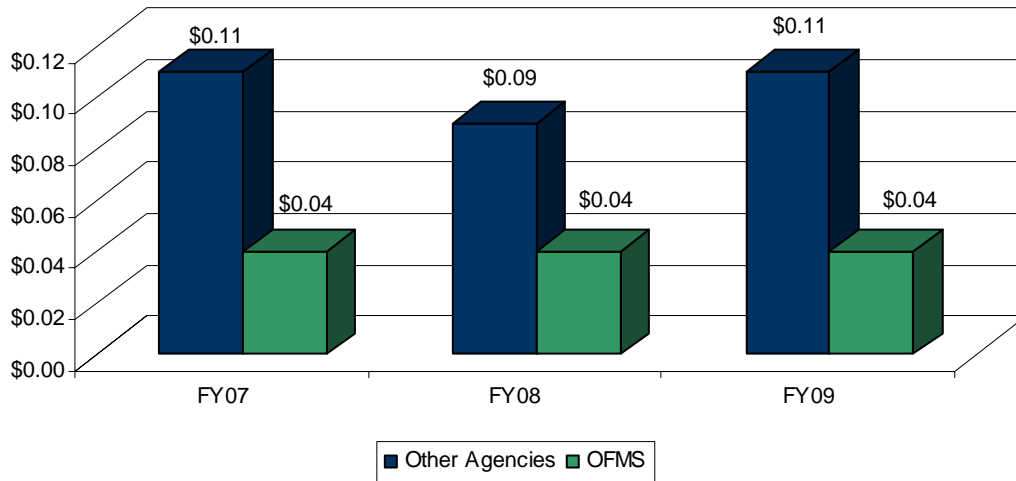


Vehicle Management Performance Indicators:

The following performance indicators represent common state-level fleet management performance indicators. These figures give a big picture look at the performance of the Commonwealth of Virginia fleet. Note that the information in the charts reflect that direct maintenance and operating costs are less for vehicles managed by OFMS than what was reported by state agencies and institutions. This data reflects direct costs only and does not consider operational overhead.

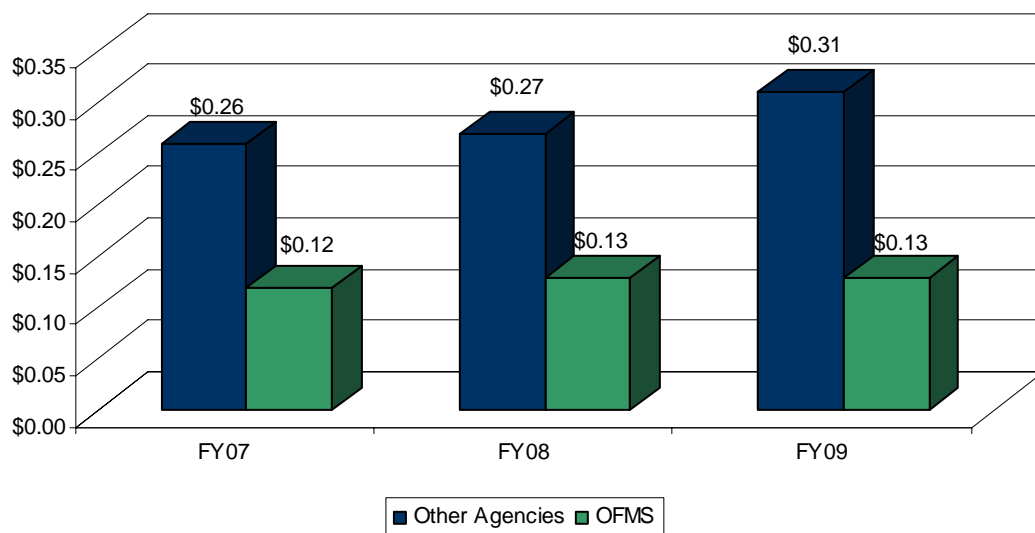
- State Agencies and Institutions FY07, FY08 and FY09 Maintenance Cost per Mile Compared to OFMS Cost. Maintenance cost consists of all parts and labor costs associated with vehicle maintenance and repair. Accident repair costs have been excluded from these figures:

Maintenance Cost per Mile



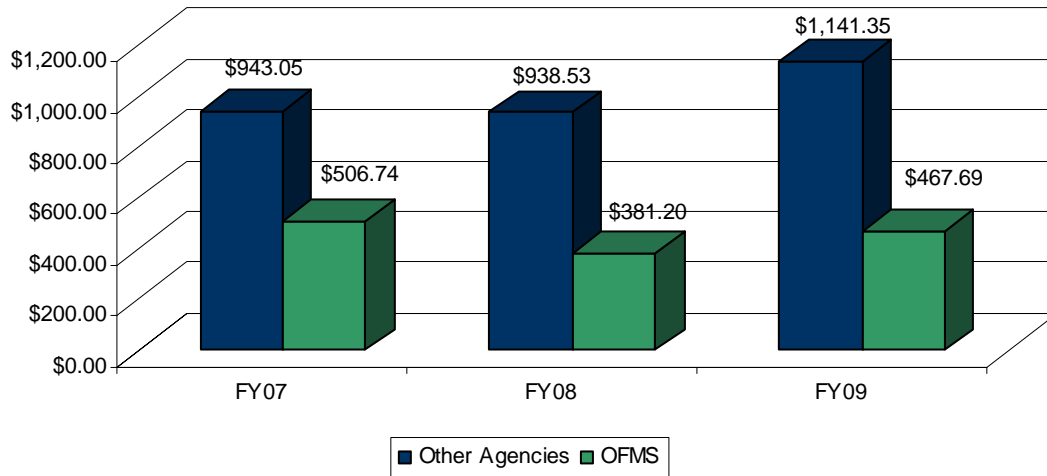
- State Agencies and Institutions FY07, FY08 and FY09 Direct Operating Cost per Mile Compared to OFMS Cost. Direct Operating Cost consist of all maintenance costs plus fuel costs:

Direct Operating Cost per Mile



- State Agencies and Institutions FY07, FY08 and FY09 Maintenance Cost per Vehicle Compared to OFMS Cost:

Maintenance Cost per Vehicle



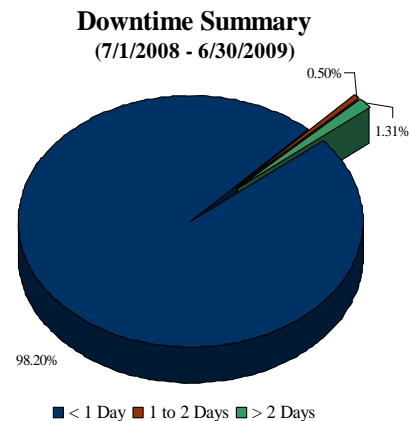
The OFMS Maintenance Cost per Vehicle decreased from FY07 to FY08 for OFMS pool vehicles. This decrease can be attributed to the efforts to decrease the age of the fleet along with the success of the Vehicle Management Control Center (VMCC) program, described in detail in the next section of this report. Subsequently, the increase in FY09 costs can be attributed to the increase in fleet age seen in FY09. In response to budgetary constraints, OFMS deferred purchase on most scheduled replacement vehicles.

Vehicle Management Control Center (VMCC):

The VMCC is a public/private partnership between DGS and All Star Inc., to manage vehicle maintenance requirements for OFMS vehicles. Maintenance data captured by the VMCC automated information system has enabled OFMS to collect accurate and consistent data that can be analyzed and interpreted into meaningful performance indicators to achieve a level of information for business decision making that was not previously available.

Vehicle Repair Downtime:

Thru the efforts of the VMCC to continue to improve efficiency of the VMCC vendor network, downtime has decreased for FY09. In FY09 98.2% of repairs were



completed in less than 1 day. This is up from 97.2% in FY08 and a substantial increase from 82.9% in FY07.

The vehicle downtime does not have a concrete cost savings associated with it, but it does represent an operational efficiency to those who would otherwise be without transportation. The VMCC staff is constantly looking for ways to have repairs completed more efficiently to minimize downtime. By increasing the size of the state-wide network of private vehicle repair facilities, the VMCC is able to schedule drivers at a repair facility (both State owned and private) that can complete the repair the quickest and at the best price.

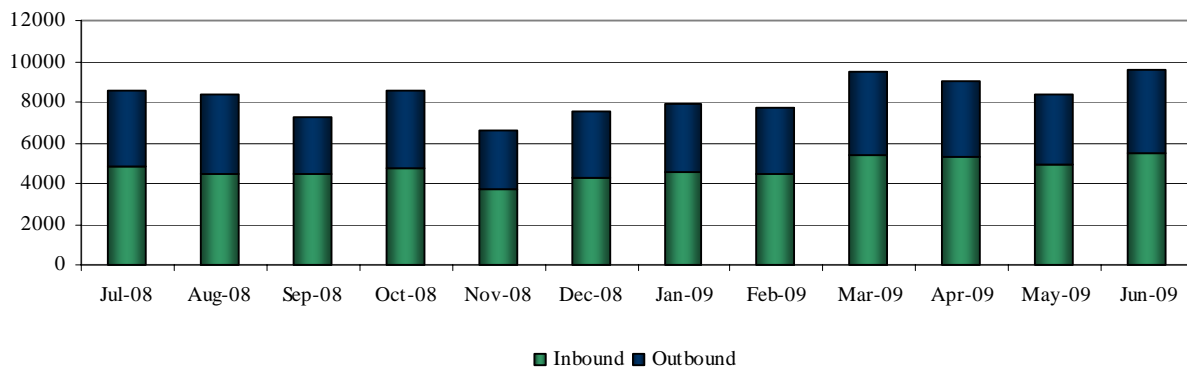
Call Center:

At the heart of the VMCC is the team of 6 contractor employees that handle all of the inbound phone calls from across the Commonwealth. A suite of call center specific programs collect extensive data on the call center activities and are used to evaluate performance and make adjustments to maximize customer satisfaction. The call center also utilizes an off-the-shelf fleet management software package “FASTER”. The FASTER application allows the VMCC to capture and track equipment information, maintenance data, vehicle usage, and fuel transactions. The performance of this call center is integral in the success of the VMCC program.

Total VMCC Calls Completed:

The call center completed a total of 98,952 phone calls during the reporting period; 56,517 of those calls were inbound to the call center and the remaining 42,435 outbound.

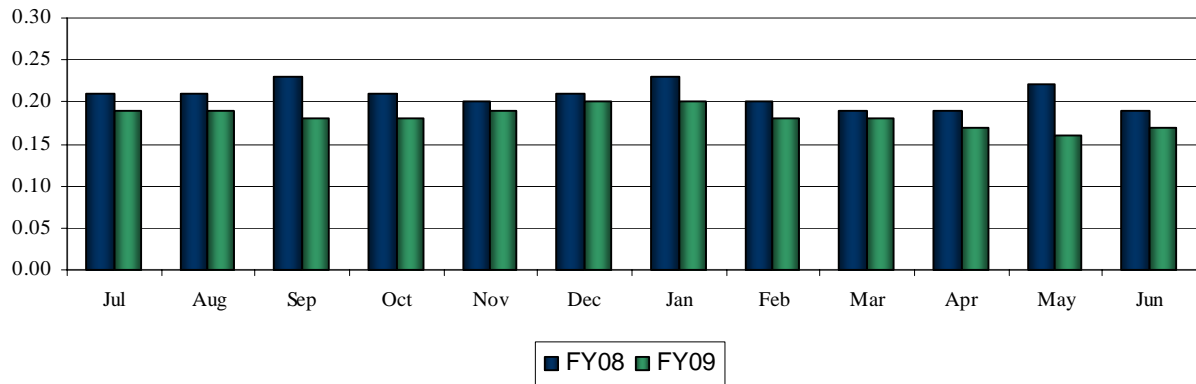
Total Calls per Month
(7/1/2008 - 6/30/2009)



Average Answer Time:

The VMCC is an important lifeline to those drivers who have been in an accident or have broken down. In those situations, every second counts and the VMCC takes every effort to improve their efficiency to decrease answer time as much as possible. In FY09 the average answer time was 18 seconds. The answer time is calculated from the first ring until an advisor answers the phones. In our application a 20 second voice recording for menu options is included in this time, although the recording does not have to be listened to in its entirety. The VMCC continues to perform far better than the general industry standard of 30 seconds.

Average Answer Time by Month
(in seconds)



VMCC Services for State Agencies and Public Entities:

The VMCC program proved to be successful in the first phase so OFMS extended all of the VMCC services to other state agencies and public entities in Phase II. This service gives agencies the ability to relinquish maintenance control over the vehicles to the VMCC by providing the security of a 24 hour call center along with a turn-key maintenance management system.

- Currently the Department of Environmental Quality, Northern Virginia Community College, Lord Fairfax Community College, Department of Corrections, Office of the Attorney General, Christopher Newport University, Department of Rehabilitative Services, Science Museum of Virginia and Richmond Redevelopment Housing Authority are utilizing the program.

Fuel Program

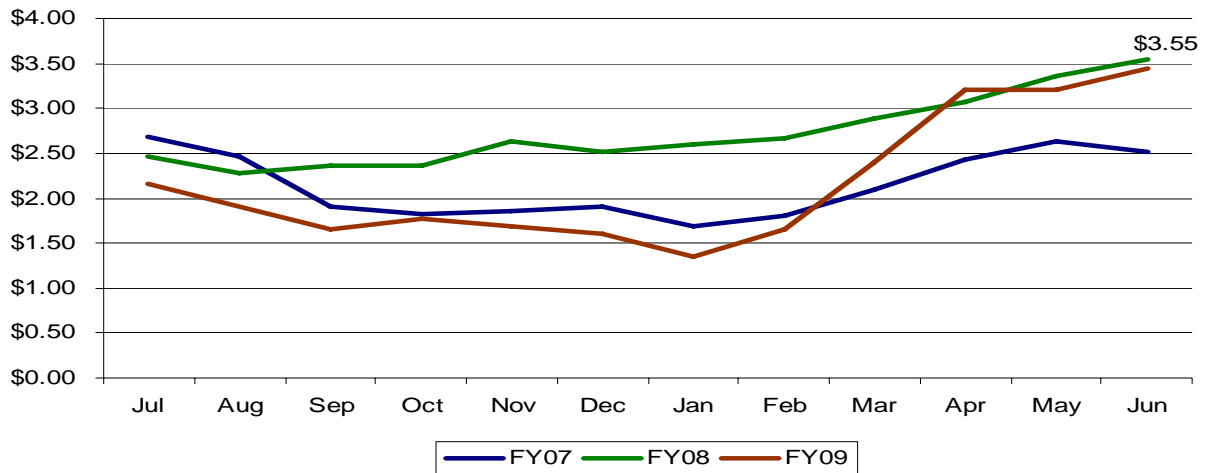
Fuel Card Program:

The OFMS fuel card program is an OFMS contracted service provided by a private sector fuel service provider. This service provides state drivers access to over 16,000 commercial fuel sites statewide, while still maintaining the ability to use state owned sites. Fuel purchase data is transferred into the VMCC fleet management system allowing each agency to receive one consolidated and detailed monthly bill for fuel card purchases. Approximately 300 agencies, organizations and localities are currently using the program.

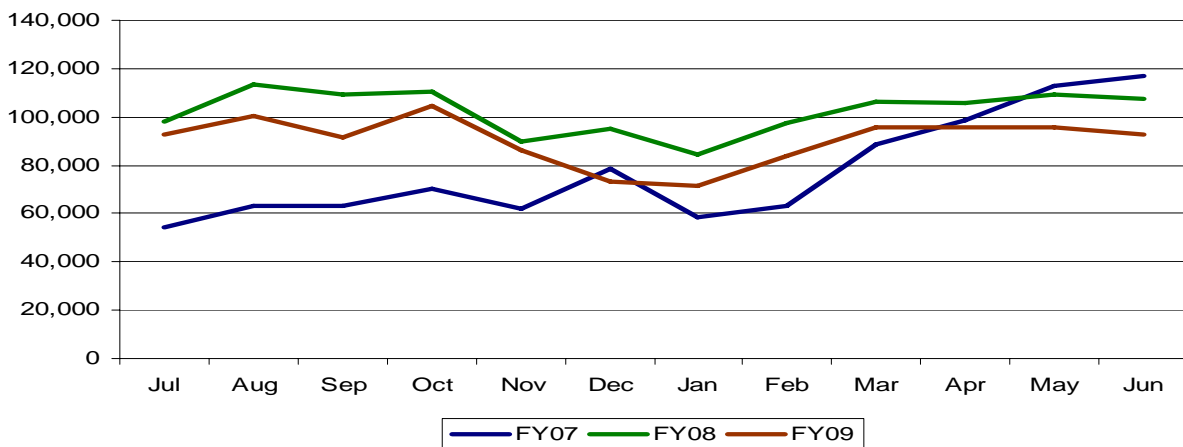
OFMS Pool Car Retail Fuel Purchases:

Voyager Card	FY07	FY08	FY09
(Usage/Gallons)	932,922.48	1,227,007	1,083,493
(Cost)	\$2,046,567.74	\$3,355,870	\$2,398,795
Avg. Price per Gallon	\$2.19	\$2.74	\$2.17

Average Price per Gallon



Gasoline Usage

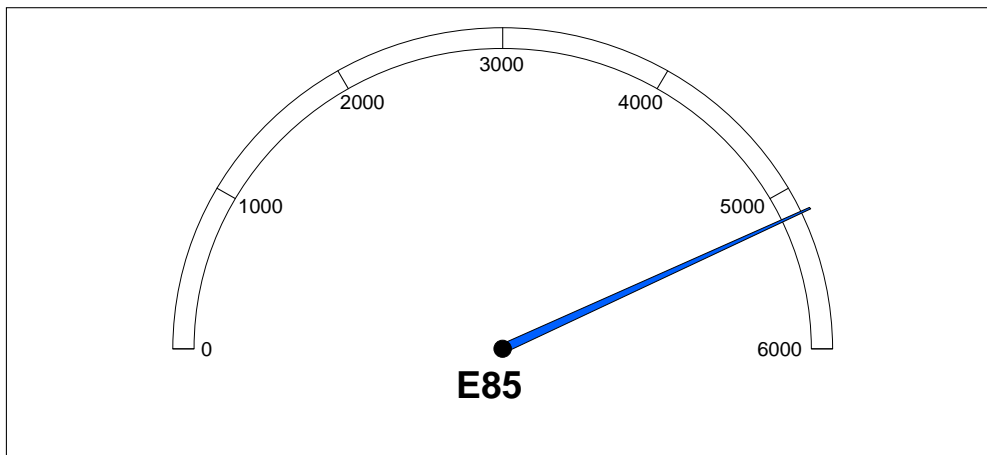


E85 Fueling Station:

The first ethanol based fueling site for state owned vehicles became operational at the OFMS Central Garage in October 2006. Since that time OFMS has been proactive in educating state drivers of the usage and availability of the fuel. The program had a slow start but the FY09 usage of 5,160 gallons exceeded the 5,000 gallon annual usage goal set in FY07. OFMS currently operates 957 (24%) E85 capable vehicles. In FY09 OFMS was able to begin to purchase flex fuel vehicles in the compact car class, an option not previously available. Even with the influx of flex fuel vehicles, E85 usage remained consistent with previous years due to a sudden increase in price differential compared to unleaded gasoline. During fiscal year '09, the average price for unleaded fuel using the fuel card was \$2.17 while the average price for E85 remained \$3.44.

E85 Usage (Gal)

7/1/2008 thru 6/30/2009



Alternative Fueling Stations in Virginia

As of: 9/1/09

	Public (Commercial, etc)	Private (Military, City, etc)	Planned	Total
Biodiesel (B20 and above)	16	8	2	26
Compressed Natural Gas	4	7	0	11
Electric	1	0	0	1
Ethanol (E85)	3	4	4	11
Hydrogen	0	1	0	1
Liquefied Natural Gas(LNG)	0	0	0	0
Liquefied Petroleum Gas (Propane)	38	1	0	39
Total	62	21	6	89

Data Source: U.S. Department of Energy
<http://www.eere.energy.gov/afdc/stations/advanced.php>

Short Term Rental Program

Enterprise Rental Contract:

In the Fall of 2006 a DGS contract with Enterprise Rent-a-Car became available for use by state agencies across the Commonwealth. This service was provided to give state agencies and their employees an option to use an Enterprise vehicle rather than the employees' personal vehicle when traveling on state business. At the time the contract was made available to state employees, the personal travel reimbursement rate for employees when using their personal vehicle was 44.5 cents per mile. In FY09, personal travel reimbursement increased to 56.8 cents per mile (see note below). In FY09 state employees traveled a total of 4,590,077 miles in Enterprise vehicles for a total Enterprise rental cost of \$1,325,436 and a fuel cost of approximately \$368,906. This calculates to approximately 41.8 cents per mile. If that same number of miles (4,590,077) would have been reimbursed using the personal reimburse rate in affect in FY09 of 56.8 cents per mile would have cost the Commonwealth approximately \$2,604,869. The use of the Enterprise car rental option has resulted in cost avoidance to the Commonwealth in FY09 of approximately \$910,526.

	FY07	FY08	FY09
Miles Driven	2,613,081	4,887,945	4,590,077
Fuel Used (Gallons @ 27 MPG)	96,781	181,035	170,003
Fuel Cost	\$228,905	\$490,605	\$368,906
IRS Mileage Rate	\$0.465	\$0.505	\$0.568
Enterprise Cost Per Mile	\$0.375	\$0.384	\$0.418
Personal Reimbursement Cost	\$1,215,083	\$2,468,412	\$2,604,869
Less Enterprise Cost	\$749,919	\$1,383,806	\$1,325,436
Less Fuel Cost	\$228,905	\$490,605	\$368,906
CoVA Cost Avoidance (YTD)	\$236,259	\$594,002	\$910,526

Note: FY09 is a blended rates as the IRS Mileage Rate 7/1/08 to 12/31/08 (\$0.58) and 1/1/09 to 6/30/09 (\$0.55).

Conclusion

The Office of Fleet Management Services began FY09 by implementing many of the changes developed in FY08. The most notable change was the adoption of a new charge back rate for fleet vehicles. This new rate more directly charges each agency for the cost of their vehicle by separating the purchase price of the vehicle and the administrative costs. This rate structure allows for the vehicle charge to cease once the vehicle is fully depreciated contributing to a more accurate source of income for OFMS.

OFMS was able to respond to the budget shortfall seen in FY09 by offering user agencies a “billing holiday” as a way to provide agencies with a cost savings, the agency bills for billing periods in April and May only recuperated fuel costs. These billing holidays saved user agencies approximately \$ 1.5 million.

Providing safety training to the state vehicle drivers has always been an important mission of OFMS. During FY09, OFMS offered state agencies on site safety and policy training for their drivers. OFMS visited many of the Commonwealth’s agencies to offer training classes. OFMS also began developing an online driver safety class that could be utilized by all agencies. This course has since been distributed to agencies via the Commonwealth Knowledge Center.

The short term rental program also saw some changes in FY09. Effective June 23, 2009 the rental rate includes third party liability coverage. While this rate change will increase the cost per mile reported in FY10, it will also defer the monetary liability the Commonwealth was previously assuming under the previous contract.

OFMS expects some major changes in the upcoming fiscal year with regards to OFMS maintenance operations. The Department of Transportation performs about 50% of the maintenance and repair work on OFMS vehicles. With the expected consolidation of VDOT facilities, this work will be sent elsewhere resulting in an influx of work to the VMCC independent vendor network. Combined with the reduction of vehicle purchases, there will be an expected increase of maintenance costs for FY10.