

Report on Department Fleet/Mileage

Department: Commerce

Secretary: Mike Preston

The purpose of this report is to prompt an analysis of fleet management and mileage reimbursement within each Department and assist in the formulation of a report to the Governor on how to achieve greater efficiency and cost savings in this area. **The report template includes sections for three projects for your convenience. This number is not a goal or target. You may add or delete boxes for as many projects as you submit.**

ACTION PLAN FOR PROJECT 1:

1. Project Title

Implement Fleet Management Software

1.1. Brief description of project, goal, and action plan.

The software would add the following features that would maximize fleet efficiency and allow for better visibility of usage: 1) provide on-line vehicle reservation from computer or free cell phone application, 2) alerts and reports the fleet manager when vehicle maintenance is due so they can schedule and complete, and 3) capture required information currently entered on a paper vehicle log through a phone application and can be easily summarized and formatted for SAVA requirements, and is integrated with WEX fuel and maintenance expenses.

1.2. Identify any additional resources required for the implementation and success of this plan.

Resources required would be the cost of the software, which would pay for itself through more efficient use of state vehicles. A current Commerce employee whose responsibilities would change as a result of transformation would oversee the management of the fleet. We are currently evaluating third-party software options and pricing, but approximately \$5 per vehicle per month; \$12,000 annually for a fleet of 200 vehicles.

1.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?

Cost would be the purchase of the software; approximately \$12,000 annually. This should be covered by the savings in reducing fleet that is older and no longer used and maximizing remaining fleet across Commerce, limited by source of funding (i.e., federal, general revenue, and special revenue.)

1.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.

Success will be measured by reduction of older fleet, maximizing use of remaining fleet (mileage per vehicle increases). Fleet cost will be reduced because scheduled maintenance will be performed more regularly so fleet will last longer and be more reliable. Part of the workflow that is currently manual will be automated and the information captured will be more accurate. Implementing consistent, standardized process around vehicle use across cabinet will lead to overall reduction of fleet cost, which will be reported to Commerce leadership team monthly to determine if any action is needed.

1.5. What is the implementation timeline and key action steps for this plan? How will you track progress?

Implementation timeline could begin as soon as purchase of software is approved, and would take through the current fiscal year to get all vehicles added and policy in place. Key action steps are 1)

software selection (fall 2019), 2) procurement of software (winter 2019), 3) implementation of software and processes around it (spring 2020), 4) monthly utilization tracking and cost analysis, and reporting to Commerce leadership (summer 2020).

1.6. Identify any obstacles to the implementation and success of this plan.

Phone application not being accessible to everyone on their personal phone. Technical staff to help implement software. BLR approval of data output from selected software that would be source for SAVA information.

1.7. How could Department of Transformation and Shared Services provide support to the Department?

Help streamline vehicle purchases and management processes across all cabinets. Assist in coordination of software selection to leverage state's purchasing power if other cabinets implement software. Help to identify solutions that are already in place so we are consistent across the cabinets. Benefitting from others' successes and ideas across the cabinets would be helpful.

ACTION PLAN FOR PROJECT 2:

2. Project Title

Implement process to require trip optimizer form to be approved by manager prior to travel, and required to be submitted with TR-1 for mileage or vehicle rental reimbursement. See attached example.

2.1. Brief description of project, goal, and action plan.

If a Commerce employee needs to travel, they must first check the vehicle pool to see if a state vehicle is available for use. If a state vehicle is not available for use, or it is determined that the use is not in the best interest of the state, then pre-approval by the employee's manager is required to either rent a vehicle or be reimbursed for mileage, depending on the cost analysis on the approval form. Based on the number of miles traveled, number of days of travel, etc., the form will calculate if it is more economical to rent a vehicle or to reimburse the employee for mileage. The least expensive option is required unless a justification is made as to what the benefit is to the state for not using the least expensive option. This form will be required to be submitted with the TR-1 for reimbursement, or with the credit card reconciliation form.

2.2. Identify any additional resources required for the implementation and success of this plan.

Support from management to reinforce the process.

2.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?

No anticipated additional cost. If rental cost are incurred, it would be offset by the savings in fleet reduction or to mileage reimbursement.

2.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.

Cost comparisons over time, and include fleet cost in the analysis which would be included in a monthly financial reporting package to Commerce leadership.

- 2.5. What is the implementation timeline and key action steps for this plan? How will you track progress?
Implementation should coincide with other policy changes across Commerce, but prior to new fiscal year (summer 2020).
- 2.6. Identify any obstacles to the implementation and success of this plan.
Lack of management support.
- 2.7. How could Department of Transformation and Shared Services provide support to the Department?
By helping to create consistency with vehicle processes and policies regarding usage, rental and mileage reimbursement across all cabinets creating a culture of efficiency.

ACTION PLAN FOR PROJECT 3:

- 3. Project Title
Reduce the number of vehicles in fleet
 - 3.1. Brief description of project, goal, and action plan.
Look at the utilization of existing vehicles, especially the ones that incur less than 6,000 miles per year. If these vehicles are not being driven due to condition, age, or high mileage, then they should be evaluated to determine if they should be submitted to M&R. The cost to reimburse mileage for 6,000 miles translates into \$2,520 for mileage reimbursement, which is much less than the cost of vehicle ownership per year. A standard template should be developed to help determine when vehicles should be retired, and when there is justification for adding a vehicle to the fleet.
 - 3.2. Identify any additional resources required for the implementation and success of this plan.
Support of Commerce management to reduce fleet and shift to rental/reimbursement.
 - 3.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?
This would be a cost reduction: reduction in vehicle insurance, number of vehicles to manage, amount of maintenance expense, space to park, etc.
 - 3.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.
Overall cost reduction of fleet management including vehicle rental and mileage reimbursement expenses.
 - 3.5. What is the implementation timeline and key action steps for this plan? How will you track progress?
Immediately upon agreement to reduce fleet by these vehicles. Steps would be 1) develop criteria for vehicle retirement, (fall 2019) 2) determine which vehicles in fleet that meet the retirement criteria, (winter 2019) 3) Turn these vehicles in to M&R, (winter 2019) and 3) develop criteria for determining when request for replacement of vehicle is warranted (spring 2020).
 - 3.6. Identify any obstacles to the implementation and success of this plan.
Support of Commerce operations managers.

3.7. How could Department of Transformation and Shared Services provide support to the Department?
Provide guidelines or template to all cabinets to help guide decision for when a vehicle should be retired and when a vehicle purchase is warranted.

Additional thoughts/comments: