

State of Alaska FY2003 Governor's Operating Budget

Department of Transportation/Public Facilities State Equipment Fleet Administration Component Budget Summary

Component: State Equipment Fleet Administration

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Component Mission

The mission of the Statewide State Equipment Fleet (SEF) is to replace, maintain, and manage state-owned vehicles, equipment, and attachments for safe and appropriate use.

Component Services Provided

- The State Equipment Fleet is responsible for the management, maintenance and inventory of all state vehicles, equipment and attachments assigned to state agencies.
- The regional SEF components provide maintenance, repair and servicing of state equipment at maintenance and operations shops, remote rural airport stations, and roadside locations throughout Alaska. Preventative maintenance, safety and vehicle emission inspections, parts procurement, and inventory control are provided. Equipment is evaluated and specifications are prepared in coordination with SEF Headquarters for the equipment replacement program. New vehicles, equipment and attachments are received, checked in and issued to using agencies.
- State Equipment Fleet manages the Highway Equipment Working Capital Fund (HEWCF), purchases new equipment and vehicles for all state agencies, and provides administrative support including, but not limited to: policies and procedures, financial reporting, computer systems, training, billing of HEWCF charges, and coordination between regional SEF components.
- State Equipment Fleet evaluates excess equipment and sells at auction or assigns to an appropriate alternative use.
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Component Goals and Strategies

Effectively manage the Highway Equipment Working Capital Fund to insure sufficient revenues for purchasing and maintenance of equipment and vehicle needs in future fiscal years.

- Maintain sufficient cash flow in the Highway Equipment Working Capital Fund, following Generally Accepted Accounting Principles, for equipment maintenance and replacement.
- Prepare a rate structure that allocates costs fairly and will allow for no financial gain or loss (break even) on operating activities and produce sufficient revenue to cover operating overhead on the replacement, fuel payment and daily rental programs

Provide a well-equipped, cost-effective fleet for all state agencies.

- Coordinate equipment maintenance activity statewide for all SEF personnel, improve preventative maintenance service and reduce costs for state owned assets.
- Measure effectiveness of equipment replacement program by reducing the percentage of "Z" status equipment (eligible for replacement) to no more than 5 percent of the fleet for both the light duty vehicles and heavy-duty equipment.
- Maintain good vendor relations as measured by the number of protests. The goal is to not exceed 1 bid protest annually.

Key Component Issues for FY2002 – 2003

The State Equipment Fleet (SEF) operates 44 shops and has more than 150 employees that provide general and preventative maintenance and all parts supply. There are approximately 7,600 vehicles accounted for in the fleet information system, with 4,800 vehicles comprised of light duty, heavy duty and attachments under SEF management. The Department contracted with a private fleet management consulting firm to do a broad review and a detailed performance and productivity evaluation of the delivery of fleet services. The consulting report was issued in December 2000. Over the past eight months the review has been evaluated. Almost all recommendations will be implemented starting in FY2002. It will take two or three years to fully implement the approved recommendations.

Major Component Accomplishments in 2001

- SEF performed all required services during FY2001. Expenses increased 4.1 percent over FY2000 due to increased credit card fuel costs, the cost of the consultant report, and negotiated salary increases. The goal of 80 percent PM compliance was met.
- SEF completed the modification of its computer systems to track downtime. For FY2001 downtime for urban, light duty vehicles was 7.8 percent. As of September the FY2002 year to date downtime for the same group of vehicles was 4.8 percent.
- For FY2001 the rate comparison for SEF versus the *Rental Rate Blue Book* indicated that the breakeven point was 4.7 months. SEF rates were cheaper if the average vehicle was needed for 4.7 months or longer.

Statutory and Regulatory Authority

- AS 44.68.210-290
- AS 44.42.020 (11)
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State Equipment Fleet Administration
Component Financial Summary

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	753.8	830.6	867.7
72000 Travel	8.1	14.7	14.7
73000 Contractual	173.4	139.0	139.0
74000 Supplies	1,457.2	1,371.7	1,606.7
75000 Equipment	0.0	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,392.5	2,356.0	2,628.1
Funding Sources:			
1007 Inter-Agency Receipts	0.0	15.4	11.8
1026 Highway Working Capital Fund	2,392.5	2,340.6	2,616.3
Funding Totals	2,392.5	2,356.0	2,628.1

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
Unrestricted Revenues						
Unrestricted Fund	68515	-102.5	0.0	0.0	0.0	0.0
Unrestricted Total		-102.5	0.0	0.0	0.0	0.0
Restricted Revenues						
Interagency Receipts	51015	0.0	15.4	15.4	11.8	11.8
Restricted Total		0.0	15.4	15.4	11.8	11.8
Total Estimated Revenues		-102.5	15.4	15.4	11.8	11.8

State Equipment Fleet Administration

Proposed Changes in Levels of Service for FY2003

SEF is implementing the approved recommendations included in the independent fleet review report of 12/2000. Changes include transferring several M&O general fund mechanic positions to SEF and providing SEF services to all departments at the locations where the former M&O mechanics were based. All DOT&PF vehicles that did not receive SEF preventive maintenance and repair will receive those services in FY2003.

As recommended by the consulting review, SEF is in process of issuing a RFP to upgrade or replace its existing equipment management system.

Increases in fuel prices and the usage of fuel credit cards require increased funding in this component to be able to provide payment to vendors.

Summary of Component Budget Changes

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	0.0	0.0	2,356.0	2,356.0
Adjustments which will continue current level of service:				
-Year 3 Labor Costs - Net Change from FY2002	0.0	0.0	22.1	22.1
Proposed budget increases:				
-Increase HWCF to support increased usage of the fuel credit card system	0.0	0.0	250.0	250.0
FY2003 Governor	0.0	0.0	2,628.1	2,628.1

State Equipment Fleet Administration

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	13	13	Annual Salaries	651,124
Part-time	0	0	COLA	14,852
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	237,560
			<i>Less 3.97% Vacancy Factor</i>	(35,836)
			Lump Sum Premium Pay	0
Totals	13	13	Total Personal Services	867,700

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant III	1	0	0	0	1
Accounting Tech II	1	0	0	0	1
Administrative Clerk I	1	0	0	0	1
Administrative Clerk III	1	0	0	0	1
Administrative Manager IV	1	0	0	0	1
Analyst/Programmer V	1	0	0	0	1
Equip Operations Analyst	3	0	0	0	3
Operations Res Anl I	1	0	0	0	1
Procurement Spec I	1	0	0	0	1
Procurement Spec II	1	0	0	0	1
Statewide Equipment Mgr	1	0	0	0	1
Totals	13	0	0	0	13