

State of Alaska
FY2004 Governor's Operating Budget

Department of Transportation/Public Facilities
State Equipment Fleet
Budget Request Unit Budget Summary

State Equipment Fleet Budget Request Unit

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BRU 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.

BRU Services Provided

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.

BRU Goals and Strategies

Provide state agencies with vehicles and other mobile equipment and attachments and minimize equipment downtime to enable state agencies to efficiently carry out their missions.

- Procure, replace, and modify vehicles and other mobile equipment in the most cost-efficient manner to minimize costs to users.
- Use and maintain the Equipment Management System (EMS) to track vehicle history, assignment, operating costs, and service records.
- Access the most current repair and operating manuals on-line through Internet web sites and CD based repair manuals.
- Provide user agencies with a dependable light-duty rental pool for short-term needs.
- Maintain a cost efficient procurement program for parts, services, tools, and other expendables.
- Maintain a revolving inventory to minimize downtime of light- and heavy-duty equipment.

Key BRU Issues for FY2003 – 2004

The Department's goal is to run the State Equipment Fleet as efficiently and safely as possible. To do that the following issues will be dealt with during the next few years:

- Identify waste streams to reduce hazardous waste in our shops.
- Provide for commonality of parts and repair procedures in an effort to standardize the fleet equipment.
- Coordinate with vendors and users to deliver parts to remote camps.
- Continue to update remote shops for computerized access to the Equipment Management System and internet/email.
- Seek training methods that provide technical training locally at reasonable cost.
- Coordinate with using agencies to help the transition of billing process changes and provide for direct billable charges.
- Implement and train staff on new Equipment Management System (EMS) software to more accurately track vehicle costs, usage and replacement.

Major BRU Accomplishments in 2002

- Received 563 new vehicles, equipment, and attachments in fiscal year 2002; evaluated for compliance to bid specifications, and assigned to appropriate agencies.
- Accomplished the transition of all DOT&PF HEWCF assets to the wet rental program.
- Surveyed unassigned vehicles and sold excess vehicles. Held two auctions. Proceeds were returned to client agencies.
- Implemented computerized repair and estimating information at Anchorage, Palmer and Soldotna.
- Updated systems at Dillingham and Silvertip for E-mail access.

Key Performance Measures for FY2004

Measure:

Whether 90 percent of the fleet wet rentals are returned to the division as scheduled for preventive maintenance on or before June 30 of the fiscal year.

Sec 147(b)(1) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

State Equipment Fleet continues to track preventive maintenance (PM) activities.

	Goal	Actual
FY00	80%	42 – 85%
FY01	80%	80%
FY02	80%	91%

Benchmark Comparisons:

The DMG Maximus study completed in December 2000 established the benchmark for PM compliance as 95 percent. SEF has been increasing its PM goal each year while at the same time including more vehicles in the program. The PM compliance goals by fiscal year are FY2002—80 percent, FY2003—85 percent, FY2004—90 percent, and FY2005—95 percent.

Background and Strategies:

Preventive Maintenance (PM) is a critical aspect of efficient fleet management. Regularly scheduled service and inspection of vehicles and equipment is the cornerstone of maintaining fleet safety, maintaining maintenance and operation integrity, and controlling maintenance costs. The main components of a preventive maintenance service program are regularly pre-determined inspections including lubrication and service. Adherence to these components will help extend machine service life, improve availability and reliability, and reduce major component repair and replacement expenses.

Daily updates are available to all SEF foremen and superintendents for those vehicles that are due or are overdue for preventive maintenance.

Barriers to reaching or surpassing this measure include:

- The failure of the user agency to bring the vehicle in for preventive maintenance when requested by State Equipment Fleet;
- The inability of the user agency to bring the vehicle in if it is being used during the State's limited construction season. This can be alleviated by scheduling non-critical preventive maintenance at the end of the construction season or during the winter months when the vehicle is not in use;
- The FY2003 addition of 650 DOT&PF vehicles to the PM program; and
- The loss of mechanic positions as a result of FY2003 under funding. This impact is uncertain since the closure of maintenance stations should reduce the number of vehicles being repaired, and yet those remaining vehicles may be subject to greater use and require increased maintenance to keep them operational.

Measure:

The average down time for light duty, actively used equipment in urban areas.

Sec 147(b)(2) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

SEF began tracking downtime in FY2001.

FY00	No data available
FY01	7.8%
FY02	5.3%

Benchmark Comparisons:

The National Association of Fleet Administrators and the NAFA Foundation published a study in 1993, *Benchmarking for Quality in Public Service Fleets*, that established a benchmark of 2 percent for downtime for light duty vehicles.

Background and Strategies:

SEF is responsible for the overall management of the state's vehicle and equipment resources. It is a service organization providing equipment support services to all state agencies. Equipment can't perform its function when it is down for any reason. Fleets must manage this parameter. Downtime of a vehicle can be affected by staffing levels, parts availability, and adequate staff training. Education of staff is essential to assure that data entry for opening and closing dates of work orders are consistent throughout SEF.

Measure:

Number of locations of the state equipment fleet whose rates are equal to or less than the rental rates published in industry guide books.

Sec 147(b)(3) Ch 124 SLA 2002(HB 515)

Alaska's Target & Progress:

SEF has completed the comparison of the FY2003 rental rates with the current Rental Rate Blue Book for Construction Equipment published by Primedia Directories. A total of 1953 vehicles in 76 equipment classes and three regions were included in the study. The types of vehicles were light duty, medium and heavy trucks, heavy equipment, support equipment, trailers, and attachments. With two exceptions the SEF rates were lower than those in the Blue Book. The break-even point for the regional SEF rates averaged 3.1 months in Southeast, 4.3 months in Northern, and 4.7 months in Central. The statewide average break-even for all SEF rates in the study was 4.3 months.

Benchmark Comparisons:

SEF rates should be lower than published rates.

Background and Strategies:

Service and rate competitiveness is central to the measurement of SEF's performance. If SEF service or rates are not competitive, the customer agency should be allowed to seek alternative and documented solutions elsewhere.

The two rates that were higher are for mower booms in Central and Northern Regions. These units had a 10-year useful life. It was changed to seven years. An analysis of the maintenance history of these units showed that the shorter life is more appropriate taking into account the economics of replacement vs. excessive maintenance costs. Most of the units are scheduled for replacement in FY2003 and FY2004.

**State Equipment Fleet
BRU Financial Summary by Component**

All dollars in thousands

	FY2002 Actuals				FY2003 Authorized				FY2004 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<u>Formula Expenditures</u>	None.											
<u>Non-Formula Expenditures</u>												
Central State Equipment Fleet	0.0	0.0	7,263.8	7,263.8	0.0	0.0	7,861.2	7,861.2	0.0	0.0	7,868.6	7,868.6
Northern State Equipment Fleet	0.0	0.0	9,773.2	9,773.2	0.0	0.0	10,679.8	10,679.8	0.0	0.0	10,688.2	10,688.2
Southeast State Equipmnt Fleet	0.0	0.0	1,584.6	1,584.6	0.0	0.0	1,805.4	1,805.4	0.0	0.0	1,805.9	1,805.9
Totals	0.0	0.0	18,621.6	18,621.6	0.0	0.0	20,346.4	20,346.4	0.0	0.0	20,362.7	20,362.7

State Equipment Fleet

Proposed Changes in Levels of Service for FY2004

FY04 budget decisions pending.

State Equipment Fleet

Summary of BRU Budget Changes by Component

From FY2003 Authorized to FY2004 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2003 Authorized	0.0	0.0	20,346.4	20,346.4
Adjustments which will continue current level of service:				
-Central State Equipment Fleet	0.0	0.0	7.4	7.4
-Northern State Equipment Fleet	0.0	0.0	8.4	8.4
-Southeast State Equipmnt Fleet	0.0	0.0	0.5	0.5
FY2004 Governor	0.0	0.0	20,362.7	20,362.7