

State of Alaska FY2005 Governor's Operating Budget

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

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Component: State Equipment Fleet Administration

Contribution to Department's Mission

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

Core Services

- The State Equipment Fleet (SEF) is responsible for the management, maintenance, and inventory of all state vehicles, equipment, and attachments assigned to state executive branch agencies. Vehicles licensing and titling services are provided to the Legislature, Alaska Court System, University of Alaska, and Alaska Housing Finance Corporation.
- 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 condition is evaluated for the replacement program. New vehicles, equipment, and attachments are received, checked in, made ready for service, and issued to using agencies.
- SEF contracts for vehicle fuel credit card systems for use by state agencies.
- SEF manages the Highway Equipment Working Capital Fund (HEWCF), develops the specifications for and purchases new equipment and vehicles for all executive branch agencies, and provides administrative support including, but not limited to: policies and procedures, financial reporting, rate setting, computer systems, training, billing of HEWCF charges, and coordination between regional SEF components.
- State Equipment Fleet evaluates excess equipment and sells them at auction, negotiates their sale to cities and boroughs, or assigns them to an appropriate alternative use.

FY2005 Resources Allocated to Achieve Results

FY2005 Component Budget: \$2,736,600	Personnel:	
	Full time	12
	Part time	0
	Total	12

Key Component Challenges

The State Equipment Fleet (SEF) operates 56 shops and has more than 175 employees that provide general and preventative maintenance and all parts supplies. There are approximately 7,700 vehicles accounted for in the fleet information system. Of that amount 5,300 light and heavy duty and attachments are under SEF management.

Over the past five fiscal years depreciation was the fastest growing component of SEF's cost structure. It increased more than 25 percent. The increase for personnel cost was less than 8 percent. The change for expenses was almost 15 percent. During this time the size of the fleet increased slightly more than 3 percent.

The amortization periods for heavy trucks and off road equipment are typically 12 to 15 years. During those long depreciation periods the replacement cost of the equipment can increase 25 to 50 percent. Inflation, government regulation, and new technology all have a hand in this. In 1990 the book cost of the SEF fleet was \$99 million. In 2003 it was \$164 million, an increase of 66 percent.

It will be possible to reduce the increase in depreciation costs by selectively lengthening amortization periods for individual vehicles. Some of these changes may have to be made without the concurrence of the operating departments.

It may involve politically sensitive public safety and snow removal assets. Low use areas may be treated differently than high use locations.

Even during the tight budget times since 1990, the number of vehicles in the fleet has continued to grow at an average rate of 1 percent per year. For what ever reason the operating departments have shown a great reluctance to reduce the size of their fleets.

It will be difficult to reduce the life cycle cost of the fleet by 5 percent from the FY2004 level without a corresponding reduction in fleet size. Lacking that reduction the use of significant cost and service cutting measures will be needed.

Significant Changes in Results to be Delivered in FY2005

The major result to be delivered in F2005 is to reduce the life cycle cost of the fleet by 5 percent from the FY2004 level.

SEF has also committed to increasing customer satisfaction by 5 percent over the FY2004 level.

Major Component Accomplishments in 2003

- Converted 650 DOT&PF vehicles and five Maintenance and Operations' mechanics from M&O to SEF maintenance and supervision.
- Revised the billing of asset management and replacement/disposal costs so that the 30 percent of the fleet that is non-Highway Equipment Working Capital Fund vehicles began to pay their share of those costs.
- Removed extended service assets, also known as "X" status vehicles, from the Highway Equipment Working Capital Fund operating rate bases and direct billed their maintenance services. Maintenance costs for "X" status assets was reduced 25 percent over FY2002 levels.
- Annually inspected Highway Equipment Working Capital Fund assets that are based at locations that do not have a SEF shop for adequacy of maintenance and record keeping.
- Awarded 52 bids, received 531 new vehicles.
- Disposed of 707 surplus vehicles.
- Received 3 bid protests, all resolved within the department.

Statutory and Regulatory Authority

- AS 44.42.020 Department of Transportation and Public Facilities, Powers and Duties
- AS 44.68.010-040 Use of State-Owned Vehicles
- AS 44.68.210-290 Highway Equipment Working Capital Fund
- AS 44.68.270 Transfer of Equipment to Political Subdivisions

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**State Equipment Fleet Administration
Component Financial Summary**

All dollars shown in thousands

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	782.3	941.6	941.2
72000 Travel	5.6	14.7	14.7
73000 Contractual	54.8	139.0	125.0
74000 Supplies	1,549.1	1,591.7	1,655.7
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	2,391.8	2,687.0	2,736.6
Funding Sources:			
1007 Inter-Agency Receipts	0.0	52.4	55.2
1026 Highway Working Capital Fund	2,391.8	2,634.6	2,681.4
Funding Totals	2,391.8	2,687.0	2,736.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Unrestricted Revenues				
Unrestricted Fund	68515	47.2	0.0	0.0
Unrestricted Total		47.2	0.0	0.0
Restricted Revenues				
Interagency Receipts	51015	0.0	52.4	55.2
Restricted Total		0.0	52.4	55.2
Total Estimated Revenues		47.2	52.4	55.2

**Summary of Component Budget Changes
From FY2004 Authorized to FY2005 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2004 Authorized	0.0	0.0	2,687.0	2,687.0
Adjustments which will continue current level of service:				
-Changes to Retirement and Other Personal Services Benefits	0.0	0.0	49.6	49.6
FY2005 Governor	0.0	0.0	2,736.6	2,736.6

**State Equipment Fleet Administration
Personal Services Information**

Authorized Positions		Personal Services Costs		
	FY2004 Authorized	FY2005 Governor		
Full-time	13	12	Annual Salaries	665,337
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	289,269
			<i>Less 1.40% Vacancy Factor</i>	<i>(13,406)</i>
			Lump Sum Premium Pay	0
Totals	13	12	Total Personal Services	941,200

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant IV	1	0	0	0	1
Accounting Tech II	1	0	0	0	1
Administrative Manager IV	1	0	0	0	1
Analyst/Programmer V	1	0	0	0	1
Equip Operations Analyst	4	0	0	0	4
Procurement Spec I	2	0	0	0	2
Statewide Equipment Mgr	1	0	0	0	1
Supply Technician II	1	0	0	0	1
Totals	12	0	0	0	12